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August 4, 2023

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

Attention: Patrick Wruck, Commission Secretary

Dear Patrick Wruck:

Re: FortisBC Inc. (FBC)

Multi-Year Rate Plan for 2020 through 2024 approved by British Columbia Utilities Commission (BCUC) Order G-166-20 (MRP Plan)

Annual Review for 2024 Rates

In accordance with the MRP Plan and BCUC Order G-191-23 setting out the Regulatory Timetable for FBC's Annual Review, FBC hereby attaches its Annual Review for 2024 Rates Application materials.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Registered Interveners in the FBC Annual Review for 2023 Rates proceeding.

FORTIS BC™

FORTISBC INC.

Multi-Year Rate Plan for 2020 through 2024

Annual Review for 2024 Rates

August 4, 2023

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1. APPROVALS SOUGHT, OVERVIEW OF THE APPLICATION AND PROPOSED PROCESS

1.1 INTRODUCTION

FortisBC Inc. (FBC or the Company) files this Application in compliance with British Columbia Utilities Commission (BCUC) Order G-166-20, which approved a Multi-Year Rate Plan (MRP or the Plan) for FBC for the years 2020 to 2024. In accordance with the MRP, an annual review process is required to set rates for each year of the MRP.

The MRP provides stable levels of O&M funding and includes service quality indicators (SQIs) to monitor the maintenance of service quality. The approved Earnings Sharing Mechanism (ESM), set out in Section 10, aligns the incentive properties of the Plan between customers and the Company.

As explained in Section 10 of the Application, FBC proposes to distribute $2.396 million pre-tax ($1.749 million after-tax) in earnings sharing to customers in 2024.

The proposed rates for 2024 flowing from the forecasts and approved formulas set out in the Application, including returning the actual 2022 earnings sharing to customers, result in a 4.83 percent rate increase from 2023 rates. The increase is primarily due to an increase in power purchase expense (PPE), followed by an increase in income tax expense.

In the subsections below, FBC sets out the approvals it is seeking and provides an overview of the requirements for the annual review process. This is followed by a discussion of FBC's 2022 formula O&M savings and the productivity initiatives that FBC is developing. Finally, FBC provides a summary of its proposed revenue requirements and rate changes for 2024 and a summary of the SQI results. These matters are addressed in more detail in subsequent sections of the Application.

1.2 APPROVALS SOUGHT

With this Application, FBC requests BCUC approval for the following pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA):

1. Approval to recover the 2024 revenue requirement and resultant rate change on a permanent basis, effective January 1, 2024, as filed in the Application and subject to any adjustments identified by FBC during the regulatory process and from any directives or determinations made by the BCUC in its decision on the Application.
2. Creation of the following rate base deferral accounts, as described in Section 7.6:
    - 2025 Multi-year Rate Plan (MRP) Application deferral account, with the amortization period to be determined in a future proceeding;

- 2024 Mandatory Reliability Standards (MRS) Audit deferral account, with an amortization period of three years, commencing January 1, 2024;
- PST Rebate on Select Machinery and Equipment deferral account, with an amortization period of one year, commencing January 1, 2024;
- BC Cost of Living Credit deferral account, with an amortization period of one year, commencing January 1, 2024; and
- Climate Change Operational Adaptation (CCOA) Plan deferral account, with an amortization period of four years, commencing January 1, 2024.

A draft order is included in Appendix C.

1.3 REQUIREMENTS FOR THE ANNUAL REVIEW

On page 167 of the MRP Decision, the BCUC set out its expectations for the Annual Review component of the MRP. For reference, the table below sets out each requirement and FBC's response or where it is addressed in the Application.

Table 1-1: Annual Review Requirements

Item	Description	Response or Reference
1	Review of the current year projections and the upcoming year's forecast. For further clarity, these items are listed below:	See items 1(a) to 1(f) below
1(a)	Customer growth, volumes and revenues;	Section 3
1(b)	Year-end and average customers, and other cost driver information including inflation;	Section 2
1(c)	Expenses, determined by the indexing formula plus items forecast annually;	Section 6
1(d)	Capital expenditures (as provided for by the capital forecast), plus other items forecast annually;	Section 7
1(e)	Plant balances, deferral account balances and other rate base information and depreciation and amortization to be included in rates; and	Sections 7 and 12
1(f)	Projected earnings sharing for the current year and true-up to actual earnings sharing for the prior year.	Section 10
2	Identification of any efficiency initiatives that the Utilities have undertaken, or intend to undertake, that require a payback period extending beyond the MRP period with recommendations to the BCUC with respect to the treatment of such initiatives.	FBC has not identified any efficiency initiatives with a payback beyond the end of the MRP period
3	Review of any exogenous events that the Company or stakeholders have identified that should be put forward to the BCUC for review.	Section 12.2
4	Review of the Utilities' performance with respect to SQIs. Bring forward recommendations to the BCUC where there have been a "sustained serious degradation" of service.	Section 13

Item	Description	Response or Reference
5	Assess and make recommendations with respect to any SQIs that should be reviewed in future Annual Reviews.	FBC does not have any recommendations at this time
6	Reporting on the Innovation Fund status.	Not Applicable for FBC
7	Assess and make recommendations to the BCUC on potential issues or topics for future Annual Reviews.	FBC does not have any recommendations at this time

1.4 FORMULA O&M SAVINGS AND PRODUCTIVITY INITIATIVES

1.4.1 Overview of 2022 Formula O&M Savings

For 2022, FBC achieved formula O&M savings in addition to meeting the embedded productivity improvement factor in the O&M formula. Total formula O&M savings before earnings sharing were approximately $3.7 million, excluding the COVID-19 pandemic approved exogenous factor credit for net O&M cost reductions of approximately $1.0 million.

Of the approximate $3.7 million in formula O&M savings realized in 2022, approximately $3 million are due to labour savings, including overtime. The remaining savings are due to a variety of factors including reduced postage and printing costs from paperless billing and general timing of non-labour expenditures. While some of the savings are one-time in nature (e.g., required time to fill vacancies from turnover), some of the savings are expected to continue into the future, recognizing that cost pressures in the future may offset the savings.

FBC will continue to pursue productivity improvements to achieve savings beyond the productivity improvement factor as it seeks to manage its business needs and cost pressures resulting from its evolving and challenging operating environment.

1.4.2 Productivity Initiatives

As described in FBC's Annual Review for 2022 Rates, in 2021, FBC and FortisBC Energy Inc. (together FortisBC) initiated a working group consisting of senior managers and directors from different parts of the organization that is responsible for reviewing and identifying productivity initiatives. Following is a summary of these productivity initiatives.

1. **Field Operations Improvements:** A review of the meter reading routes was undertaken and updated to achieve optimized routes, resulting in reduced overtime and increased employee safety. In addition to optimizing meter reading routes, range extenders continue to be added to reduce the number of manual meter reads required, resulting in reduced travel time for meter readers and consistent, reliable meter readings for customers. Additionally, Operations is undertaking work to accurately map meters to their corresponding transformer which has operational benefits. Mapping the transformer-to-meter relationship provides accurate capacity information which can be used to determine

where EV charging load growth is and where it can be added to utilize existing infrastructure. Another benefit is that customer outage mapping improves the ability for technicians to more effectively and quickly troubleshoot system trouble calls.

2. **Use of Unmanned Aerial Vehicles (UAVs - Drones):** FBC's contract resources that are tasked with performing transmission line condition assessments continue to rely on the use of UAVs to aid in the completion of this work. Although UAVs have not eliminated the need for human resources to complete condition assessment work, primarily due to limitations on the operation of UAVs beyond visual line of sight, they have allowed FBC to reduce the need for follow-up bucket truck inspections to confirm deficiencies that cannot be fully assessed from a ground-based inspection. Additionally, FBC has equipped its Operations crews with small drones that allow for visual inspections during trouble or outage events where ground access may be difficult or restricted. FBC will continue to monitor industry developments regarding the use of UAVs for supporting utility operations.

3. **Data Analytics:** This is an initiative to centralize the Company's data sources coupled with a suite of analytic tools to analyze and use the data to inform decision-making. FortisBC uses data to inform decision making, but its current data is spread across dozens of disparate systems. Data is often siloed within departments and the volume, variety, and velocity of data coming into FortisBC is increasing. It can be difficult and time consuming to gather, clean, and filter the data needed to create useful information. As part of the solution, Enterprise Analytics creates a data fabric atop core FortisBC source and storage systems to facilitate advanced analytics opportunities. It addresses key barriers by integrating existing data into a single, scalable platform to deliver easily accessible and reliable data. It also simplifies connecting data assets to reduce cost and effort to create reports that can be easily updated and enables automation of reporting. Enterprise Analytics enables improvement in key performance indicators selected by each business area, and provides enhanced data quality, and work efficiency. Benefits are realized from shared information and sharing of insight across business units. Additionally, quality assurance is better enabled as information is reconciled and standardized.

   In 2022, efforts focused on developing solutions for three business areas: Customer Service, Major Projects, and Energy Supply. For Customer Service, Enterprise Analytics is delivering a new reporting dashboard displaying key Customer Service data all in one place (gas and electric). Benefits include providing a clear and easily accessible view of factors contributing to performance, insights identifying strengths and opportunities to grow FortisBC's relationships with its customers, operational savings through more efficient customer interactions, and less effort to share metrics with parties outside of customer service. This is only the starting point, as more data sources could be included, and new ways of using the dashboard will be discovered, providing the potential to optimize continuous improvement with additional available, integrated data. For the Major Projects area, Enterprise Analytics is enabling it to provide analytical insight through dashboarding and reporting on Major Projects project budgets, schedule, and project development. Lastly, for the Energy Supply area, Enterprise Analytics is providing analytic

insights for energy loss, broadly accounting for power at different points within the FBC electricity supply chain, leveraging FBC AMI data to estimate unbilled power, improve the assignment of costs to customers, inform rate design and power purchases, and identify system losses more accurately. FBC expects to realize total O&M savings of approximately $0.125 million by the end of 2025.

Enterprise Analytics will also support streamlining existing reporting processes for financial and management reporting. Currently, the reporting processes work well with clearly defined requirements and processes but rely on manual effort. Enterprise Analytics provides an automated solution that reduces the effort required to generate reports, with expected productivity gains. This automation is achieved through the use of a data model to aggregate data sources and a reporting tool to allow for self-service. FBC plans to implement two or three automated reporting solutions in 2023.

4. **Robotics Process Automation (RPA):** This is an efficiency initiative using automation software to alleviate repetitive and simple manual tasks. With the rising volume of manual tasks performed for operational work, such as financial transactions or project closeout activities, departments within FortisBC are challenged.

In 2022, the Company initiated the first phase of RPA implementation, working to automate several repetitive and manual processes in the Finance department and one in the Engineering department. The processes chosen were small, low-risk opportunities to introduce RPA to the organization. The first Finance process went into production in mid-2022 with others following throughout the remainder of the year. The Engineering process went into production in the first half of 2023. The automation of the Finance processes has resulted in:

- faster and more timely processing of monthly journal entries, allowing for earlier and increased analysis and review time;
- a shift in how time is spent, moving from data-entry-style rote work on several processes;
- a reduction in time spent reperforming work due to human errors; and
- an overall reduction in time spent on certain processes.

The operational efficiency value gained by RPA is incremental but compounds as more processes are automated.

In 2023, the Company is adding to automation within the Finance area as well as evaluating opportunities in other business areas to grow the RPA initiative. Additional process opportunities include populating Financial and Internal Audit reports and filings, application of customer bill payments, net-metering amendment of Electric bills, processing of rebate applications, onboarding of new users within IS systems, and automating manual document control processes within Engineering projects. A

governance structure will also be established to prioritize and control RPA implementations, as well as ensuring that RPA implementations align with the overall business strategy and objectives, and that the necessary resources and support are available for successful implementation and ongoing maintenance of the automated processes. FBC expects to realize total O&M savings of approximately $0.025 million by the end of 2024.

5. **Paperless Billing Customer Campaigns:** This initiative focuses on working with customers to encourage the switch to paperless billing. In addition to the convenience for customers of receiving their bill electronically and the environmental considerations of less paper and physical transport of the bills, an increased percentage of customers making the switch to paperless billing results in ongoing printing and postage cost savings. At the start of 2022, FBC had approximately 77,000 customers choosing paperless billing as their preferred bill delivery method. Following the success of several internal programs that encouraged employees to highlight this option with customers and including an external social media campaign that resulted in donations to food banks in need, FBC achieved an increase of approximately 6,500 customers choosing this option in 2022. This increase equates to approximately $0.05 million in printing and postage cost savings for FBC in 2022 as compared to 2021.[1]

6. **Other Initiatives:** FortisBC is continuously looking for efficiencies and improvements in its activities, in a larger scale as the initiatives described above, or at a smaller scale as described in the following initiatives.

Mobile enabling applications: FortisBC has different initiatives to digitize forms and provide the ability to complete these forms on mobile devices in the field or office. Digitizing these forms supports effective data capture, and improves consistency, reliability, comprehension of data collected and reduces risk of manual errors. Additionally, it reduces the administrative efforts that occur with paper forms. FortisBC expects to realize minor savings by the end of 2023, and additional savings will be realized as FortisBC continues to mobile-enable and digitize other paper forms.

Automated patching: FortisBC has started taking advantage of technologies for automated patching. Moving to automated patching has streamlined the patching process for several applications in the FortisBC environment. With automated patching, the process can be scheduled to run during a more appropriate business outage window with no user involvement required. Repetitive tasks can be automated, eliminating human error, increasing productivity, and decreasing administrative costs. FortisBC expects to realize minor O&M savings by the end of 2023 with increased patch cadence and accuracy. Additional time savings will be seen as more systems transition to automated patching.

[1] Calculation is a high-level estimate based on the incremental monthly paperless billing growth at an average savings of approximately $1.21 per bill.

Other IS Initiatives: A High Availability (HA) operating environment enables applications to continue to operate even if one of the information technology components fails, and to ensure continuous operation and uptime. HA allows IS to schedule upgrades, patches, and release tasks during business hours, ultimately improving business operations and reducing overtime costs. IS has also expanded the use of automated testing. The expanded use of automation allows for an increase in system testing and improved product quality with a decrease in proportionate need for additional testing resources. Automation is expected to continue to expand in use at FortisBC in the future.

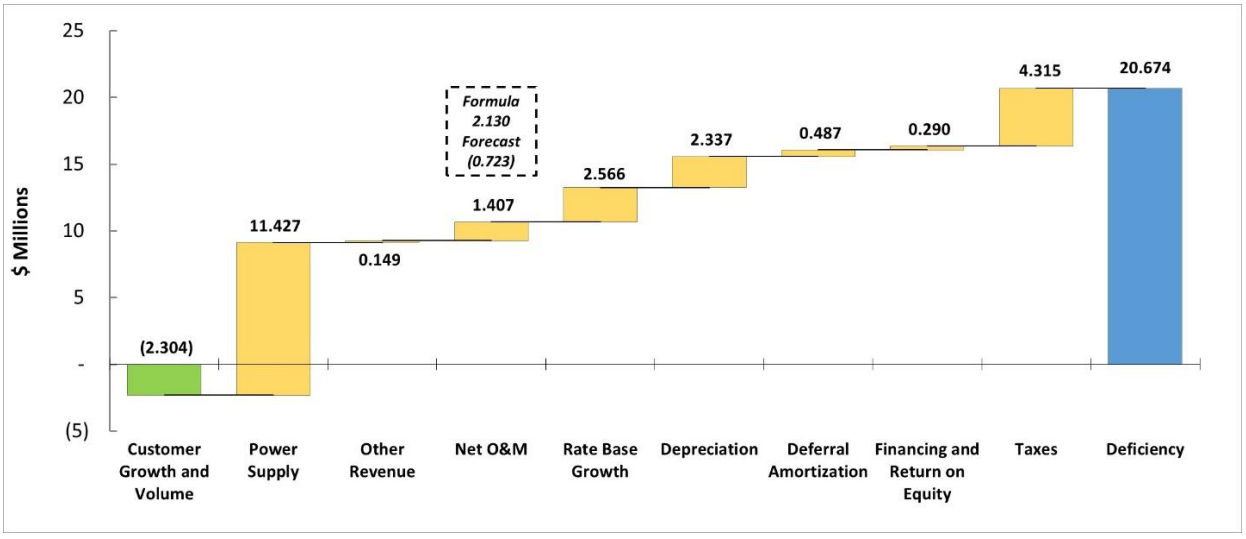
Customer Service Initiatives: Ongoing smaller initiatives include automating the tracking of collections and refund cases, improving training materials for high volume call types, and introducing emails for electric collections customers. While on a smaller scale, these initiatives contribute to improving customers' experience with FortisBC and the Company maintaining a focus on being cost effective in its use of resources.

1.5 REVENUE REQUIREMENT AND RATE CHANGES FOR 2024

The revenue requirement components set out in the Application result in an effective rate increase of 4.83 percent for 2024 compared to 2023. The effective rate increase results from a revenue deficiency of $20.674 million.

The following chart summarizes the items that contribute to the 2024 revenue deficiency. The chart shows each item that increases the deficiency in yellow and each item that decreases the deficiency in green. The 2024 deficiency of $20.674 million is then the sum of all of the previous bars and is shown at the end of the chart in blue.

Figure 1-1: 2024 Revenue Deficiency ($ millions)



Each of the categories is discussed briefly below.

1.5.1 Customer Growth and Volume Forecast (Section 3)

For 2024, FBC forecasts the net load to decrease by approximately 1 GWh when compared to 2023 Approved, with the forecast increases from the wholesale and commercial customer classes completely offset by decreases in the residential, industrial, and irrigation customer classes. Despite the slight decrease in net load of 1 GWh forecast for 2024, FBC is forecasting a small increase in revenue of $2.304 million, primarily due to the forecast increase in load from the wholesale customers as well as a forecast increase in residential and commercial customer counts (resulting in a small increase in the fixed monthly/bi-monthly customer charges). FBC's 2024 Forecast revenue at 2023 approved rates is $428.377 million.

1.5.2 Power Supply (Section 4)

FBC forecasts an increase in power supply of $11.427 million in 2024 compared to 2023 Approved. This increase is primarily due to the higher purchase rates for power from the market and contracted producers (included as part of the power purchase expense), followed by smaller increases in the BC Hydro Power Purchase Agreement (PPA), wheeling expenses, and water fees.

1.5.3 Other Revenue (Section 5)

Other Revenue is forecast to increase the 2024 revenue deficiency by $0.149 million, primarily due to reduced contract revenue and transmission access revenue.

1.5.4 Operations and Maintenance (O&M) Expense (Section 6)

FBC establishes the majority of its O&M expense by formula during the MRP term. The O&M formula incorporates a net inflation factor of 3.580 percent, which is inclusive of a productivity improvement factor (X-Factor) of 0.5 percent, and uses a forecast of the change in average customers.[2] The 2024 Formula O&M net of capitalized overhead has increased by $2.130 million[3] when compared to the 2023 Formula O&M, which is partially offset by a decrease in net O&M forecast outside of the formula by approximately $0.723 million,[4] primarily due to a decrease in pension and OPEB expense. Overall, the 2024 increase in total O&M expense net of capitalized overhead is $1.407 million (2.3 percent).

1.5.5 Rate Base Growth (Section 7)

The 2024 rate base is forecast to increase by approximately $39.492 million when compared to the 2023 Approved rate base, resulting in an increase to the 2024 Forecast earned return and the 2024 revenue deficiency of approximately $2.566 million. The increase in rate base is primarily due to the mid-year impact of FBC's 2024 regular capital additions to plant, followed by, to a lesser extent, the full-year impact of FBC's major capital project additions, including the Kelowna

[2] Modified by 75 percent.
[3] Increase in gross formula O&M of $2.506 million (3.6 percent) compared to 2023 Approved.
[4] Decrease in gross forecast O&M of $0.850 million (-36.2 percent) compared to 2023 Approved.

Bulk Transformer Additions (KBTA) project and the Corra Linn Dam Spillway Gates Replacement project.

1.5.6 Depreciation (Section 7)

Depreciation expense in 2024 is forecast to increase the 2024 revenue deficiency by $2.579 million compared to 2023 Approved. This increase is due to the forecast increase in rate base discussed above. The increase in depreciation expense is partially offset by approximately $0.242 million of CIAC from net additions, resulting in a net increase of $2.337 million in depreciation expense.

1.5.7 Amortization of Deferral Accounts (Section 7 and Section 12)

Amortization of deferral accounts in 2024 is forecast to increase by $0.487 million, primarily due to a reduction in the credit amortization related to the 2020-2024 Flow-through non-rate base deferral account. This increase in amortization expense due to the reduced credit amortization from the Flow-through deferral account is partially offset by an increase in credit amortization from the MRP Earnings Sharing deferral account as well as the amortization of credit balances in the Princeton Office Disposition deferral account, the proposed BC Cost of Living Credit deferral account, and the proposed PST Rebate on Select Machinery and Equipment deferral account.

1.5.8 Financing and Return on Equity (Section 8)

Financing and Return on Equity (ROE) increased the 2024 deficiency by $0.290 million through changes in financing rates, the ratio of long-term debt versus short-term debt, and changes in rate base.

For 2024, FBC is forecasting a short-term debt rate of 5.21 percent, which is an increase from the short-term debt rate embedded in the 2023 Approved revenue requirement of 4.24 percent. Overall, FBC's revenue deficiency is increased by $0.346 million from financing rate changes, which is offset by $0.056 million from the ratio change between long-term and short-term debt.

In calculating its 2024 revenue deficiency, FBC has utilized its currently approved capital structure and return on equity (ROE) of 40 percent and 9.15 percent, respectively, as approved by Orders G-129-16 and G-47-14. As explained in Section 8.1, FBC's ROE is set at a premium of 40 basis points over the benchmark ROE, which is the ROE approved for FEI. FBC is currently awaiting a decision on Stage 1 of the BCUC-initiated Generic Cost of Capital (GCOC) proceeding which is expected to be issued in the upcoming months. FBC will provide an update to its rate calculations as part of an Evidentiary Update subsequent to the GCOC decision being issued.

1.5.9 Taxes (Section 9)

FBC's 2024 property taxes are forecast to increase by 1.7 percent or $0.313 million from 2023 Approved. The increase is primarily due to changes in tax rates and increases in assessed values.

There has been no change in the income tax rate of 27 percent from 2023. Taxes are forecast to increase in 2024 by $4.002 million. The largest driver of the increase in 2024 is the lower income tax deductible through capital cost allowance (CCA), which led to an increase in income tax expense by approximately $2.849 million. The lower CCA is partly due to reduced undepreciated capital cost (UCC) additions in higher rate CCA classes in the 2024 Forecast compared to 2023 Approved, and partly due to the phase-out of Canada's Accelerated Investment Incentive starting from 2024 (i.e., enhanced 50 percent first-year allowance to be phased out in 2024). Income tax is also higher as a result of higher 2024 Forecast earned return and depreciation expense, which is partially offset by lower amortization of deferred charges.

1.6 SERVICE QUALITY INDICATORS (SECTION 13)

FBC reports on its 2022 and June 2023 year-to-date SQI results in Section 13. In 2022, for the eight SQIs with benchmarks, six met or were better than the benchmark, with the First Contact Resolution SQI better than the threshold and the Telephone Service Factor (Non-Emergency) SQI lower than the threshold. For the four SQIs that are informational only, the Average Speed of Answer results were higher due to the same challenges impacting the Telephone Service Factor (Non-Emergency), while performance in 2022 for the other three informational metrics generally remained at a level consistent with prior years. In 2023 to date, performance for the metrics with benchmarks is trending towards meeting the benchmark or the threshold.

2. FORMULA DRIVERS

2.1 INTRODUCTION AND OVERVIEW

This section provides the calculation of the Inflation Factor (or I-Factor) and Growth Factor used for calculating the 2024 O&M amounts according to the MRP formula.

In the MRP Decision and Order G-166-20, the BCUC approved an I-Factor using the actual CPI-BC and BC-AWE indices from the previous year and a labour weighting based on the most recent completed year of actuals.[5]

The MRP Decision approved the use of a forecast of growth[6] to determine formula O&M and determined that a growth factor multiplier of 75 percent for formula O&M was appropriate.

The Inflation Factor and Growth Factor calculations utilize the above-described inputs and determinations. For 2024, FBC has used July 2021 through June 2023 inflation data for the 2024 revenue requirement calculations, using the Statistics Canada tables included in Appendix A1 of the Application.

Section 2.2 below explains how FBC determined the 2024 Inflation Factor based on prior years' BC-CPI and BC-AWE, and Section 2.3 below explains how FBC determined the average customer count. Both the inflation factor and the average customer count are used to calculate the formula O&M discussed in Section 6.

2.2 INFLATION FACTOR CALCULATION SUMMARY

In the MRP Decision, the BCUC approved an I-Factor using the actual CPI-BC and BC-AWE indices from the previous year and the actual labour weighting based on the most recent completed year of actuals. FBC uses inflation data from July through June and Statistics Canada Table 18-10-0004-01 for CPI-BC and Table 14-10-0223-01 to determine AWE-BC. The supporting Statistics Canada tables are provided in Appendix A1. The latest available month of April 2023 for AWE-BC has been used as a placeholder, as results to June 2023 have not been released by Statistics Canada. Once results for these periods are available, this placeholder will be replaced with actuals and included in an Evidentiary Update or Compliance Filing.

As shown in Table 2-1 below, the I-Factor has been calculated utilizing actual CPI-BC and AWE-BC data. Applying the actual 2022 labour weighting of 57 percent, the calculation of the 2024 I-Factor is (6.031 percent x 43 percent) + (2.609 percent x 57 percent) = 4.080 percent.

[5] FBC's most recent year of completed actuals is 2022 so that ratio has been used for the 2024 I-Factor calculation.
[6] Forecast of average customers for Formula O&M, including a true-up to actual customers in the following years.

Table 2-1: I-Factor Calculation

Line No.	Date	*Table: 18-10-0004-01* BC CPI index	*Table: 14-10-0223-01* BC AWE $	12 Mth Average CPI index	12 Mth Average AWE $	CPI %	AWE %	Last Completed Year Non Labour %	Last Completed Year Labour %	I-Factor %	MRP Year
1	Jul-2021	136.7	1,143.76								
2	Aug-2021	137.0	1,143.96								
3	Sep-2021	137.2	1,142.37								
4	Oct-2021	137.9	1,140.94								
5	Nov-2021	138.1	1,129.51								
6	Dec-2021	138.0	1,132.93								
7	Jan-2022	139.4	1,155.32								
8	Feb-2022	140.4	1,153.57								
9	Mar-2022	143.0	1,161.00								
10	Apr-2022	144.2	1,164.51								
11	May-2022	146.1	1,159.89								
12	Jun-2022	146.5	1,167.14	140.4	1,149.58						
13	Jul-2022	147.6	1,162.26								
14	Aug-2022	147.0	1,171.52								
15	Sep-2022	147.8	1,171.94								
16	Oct-2022	148.6	1,174.29								
17	Nov-2022	148.1	1,176.97								
18	Dec-2022	147.1	1,153.31								
19	Jan-2023	148.1	1,180.04								
20	Feb-2023	149.1	1,175.83								
21	Mar-2023	149.7	1,191.20								
22	Apr-2023	150.4	1,199.14								
23	May-2023	151.0	1,199.14								
24	Jun-2023	151.6	1,199.14	148.8	1,179.57	6.031%	2.609%	43%	57%	4.080%	2024

2.3 GROWTH FACTOR CALCULATION SUMMARY

As noted above, the BCUC approved the use of a forecast of average customers with a 75 percent modifier to determine formula O&M.

The calculation of average customers used to determine 2024 Formula O&M is summarized in the table below. The growth factor is applied to the unit cost O&M (UCOM), which was calculated based on 2019 average customers of 139,916 (shown on line 21 under year 2020 or line 28 in Table 2-2 below). Starting with this 2019 average customer count, the calculation adds 75 percent of the cumulative average of actual/forecast customer growth during the MRP term from 2020 to 2024 (shown on line 26 in Table 2-2 below) to determine the average customers for rate setting (shown on line 29 of Table 2-2 below).

Table 2-2: Calculation of 2024 Average Customer (AC) Growth Factor

Line No.	Date	Actual 2020	Actual 2021	Actual 2022	Projected 2023	Forecast 2024	Total for 2024 Rate Setting	Reference
1	Prior Year Ending Customer Count	141,027	143,714	145,830	148,435	150,761		Appendix A2 - Section 3.1 Customers
2								
3	Additions:							
4	January	292	257	226	162	192		
5	February	174	89	194	189	194		
6	March	8	123	122	192	191		
7	April	110	113	178	169	193		
8	May	173	319	(25)	277	185		
9	June	172	116	353	121	192		
10	July	522	308	352	245	193		
11	August	129	187	204	193	191		
12	September	83	136	155	195	193		
13	October	545	132	261	197	195		
14	November	234	217	319	190	188		
15	December	245	119	266	197	195		
16	Total Additions	2,687	2,116	2,605	2,326	2,302		Appendix A2 - Section 3.2 Customer Additions
17	12-month Weighted Average Additions	1,294	1,163	1,282	1,242	1,245		
18								
19	Current Year Ending Customer Count	143,714	145,830	148,435	150,761	153,063		Line 1 + Line 16; Appendix A2 - Section 3.1 Customers
20								
21	Actual/Projected Prior Year Average Customers	139,916	142,321	144,877	147,112	149,677		2020: G-42-21; Sch 3, Line 13; 2021-2024: Prior Year, Line 22
22	Average Customers for the Year	142,321	144,877	147,112	149,677	152,006		Line 1 + Line 17
23	Change in Average Customers	2,405	2,556	2,235	2,565	2,329	**12,090**	Sum of Annual Change in Average Customers on Line 23
24								
25	Growth Factor Multiplier						**75%**	G-166-20
26	Change in Average Customers for Rate Setting Purposes						**9,068**	Line 25 x Line 23
27								
28	Average Customers Used to Determine the Starting UCOM						**139,916**	Line 21, Yr 2020
29	**Average Customer Forecast for Rate Setting**						**148,984**	Line 28 + Line 26
30								
31	2022 Approved Average Customers for Rate Setting			145,378				2022: G-374-21; Sch 3, Line 22
32	2022 Actual Average Customers for Rate Setting			145,313				Line 21 (2020) + Sum of Line 23 (2020, 2021, 2022) x 0.75
33	**2022 True Up**			**(65)**				Line 32 - Line 31

2.4 INFLATION AND GROWTH CALCULATION SUMMARY

A summary of the factors used to determine formula O&M for 2024 is provided in Table 2-3, including the I-Factor calculated in Section 2.2, the approved X-Factor of 0.5 percent, and the forecast of average customers incorporating the growth factor multiplier determined in Section 2.3.

Table 2-3: Summary of Formula Drivers

Line No.	Description	2024	Reference
1	CPI	6.031%	Table 2-1, Line 24
2	AWE	2.609%	Table 2-1, Line 24
3			
4	Non Labour	43%	Table 2-1, Line 24
5	Labour	57%	Table 2-1, Line 24
6			
7	CPI/AWE Inflation	4.080%	(Line 1 x Line 4) + (Line 2 x Line 5)
8			
9	Productivity Factor	-0.500%	Order G-166-20
10			
11	Net Inflation Factor	3.580%	Line 7 + Line 9
12			
13	Average Customer Forecast for Formula O&M purposes	148,984	Table 2-2, Line 29

In summary, the Net Inflation Factor for 2024 is 3.580 percent and formula O&M for 2024 is determined using average customers of 148,984.

3. LOAD FORECAST AND REVENUE AT EXISTING RATES

3.1 INTRODUCTION AND OVERVIEW

This section describes FBC's forecast of gross system load. The gross system load is a combination of residential, commercial, wholesale, industrial, lighting and irrigation loads, system losses and company use. The forecast of gross system load includes the impacts of forecast load savings which include Demand Side Management (DSM) savings. These savings are further explained in Section 3.3 – Demand Side Management Savings.

FBC is forecasting a decrease in consumption in the 2024 Forecast (2024F) compared to the 2023 Approved. The 2024F gross load is forecast to be approximately 3,773 GWh, which is 2 GWh lower than the 2023 Approved gross load. The decrease is primarily due to a reduction in loads from the residential, industrial, and irrigation classes, which almost completely offsets the increase in loads from the wholesale and commercial customers. Despite the decrease in the 2024 Forecast gross load, FBC is forecasting the 2024 revenue to be $428.377 million, which is an increase of $2.304 million when calculated based on the 2023 Approved rates for each customer class. The increase in revenue for 2024 is primarily due to the forecast increase in load from the wholesale customers, as well as an increase in recoveries from the fixed monthly/bimonthly customer charges resulting from the forecast increase in customer counts in the residential and commercial classes.

FBC has provided further information supporting its load forecast in Appendix A of the Application.

3.2 OVERVIEW OF FORECAST METHODS

Consistent with the forecasting method followed by FBC in previous years, the load forecast relies on the following components:

- the residential and commercial customer count forecast;
- the residential use per customer (UPC) forecast;
- the commercial, lighting and irrigation load forecast; and
- the industrial and wholesale survey forecast.

The load forecast for residential customers is based on forecasts for the number of customers and UPC rates. Specifically, the UPC forecast is multiplied by the corresponding forecast of the number of annual average customers to derive the residential load forecast. The commercial load forecast is based on a regression against the Conference Board of Canada (CBOC) Gross Domestic Product (GDP) forecast, the lighting forecast uses the prior year's actual load, and the irrigation forecast uses a five-year historical average. Finally, wholesale and industrial forecasts are primarily based on customer-specific survey results.

More detail on FBC's forecasting methods can be found in Appendix A of this filing.

The following sections set out the results of the load forecast. In the figures provided in the load forecast sections, the following three time periods are shown:

- Actual Years: Actual years are those for which actual data exists for the full calendar year. For this Annual Review the latest calendar year for which full actual data exists is the 2022 calendar year.

- Seed Year: The Seed Year is the year prior to the first forecast year. The Seed Year is forecast based on the latest years of actual data available,[7] and will be different than the original forecast for that year in the previous filing. For example, for this Application the Seed Year is 2023 (2023S) and the Seed Year forecast is based on the latest actual years, including 2022. As such, the 2023 Seed Year forecast in this Application will differ from the 2023 Forecast presented in the Annual Review for 2023 Rates, for which 2022 actual data was not available.

- Forecast Year: This is the year or years for which the forecast is being developed. This can be one year (in the case of the Annual Review) or a range of two or more years depending on the filing. In this Application, the forecast year is 2024 (2024F).

- Also included in the figures in this section is the prior year's forecast (shown as the green Approved lines in the figures below), as presented in the Annual Review for 2023 Rates.

FBC acquired the utility assets and customers of the City of Kelowna's electric utility effective March 31, 2013, resulting in an increase in direct customers and changes in the composition of customers and sales load by class, which are reflected in the data and figures in this section.

3.3 DEMAND SIDE MANAGEMENT SAVINGS

FBC forecasts the DSM savings that are incremental to the DSM savings that are already embedded in historical loads up to and including 2022.

The DSM savings forecast is deducted from the before-savings forecast for all customer classes. All forecast values in the sections below are shown after being reduced by DSM savings unless explicitly stated otherwise.

The forecast incremental DSM savings for 2024 are summarized in Table 3-1 below, and are the forecast savings incremental to the savings embedded in the historical loads. Historical DSM savings can be found in Appendix A2.

[7] FBC's load forecast is developed using only complete years of historical data. FBC requires the complete year of load data in order to validate it, including the review of and potential adjustments to unbilled energy. For this reason, partial year data is not used in forecasting.

Table 3-1: Forecast Incremental 2024 DSM Savings (GWh)

Line No.	Description	DSM 2024
1	Residential	(9.1)
2	Commercial	(22.3)
3	Wholesale	(7.6)
4	Industrial	(13.5)
5	Lighting	(0.2)
6	Irrigation	(0.2)
7	Net	(52.9)
8	Losses	(4.3)
9	Gross Load	(57.2)

3.4 LOAD FORECAST

FBC's total load consists of the weather normalized residential and wholesale load and the actual commercial,[8] industrial, lighting and irrigation load. In aggregate, the absolute load forecast variance in 2022 was 4.7 percent, which was primarily due to higher industrial loads and more residential customers coming onto the system than forecast. As shown in Figure 3-1 below, the total load, net of losses, is forecast to be 3,473.9 GWh in 2024F, which is 1.8 GWh less than 2023S and 1.4 GWh less than 2023 Approved.

[8] Commercial loads are tested for weather sensitivity each year. For 2024, there is a low correlation with weather and as a result, the actual historic commercial loads are used in the preparation of Figures 3-1 and 3-5. Please refer to Section 1.1 of Appendix A-3 for further detail.

Figure 3-1: Total Net Load (GWh)

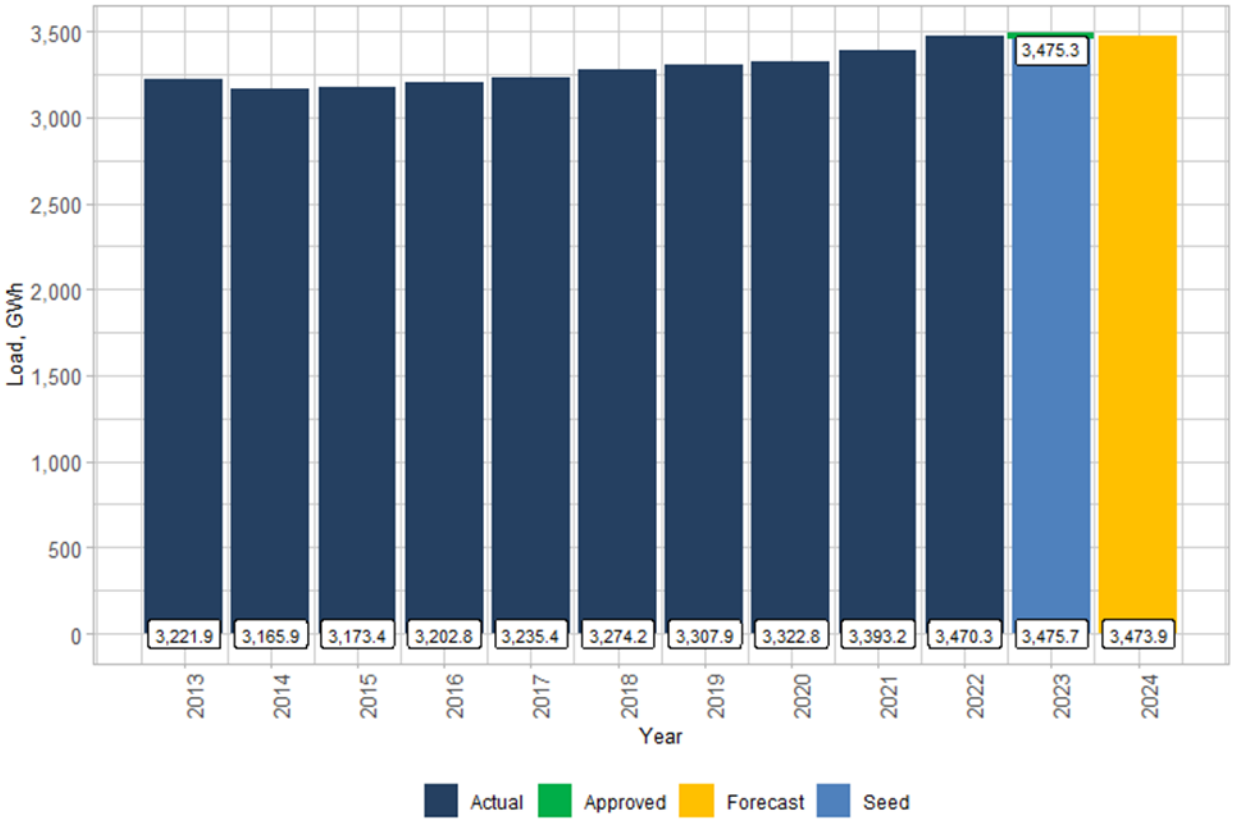


Table 3-2 below shows the normalized after-savings gross load by customer class as well as the system peak. For 2024F, the residential customer class is forecast to account for 34 percent of the normalized after-savings gross load.

Table 3-2: After-Savings Gross Load and System Peak[9]

Line No.	Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023S	2024F
	Energy (GWh)												
1	Residential	1,352.9	1,296.5	1,298.1	1,295.6	1,320.5	1,312.6	1,266.1	1,346.8	1,330.3	1,320.4	1,307.6	1,298.9
2	Commercial	788.2	865.7	853.2	901.4	920.4	922.0	933.9	917.2	971.4	969.1	967.5	974.2
3	Wholesale	675.2	567.1	580.5	574.4	574.1	584.7	566.0	569.5	565.8	575.5	590.7	589.8
4	Industrial	352.3	380.9	379.7	373.4	362.6	402.7	494.9	441.2	472.3	558.5	562.1	563.5
5	Lighting	13.5	15.6	15.9	15.9	15.9	13.2	11.0	10.8	9.7	9.3	9.2	9.1
6	Irrigation	39.7	40.0	46.0	42.1	41.9	39.0	36.0	37.3	43.6	37.6	38.6	38.5
7	Net Load	3,221.9	3,165.9	3,173.4	3,202.8	3,235.4	3,274.2	3,307.9	3,322.8	3,393.2	3,470.3	3,475.7	3,473.9
8	Losses & Company Use	278.1	270.1	272.4	273.8	282.3	285.1	286.9	287.9	299.7	314.6	298.9	298.7
9	Gross Load	3,500.0	3,436.0	3,445.8	3,476.6	3,517.7	3,559.4	3,594.8	3,610.8	3,692.8	3,784.8	3,774.5	3,772.7
10													
11	System Peak (MW)												
12	Winter Peak	698.1	692.6	685.0	754.7	713.6	682.2	732.4	730.8	684.8	734.3	783.4	785.0
13	Summer Peak	600.4	619.5	611.0	593.0	604.8	630.9	639.4	666.2	652.9	689.1	696.2	697.3

[9] The system peaks shown on Lines 12 and 13 are weather-normalized winter and summer peaks. Refer to Section 3.4.8 for further details.

The residential, commercial, wholesale, industrial, lighting, irrigation, loss load and the winter and summer peak demand forecasts are provided separately in the following subsections.

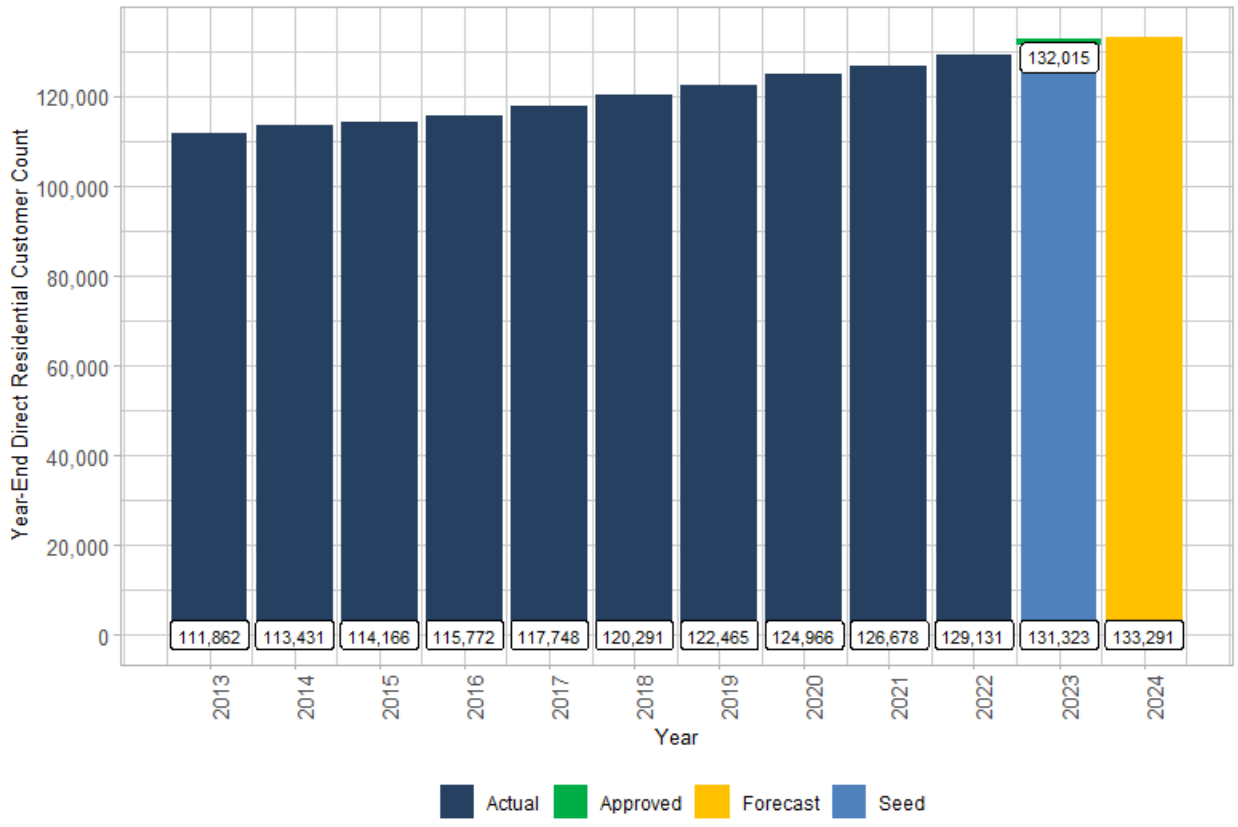
3.4.1 Residential

3.4.1.1 Residential Customers

Forecast residential customer counts are determined by a regression of the year-end customer accounts against population in the FBC direct service area. The population forecast for the FBC service area is provided by a BC Statistics report produced for FBC.

Figure 3-2 shows the year-end direct residential customer count for FBC.

Figure 3-2: Year-End Direct Residential Customer Count



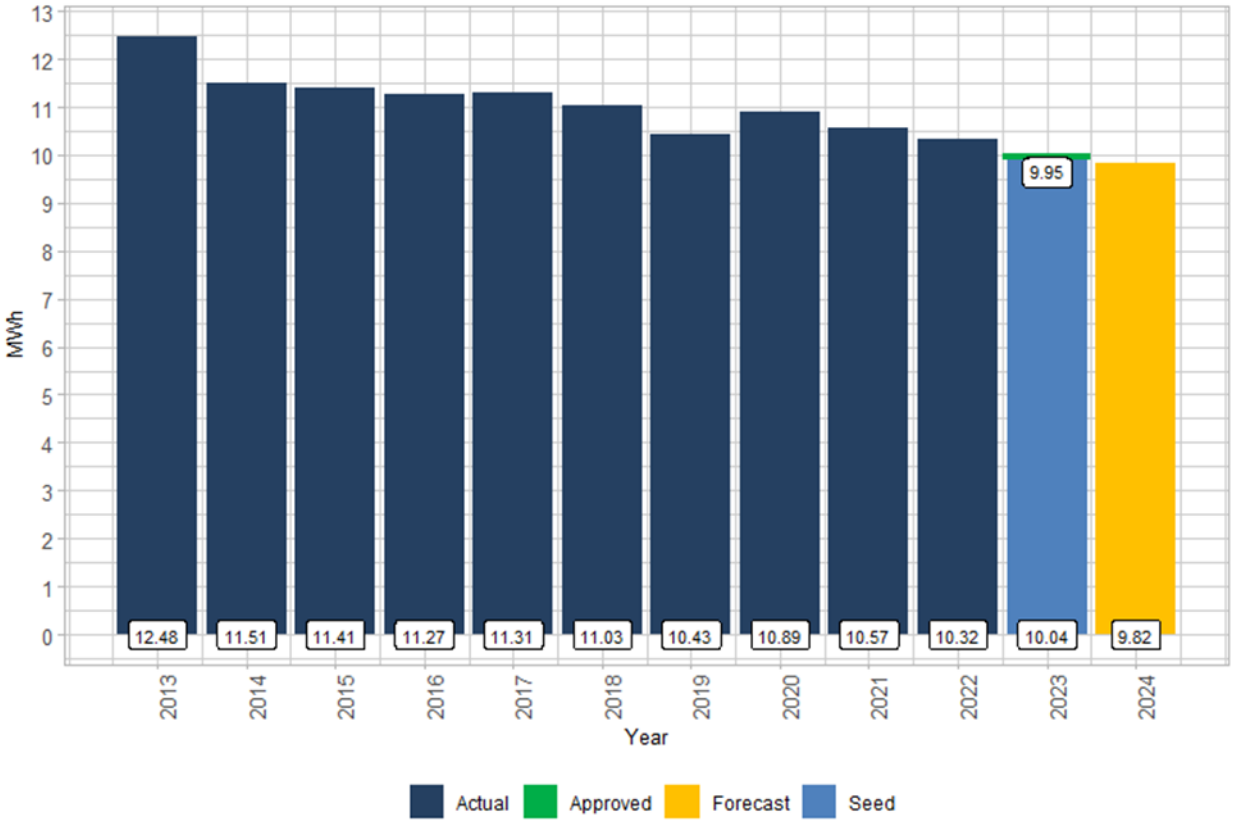
3.4.1.2 Residential UPC

Normalized historical UPCs are obtained by dividing the weather-normalized residential load by the average customer count in each year. The before-savings UPC is forecast by applying a 10-year trend to the normalized historical UPCs. The before-savings UPC forecast is then multiplied by the forecast average customer count to derive the before-savings load forecast. DSM savings, which are incremental to the savings embedded in the historical data to 2022, are then deducted

from the before-savings load forecast to determine the after-savings load forecast. The after-savings UPC forecast is then calculated by dividing the after-savings load forecast by the average customer count.

As shown in Figure 3-3 below, the residential after-savings UPC is forecast to decrease by 0.22 MWh in 2024F from 2023S and decrease by 0.13 MWh from 2023 Approved.

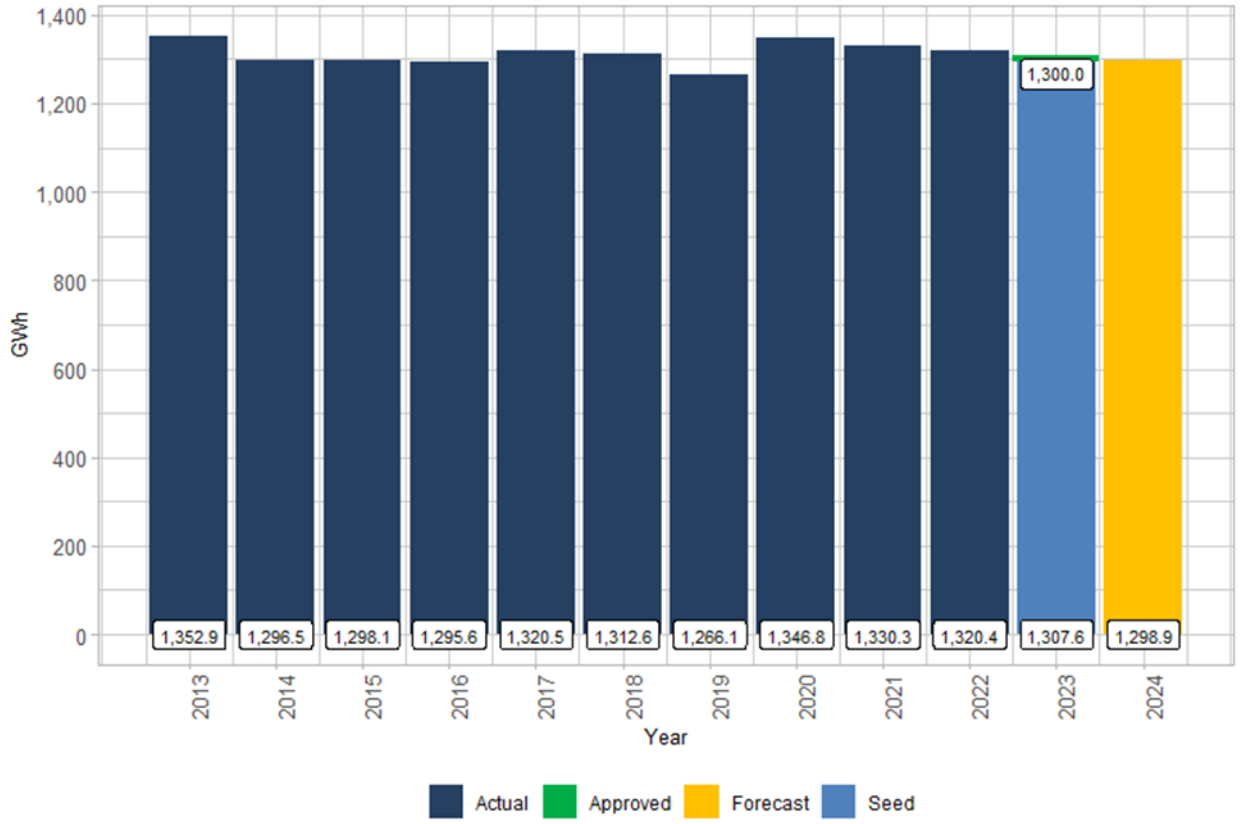
Figure 3-3: Normalized After-Savings Residential UPC (MWh)



3.4.1.3 Residential Load

Consistent with past practice, the total before-savings load for the residential class is the product of the average annual residential customer count multiplied by the residential UPC. The after-savings load is produced by taking the before-savings load and then subtracting DSM savings. As shown in Figure 3-4 below, residential after-DSM savings load is forecast to decrease by 8.7 GWh in 2024F from 2023S and decrease by 1.1 GWh from 2023 Approved levels.

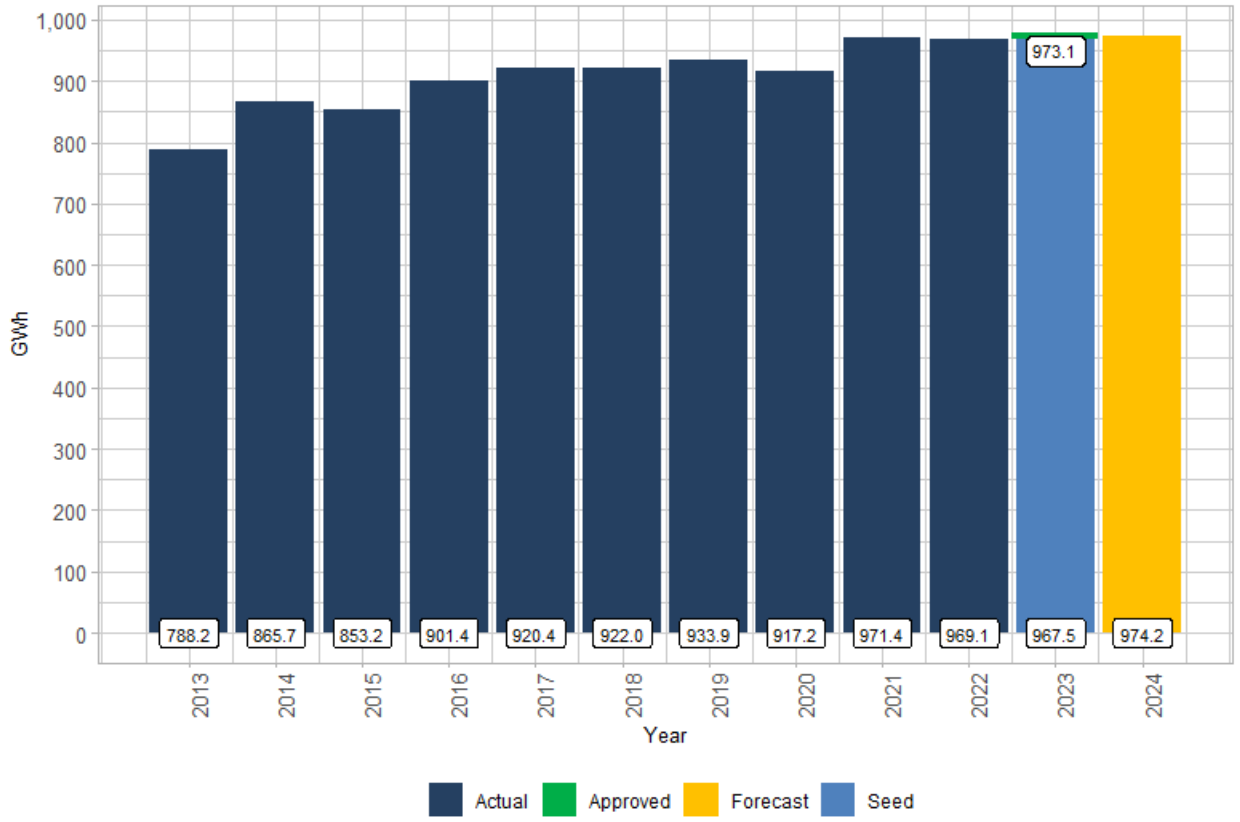
Figure 3-4: Normalized After-Savings Residential Load (GWh)



3.4.2 Commercial

The commercial class load and customer forecasts are based on regressions against the provincial GDP forecast obtained from the CBOC. The load for Electric Vehicle Direct Current Fast Chargers (EV DCFC) serviced by FBC are then added to 2023S and 2024F and account for a less than 1 GWh increase in both 2023S and 2024F. As shown in Figure 3-5 below, commercial after-savings load is forecast to increase by 6.7 GWh in 2024F from 2023S and increase by 1.1 GWh in 2024F from 2023 Approved.

Figure 3-5: After-Savings Commercial Load (GWh)



3.4.3 Wholesale

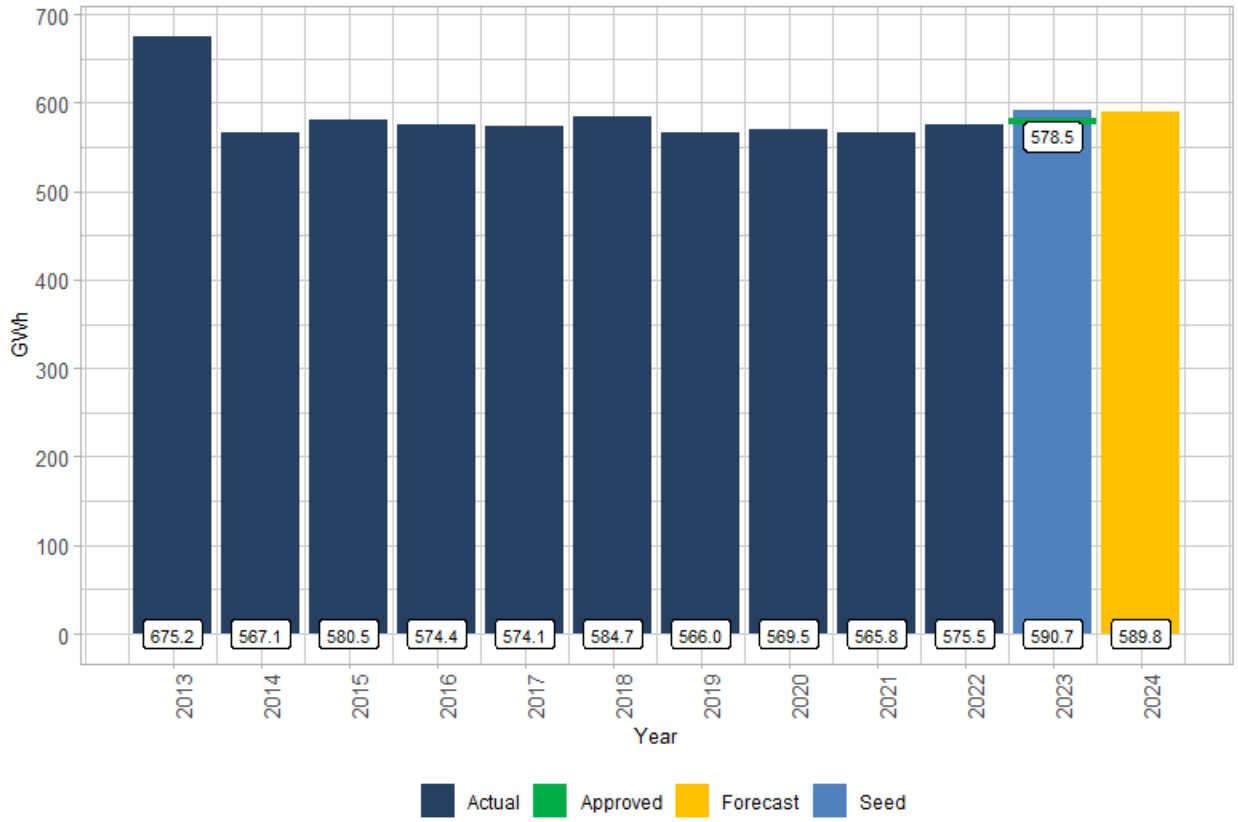
FBC sells wholesale power to municipalities for service to certain customers within its service territory that own and operate their own electrical distribution systems, and to BC Hydro. The wholesale customers' load composition is a combination of residential, commercial, industrial and lighting.

Consistent with past practice, the wholesale class is forecast using survey information from each of the individual wholesale customers, as the individual wholesale customers are best able to forecast their future load growth. For 2024, all wholesale customers responded with their load forecasts.

Consistent with the approach taken when preparing last year's wholesale load forecast (i.e., the load forecast presented in the Annual Review for 2023 Rates), FBC once again invited each wholesale customer to a workshop. In April 2023, workshops were completed with both the City of Penticton and the City of Nelson. The remainder of the wholesale customers declined the invitation. FBC continues to find these information sharing sessions valuable and plans to continue them in the future.

As shown in Figure 3-6 below, after-savings wholesale load is forecast to decrease by 0.9 GWh in 2024F from 2023S and increase by 11.3 GWh in 2024F from 2023 Approved.

Figure 3-6: Normalized After-Savings Wholesale Load (GWh)



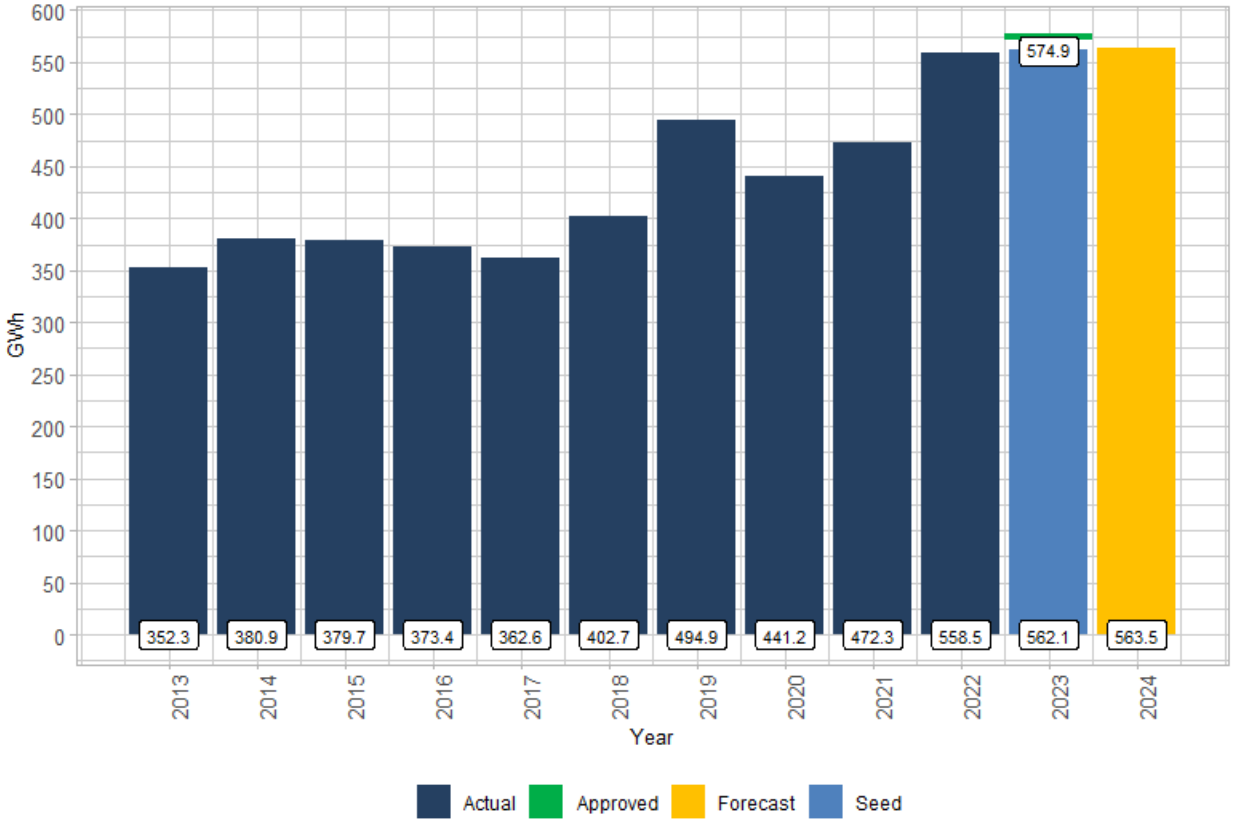
3.4.4 Industrial

Consistent with past practice, the industrial forecast is determined through a combination of customer load surveys and, when not available, escalation of the most recent annual loads by the corresponding provincial GDP growth rates for individual industries.

FBC sends all existing industrial customers a load survey that requests the customer's anticipated use for the next five years. A survey is used because individual industrial customers have the best understanding of what their future load will be. This year FBC received a response from 76 percent (32 of 42) of the surveys sent out. The responding customers represent approximately 91 percent of the total industrial load.

As shown in Figure 3-7 below, after-savings industrial load is forecast to increase by 1.4 GWh in 2024F when compared to 2023S and decrease by 11.4 GWh in 2024F compared to 2023 Approved.

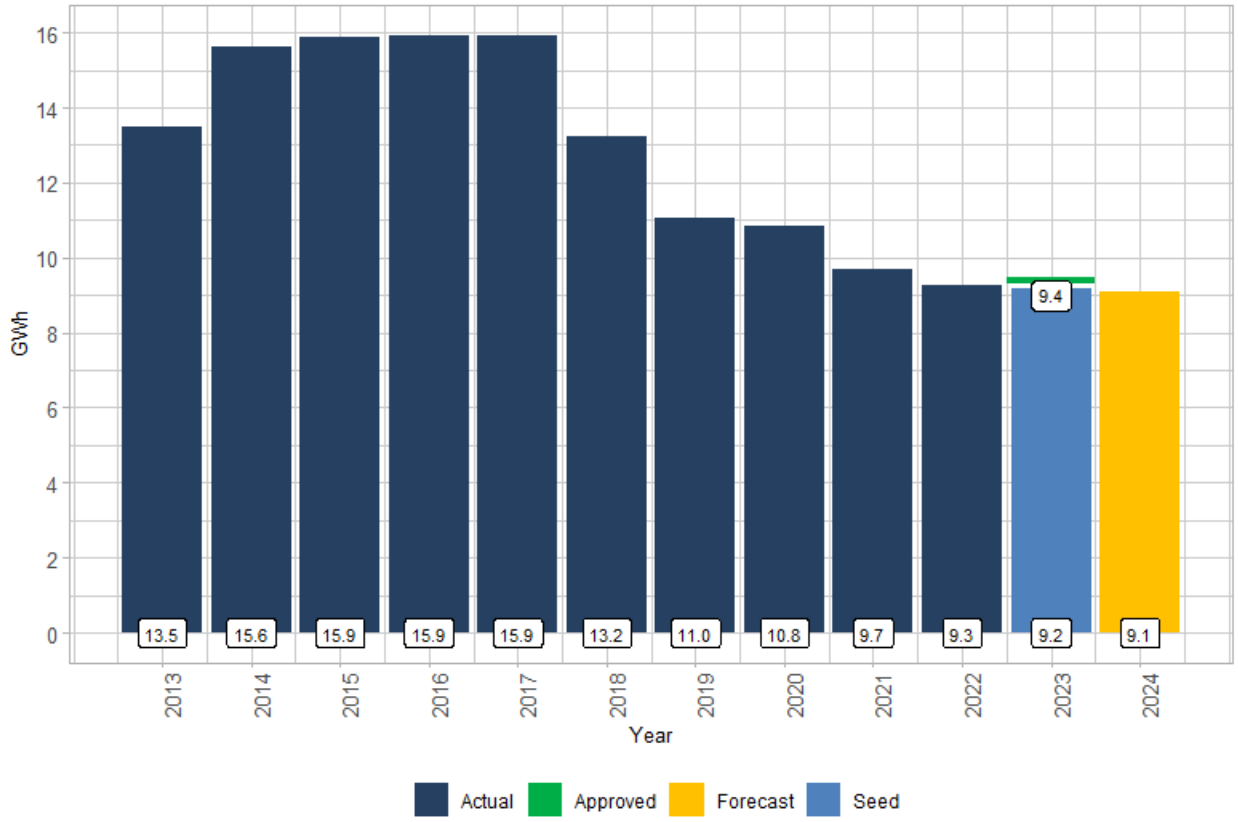
Figure 3-7: After-Savings Industrial Load (GWh)



3.4.5 Lighting

Due to the implementation of LED streetlights, the lighting load has been declining since 2017. FBC used the 2022 actuals as the forecast for this load and then reduced it by DSM savings. As shown in Figure 3-8 below, after-savings lighting load is forecast to decrease by 0.1 GWh in 2024F from 2023S and decrease by 0.3 GWh when compared to 2023 Approved.

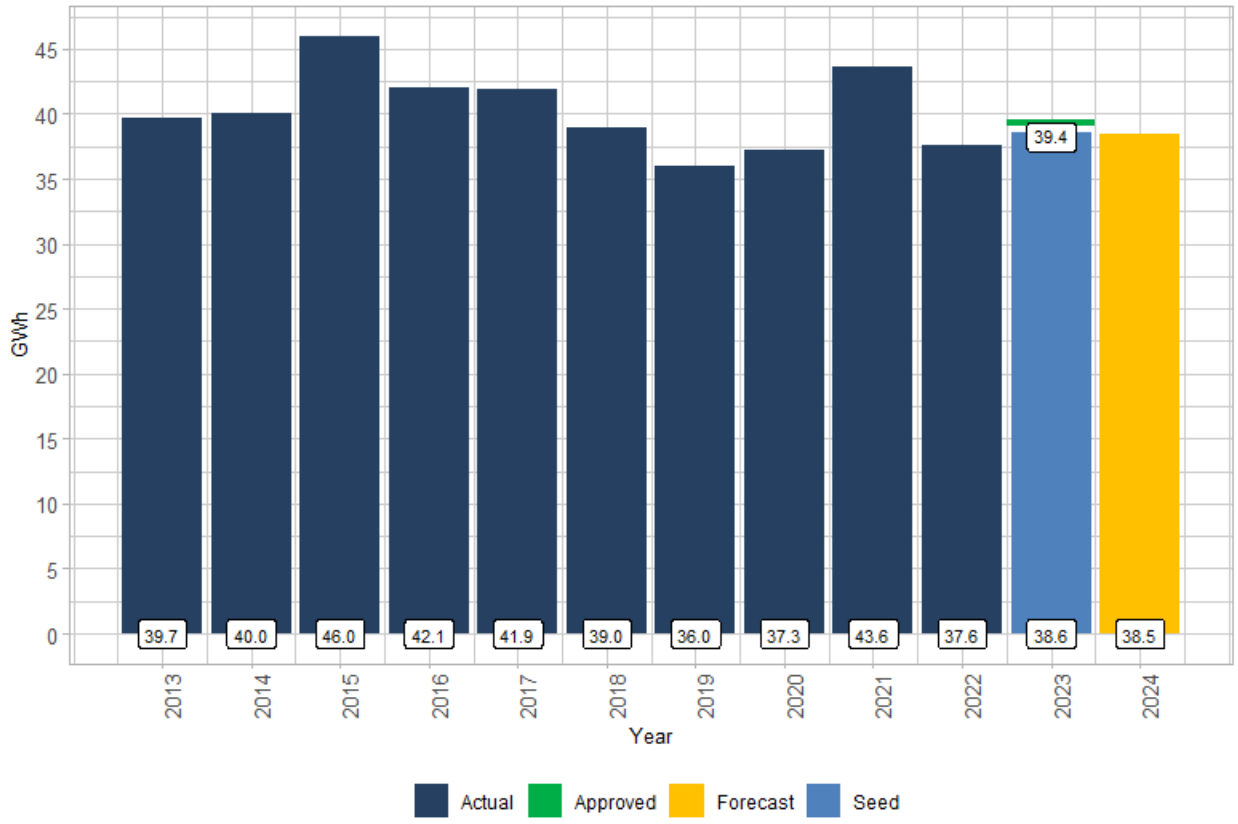
Figure 3-8: After-Savings Lighting Load (GWh)



3.4.6 Irrigation

Due to the variability in the load in the recent historical data, FBC used a five-year average as the forecast for the irrigation load. As shown in Figure 3-9 below, after-savings irrigation load is forecast to decrease by 0.1 GWh from 2023S to 2024F and decrease by 0.9 GWh in 2024F when compared to 2023 Approved.

Figure 3-9: After-Savings Irrigation Load (GWh)



3.4.7 Losses and Company Use

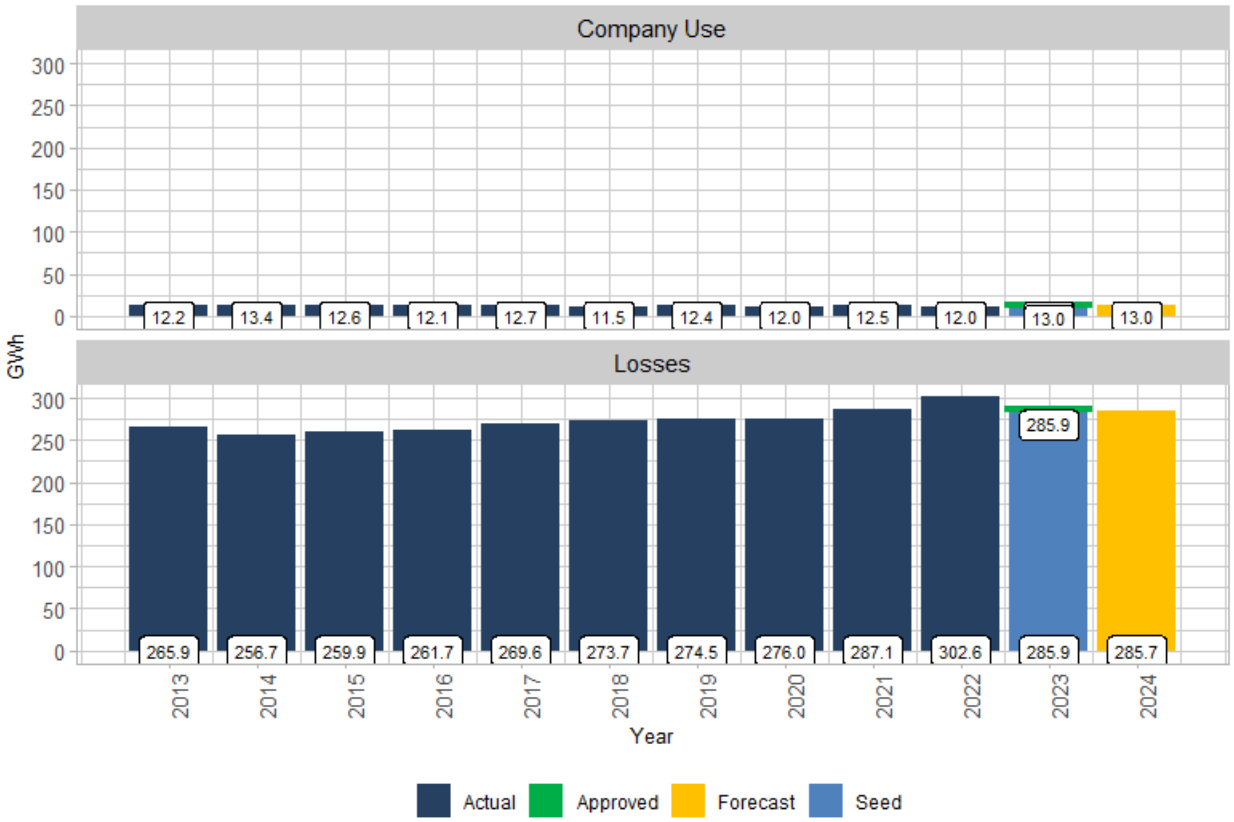
FBC conducted a Losses Study in 2019[10] and, consistent with that study, has assumed a loss rate of 7.6 percent of gross load (excluding company use). System losses consist of:

- Losses in the transmission and distribution system;
- Losses due to wheeling through the BC Hydro system; and
- Unaccounted-for load (meter inaccuracies and theft).

As shown in Figure 3-10 below, after-savings load losses are forecast to remain constant in 2024F because the gross load is forecast to be relatively stable when compared to 2023S. When compared to 2023 Approved, the 2024F after-savings load losses are forecast to decrease by 0.2 GWh due to decreased load. FBC has separated company use in the graph below, which is forecast at 13 GWh per year in 2024F, consistent with 2023S.

[10] MRP Application, Exhibit B-1-1, Appendix B3.

Figure 3-10: Normalized After-Savings Load Losses (GWh)



3.4.8 Peak Demand

The peak demand forecast is produced using the 10-year average of historical peaks, including peaks from the June 2021 "heat dome" event. The historical peak data is escalated by the gross load growth rate before it is averaged to account for the growth of demand on the FBC system.

Figures 3-11 and 3-12 below provide the historical winter peaks and summer peaks, respectively, from 2013 to 2022, as well as the estimates for 2023S and 2024F. To illustrate the non-weather-related growth in both winter and summer peaks over the last 10 years, the historical winter and summer peaks shown between 2013 and 2022 in Figures 3-11 and 3-12 below are weather-normalized and after-savings.

Furthermore, the peaks shown in both figures below are seasonal, i.e., the winter peak can fall in any month between November of the current year and February of the following year, and the summer peak can fall in any month between June and August.

Figure 3-11: After-Savings Winter Peaks (MW)

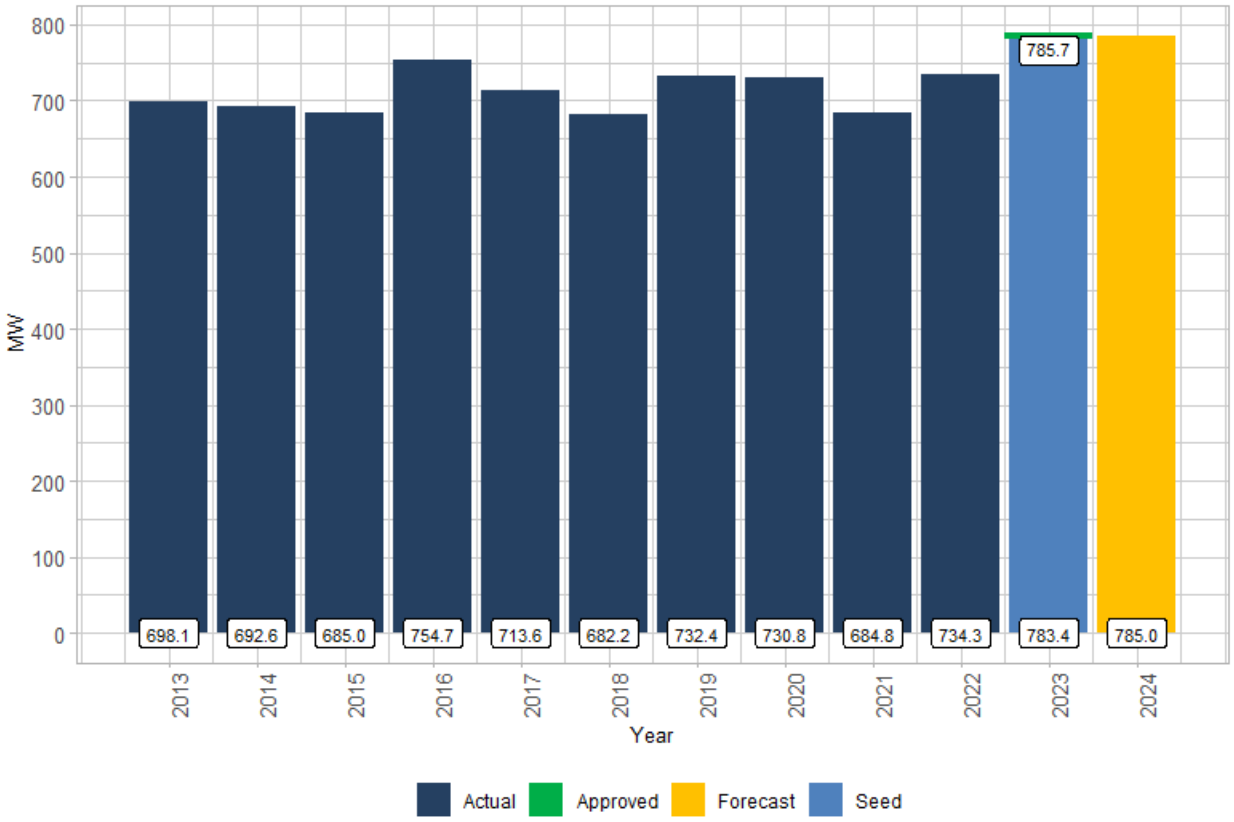
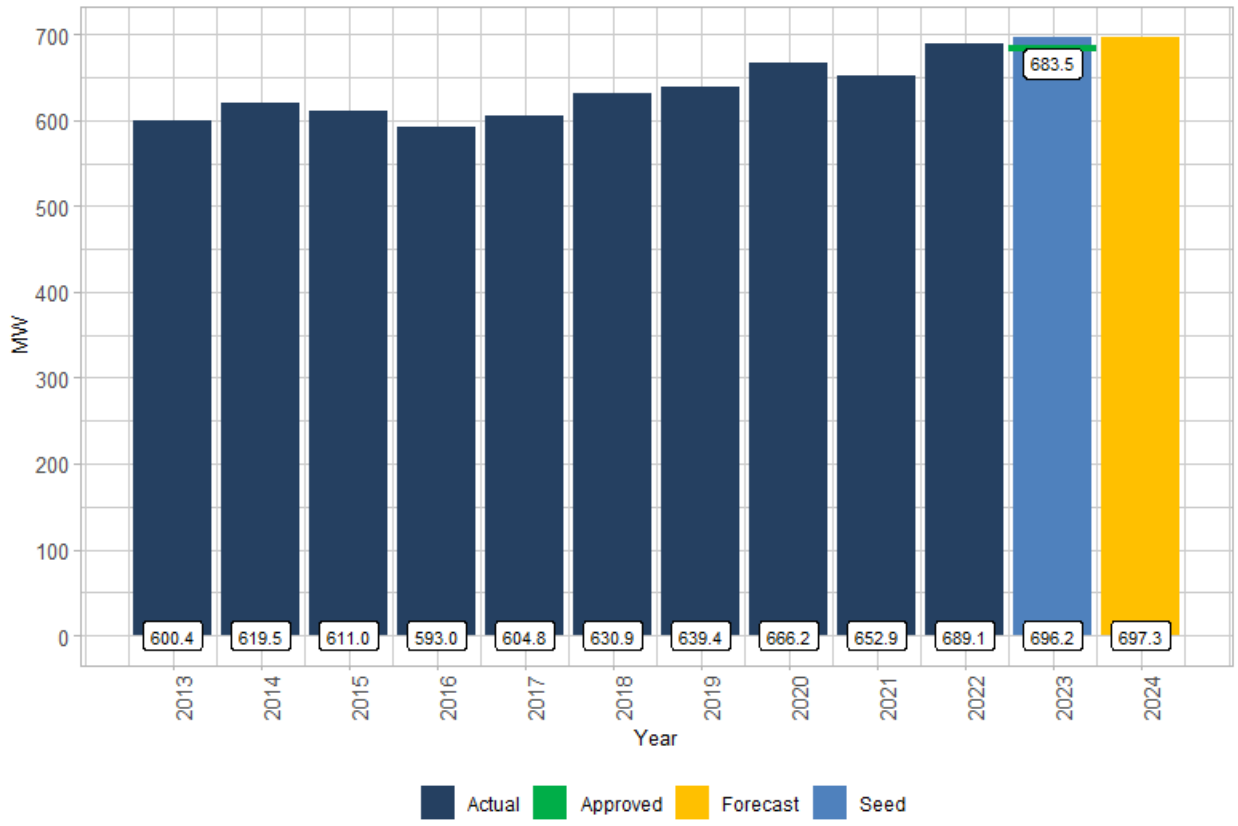


Figure 3-12: After-Savings Summer Peaks (MW)



3.5 CUSTOMER FORECAST

Table 3-3 shows the actual and forecast year-end customer counts by rate class. The residential and commercial customer counts are forecast using the methods described in Sections 3.4.1 and 3.4.2. Industrial customers are forecast based on information on expected new loads provided by key account managers. The lighting customer forecast is prepared using a five-year regression of year-end customer counts. Wholesale and irrigation customer counts are assumed to remain at 2022 levels.

Overall, for 2024F, FBC is forecasting customer growth of 1.5 percent compared to 2023S and growth of 0.7 percent compared to 2023 Approved.

Table 3-3: Customer Forecast[11]

Line No.	Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023S	2024F
1	Residential	111,862	113,431	114,166	115,772	117,748	120,291	122,465	124,966	126,678	129,131	131,323	133,291
2	Commercial	13,662	14,363	14,976	15,073	15,398	15,678	15,956	16,165	16,594	16,773	16,930	17,290
3	Wholesale	6	6	6	6	6	6	6	6	6	6	6	6
4	Industrial	47	49	50	50	50	52	51	43	42	42	42	42
5	Lighting	1,644	1,620	1,590	1,559	1,511	1,482	1,467	1,443	1,407	1,380	1,357	1,330
6	Irrigation	1,097	1,103	1,095	1,090	1,080	1,078	1,082	1,091	1,103	1,103	1,103	1,103
7	**Total**	128,318	130,572	131,883	133,550	135,793	138,587	141,027	143,714	145,830	148,435	150,761	153,063

3.6 RATE SCHEDULE 96 EV DCFC SERVICE FORECAST

On July 14, 2021, the BCUC issued Order G-215-21, which concluded that FBC's EV DCFC stations are prescribed undertakings under section 5 of the GGRR and approved flow-through treatment for the cost of service associated with the charging stations. By Order G-341-21 dated November 24, 2021, the BCUC approved the depreciation rate for the EV charging stations, and the inclusion of related revenues and expenses in FBC's regulated accounts. Following FBC's clarification on November 29, 2021 for the electricity input cost as directed in Decision and Order G-341-21, the BCUC approved the RS 96 rates on a permanent basis, by Order G-350-21 dated November 30, 2021, which include a time-based levelized rate[12] of $0.26 per minute and $0.54 per minute for FBC's 50 kW and 100 kW EV DCFC stations, respectively. FBC currently has a total of 42 EV DCFC stations in service across 22 sites and no additional stations are planned for 2023 or 2024.

As part of the Annual Review for 2022 Rates Decision and Order G-347-21[13], FBC was directed to:

- Provide an update on its EV DCFC charging stations' costs and revenues for the previous fiscal year along with a forecast of costs and revenues for the test period in future Annual Review filings.

Table 3-4 below provides the 2018 to 2022 Actual (i.e., previous fiscal years), 2023 Projected, and 2024 Forecast charging minutes and the resulting RS 96 revenues. Consistent with the approach presented in FBC's Revised and Updated EV DCFC Service Application dated September 30, 2020, the 2023 Projected and 2024 Forecast of charging minutes were determined based on the growth rates for ZEV sales targeted in the *BC ZEV Act*. These targets are 10 percent of ZEV sales by 2025, 30 percent by 2030, and 100 percent by 2040.[14]

[11] Direct customers only, i.e., excludes indirect wholesales customer counts.
[12] Including 15 percent transaction fees from FBC's EV DCFC vendor (i.e., AddEnergie, operator of the FLO EV charging network).
[13] Page 32.
[14] FBC's Revised and Updated EV DCFC Application, BCUC IR1 8.4 and CEC IR1 8.2. Additionally, as discussed in the RS 96 Assessment Report dated December 29, 2022, for forecasting purposes, FBC assumed the growth rates remain the same but are delayed by one year due to the COVID-19 pandemic.

It can be seen from Table 3-4 below that since the inception of FBC's charging stations (i.e., 50 kW in 2018 and 100 kW in 2021), the utilization rate has continued to grow, including in 2020 and 2021 when travel restrictions were in place due to the COVID-19 pandemic. Table 3-4 below also shows that there was a material increase in charging minutes from 2021 to 2022, which coincides with the ending of the aforementioned travel restrictions. FBC is expecting the upward trend will continue into 2024 with the growing number of electric vehicles available in the market. The upward trend that FBC is seeing with its EV DCFC service is consistent with the growth rates developed based on the ZEV sales targets used for the purpose of forecasting the charging minutes.

Table 3-4: FBC RS 96 EV DCFC Forecast

Line No.	Description	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Projected 2023	Forecast 2024
1	RS 96 Charging Minutes							
2	50 kW	15,309	94,386	110,504	229,342	410,783	584,194	782,820
3	100 kW	-	-	-	16,539	54,933	111,234	149,053
4	Total (Minutes)	15,309	94,386	110,504	245,881	465,716	695,428	931,874
5								
6	RS 96 Revenue, excl. 15% fee ($ millions)	$ 0.004	$ 0.024	$ 0.028	$ 0.058	$ 0.116	$ 0.180	$ 0.241

Table 3-5 below provides the cost of FBC's EV DCFC service for 2022 Actual, 2023 Projected and 2024 Forecast, including the RS 96 revenues shown in Table 3-4 above, and the prior years' surplus from 2018 to 2021.

FBC is currently forecasting a cumulative deficiency of $0.932 million from 2018 to 2024, including the 2024 forecast costs and revenue. FBC notes that the current RS 96 rates are set on a levelized basis which are designed to fully recover the forecast cost of service of the charging stations over the life of the stations, as such, deficiencies are expected in the early years of the service offering. Also contributing to the cumulative deficiency to date is the impact of the COVID-19 pandemic from 2019 to 2021 on the utilization of FBC's charging stations. As mentioned above, there has been a significant increase in the utilization of FBC's charging stations since 2022 and FBC expects the growth will continue. Furthermore, consistent with the approach in the Annual Review for 2023 Rates, FBC does not forecast revenue from the sale of carbon credits for future years due to the uncertainty in the timing of the credit validation as well as the market pricing. As such, FBC is not forecasting any carbon credit revenues in 2024. Please refer to Section 5.8 for further discussion of the carbon credits associated with FBC's EV DCFC stations which are recorded as Other Revenue. FBC expects the monetization of carbon credits will continue, which should help to reduce the overall deficiency in the future.

Table 3-5: EV DCFC Stations Costs and Revenues for 2022 Actual, 2023 Projected, and 2024 Forecast ($ millions)

Line No.	Description	Actual 2022	Projected 2023	Forecast 2024	Cumulative
1	Cost of Energy	0.136	0.177	0.197	
2	O&M	0.213	0.181	0.310	
3	Depreciation	0.456	0.551	0.593	
4	Amortization of CIAC	(0.190)	(0.236)	(0.249)	
5	Other Revenue - Carbon Credits	(0.744)	(0.544)	-	
6	Income Tax	(0.007)	0.048	0.132	
7	Earned Return	0.170	0.192	0.200	
8	Total Cost of Service	0.035	0.370	1.183	
9	RS 96 Revenue	(0.116)	(0.180)	(0.241)	
10	(Surplus) / Deficiency	(0.081)	0.190	0.942	1.050
11	Prior Year 2018-2021 (Surplus)/Deficiency				(0.119)
12	Cumulative (Surplus) / Deficiency				0.932

The RS 96 revenue (i.e., Line 9 of Table 3-5 above) is part of FBC's commercial sales revenue as presented in Section 3.7 below. Please also refer to Section 6.3.4 for a discussion of the forecast O&M expenses and Section 7.2.2 for a discussion of the forecast capital expenditures for the EV DCFC stations. Once the capital expenditures are included in rate base, they impact the depreciation, amortization of CIAC, income tax and earned return related to the EV DCFC stations that are shown in Table 3-5 above.

As directed by Order G-341-21, FBC filed a detailed assessment of the EV DCFC service on December 29, 2022 (RS 96 Assessment Report), which was accepted by the BCUC on June 19, 2023 by Letter L-33-23. As part of the RS 96 Assessment Report, FBC committed to providing an updated RS 96 Assessment Report by December 31, 2023, if an application for energy-based rates is not filed with the BCUC prior to this date.

3.7 REVENUE FORECAST

The forecast of revenues has been developed by applying approved 2023 rates to the forecast billing determinants for each customer class. Table 3-6 below summarizes the 2023 Approved, 2023 Projected and 2024 Forecast sales revenue. The commercial sales revenue shown in Table 3-6 below also includes the revenue from FBC's RS 96 EV DCFC stations discussed in Section 3.6.

Table 3-6: Forecast Sales Revenue at Approved Rates ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Residential	$ 205.734	$ 208.939	$ 206.007
2	Commercial	110.490	111.741	110.808
3	Wholesale	54.100	55.279	55.574
4	Industrial	49.759	49.797	49.800
5	Lighting	2.295	2.298	2.221
6	Irrigation	3.695	3.666	3.967
7	Total	$ 426.073	$ 431.720	$ 428.377

When comparing the 2023 Projected to 2023 Approved, there is an increase in revenue of $5.647 million, primarily due to increases from the residential customer class, followed by increases from the commercial and wholesale customer classes.

For 2024, despite FBC forecasting a small reduction in net load of approximately 1 GWh (reduction in gross load of 2 GWh), FBC is forecasting an increase in revenue of $2.304 million when compared to 2023 Approved. The increase in revenue between 2024 Forecast and 2023 Approved is primarily due to the forecast increase in load from the wholesale customers as well as a forecast increase in residential and commercial customer counts (resulting in a small increase in the fixed monthly/bi-monthly customer charge). These increases are partially offset by reduced revenue from variable charges (i.e., $ per GWh) due to the forecast reduction in load from residential, industrial, and irrigation customers.

Variances between the revenue forecast in this section and the actual revenues realized are captured in the Flow-through deferral account.

3.8 SUMMARY

FBC is forecasting a decrease in consumption in 2024 compared to 2023 Approved. The 2024F gross load is forecast to be approximately 3,773 GWh, which is a 2 GWh decrease compared to the 2023 Approved gross load. Although the forecast load is decreasing in 2024, FBC is forecasting 2024 revenue to be $428.377 million, which is an increase of $2.304 million from 2023 Approved. This increase in revenue is primarily due to the forecast increase in load from the wholesale customers as well as an increase in residential and commercial customer counts (resulting in a small increase in the fixed monthly/bi-monthly customer charge), which is partially offset by reductions in load from residential, industrial, and irrigation customers.

4. POWER SUPPLY

4.1 INTRODUCTION AND OVERVIEW

This section includes a review of the 2023 Projected and 2024 Forecast power purchase expense (PPE), wheeling expense and water fees. Collectively, the PPE, wheeling expense and water fees are referred to as the power supply cost.

As shown in Table 4-1 below, the 2024 Forecast power supply cost of $193.532 million represents an increase of 6.3 percent or $11.427 million compared to the 2023 Approved cost of $182.105 million. The increase in 2024 Forecast power supply cost is driven primarily by the increase in PPE, although wheeling and water fee expenses have increased as well. The increase in the 2024 Forecast PPE is primarily the result of increased purchase rates for power. The 2024 Forecast wheeling expense has increased as a result of rates, partially offset by lower use. The 2024 Forecast water fee expense has increased compared to 2023 Approved as a result of rates and use.

Any variances between forecast and actual power supply costs are recorded in the Flow-through deferral account and returned to or recovered from customers in the subsequent year.

Table 4-1: Power Supply Cost ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Power Purchase Expense	$ 163.575	$ 170.873	$ 173.694
2	Wheeling Expense	$ 6.987	$ 7.294	$ 7.324
3	Water Fees	$ 11.543	$ 12.433	$ 12.513
4	Total Power Supply Cost	$ 182.105	$ 190.600	$ 193.532
5				
6	Gross Load (GWh)	3,775	3,813	3,773

4.2 SUMMARY OF POWER SUPPLY RESOURCES

FBC uses a combination of Company-owned generation entitlements, firm contracted supply, and market purchases to meet its load requirements. The Company's firm resources consist of:

1. Canal Plant Agreement (CPA) Entitlements associated with the generation facilities owned by FBC. The costs associated with FBC-owned generation are not included in the power purchase estimates, except for the Balancing Pool adjustments, which account for year-to-year timing differences in the entitlement energy storage under the CPA;
2. The Brilliant Power Purchase Agreement (BPPA), a 125 MW contract (Order E-7-96), and an amendment to the BPPA which reflects the purchase of 20 MW of Brilliant Upgrade power (Letter L-57-00), and the 5 MW Brilliant Tailrace Capacity agreement (Order E-17-01);

3. A power purchase agreement (PPA) with BC Hydro (a 200 MW contract) under BC Hydro RS 3808 (Order G-60-14);

4. The Waneta Expansion Capacity Purchase Agreement (WAX CAPA), which is a 40-year purchase agreement with the Waneta Expansion Limited Partnership for capacity entitlements under the CPA (Orders E-29-10 and E-15-12);

5. A number of small Independent Power Producer (IPP) contracts; and

6. A number of market purchase arrangements.

4.3 PORTFOLIO OPTIMIZATION

The primary objectives of FBC's power supply portfolio planning are:

1. to ensure that the Company has sufficient firm resources to meet expected load requirements;

2. to ensure the availability of cost-effective reliable power for FBC's customers;

3. to prudently manage exposure to the cost and availability of market power supplies; and

4. to optimize the value of any surplus resources that are not needed to meet load requirements.

The Company currently has long-term, firm resources from which it can supply most of its forecast annual energy and capacity requirements. FBC's long-term, firm resources are capable of meeting FBC's forecast capacity requirements with the exception of June and a small number of hours during July. Consistent with the capacity self-sufficiency policy in FBC's 2021 Long Term Electric Resource Plan (LTERP), FBC will procure forward market blocks to cover these shortfalls on a planning basis. In addition, FBC is now forecasting small energy shortfalls emerging in November and December starting in 2024. Consistent with the accepted 2023/24 Annual Electric Contracting Plan (AECP), FBC will purchase winter energy blocks to address tightening winter energy supply and mitigate exposure to potential extreme spot market prices, should load exceed expected levels.

FBC's contracted resources, in particular the BC Hydro PPA, provide the Company some flexibility to participate in the market when conditions are favourable to mitigate the cost of holding these firm resources. However, over the past several years, the regional electricity market has been in a state of consistently higher prices compared to recent historical levels. This is due to several factors that include resource adequacy concerns, increased natural gas prices, and increased severe weather events. This change in the market price environment has resulted in little opportunity to displace Tranche 1, nominated PPA purchases on a forward basis.

Furthermore, although FBC's load requirements are forecast to grow over time, the amount of capacity provided under the WAX CAPA is currently greater than FBC's capacity requirements in

most months, and FBC sells the surplus capacity to mitigate power purchase expense. FBC has contracted to release a 50 MW block of capacity purchased under the WAX CAPA to BC Hydro under the Residual Capacity Agreement (RCA), which was approved by Order G-161-14. The remaining surplus WAX CAPA will be sold to Powerex Corp. (Powerex) on a day-ahead basis, if and when it is not required to meet FBC load requirements. These sales are made under the Capacity and Energy Purchase and Sale Agreement (CEPSA) with Powerex dated February 17, 2015, and accepted by Order E-10-15.

4.4 FBC 2023/24 ANNUAL ELECTRIC CONTRACTING PLAN

On April 28, 2023, FBC filed its 2023/24 AECP with the BCUC. The purpose of the AECP is to outline FBC's plan to meet its peak demand requirements and annual energy requirements for the operating year commencing October 1, 2023 and ending September 30, 2024, and to facilitate FBC's annual energy nomination under the PPA. FBC is required to take or pay for 75 percent of the PPA Nomination, regardless of whether it schedules the energy. The difference between the PPA Nomination and the 75 percent minimum take provides flexibility to manage annual loads that are below forecast or to displace PPA purchases with lower cost market purchases. Therefore, real-time opportunities to displace PPA purchases are restricted to a maximum of 25 percent of the PPA nominated energy, but could be more or less, depending on system conditions.[15] The AECP also outlines FBC's load and resource balance over the following four years, and FBC's plan for optimizing its portfolio over that period. FBC's forecasts of PPE for the remainder of 2023 and for 2024 are based on the plan detailed in the 2023/24 AECP, which was accepted by the BCUC on June 1, 2023, by Letter L-24-23.[16]

The AECP identified FBC's intention to make its annual energy nomination under the PPA for the 2023/24 contract year equal to 929 GWh, less any firm market contracts that FBC could enter, as described in Section 5 of the 2023/24 AECP. Prior to the June 30, 2023 nomination deadline, FBC updated its forecast load and resource balance for the 2023/24 contract year and submitted a nomination of 929 GWh.

4.5 2023 PROJECTED POWER PURCHASE EXPENSE

As shown in Table 4-2 below, FBC's 2023 Projected gross load (after taking into account demand side management and other customer savings) is expected to be 38 GWh above the 2023 Approved value, and PPE is projected to be above the 2023 Approved value by $7.298 million. The rise in 2023 Projected PPE is primarily due to increased Market and Contracted Purchase expense as a result of increased volumes and rates.

[15] For example, if loads were 50 GWh lower in a year than forecast, that must be adjusted for as part of the 25 percent PPA flexibility such that the amount of PPA energy that can be displaced by market purchases is also reduced by 50 GWh.

[16] The AECP was filed confidentially. The non-confidential Executive Summary is attached to Letter L-24-23.

A majority of the increase in volume and cost was due to FBC purchasing wholesale market power from the spot market, at rates economic to the PPA during the first six months of the year to reduce required purchases above the BC Hydro PPA Nomination. In contrast, there was a relatively small amount of wholesale market contracts included in the 2023 Approved figures, as forward market contract prices resulted in little opportunity to displace PPA on a forward basis. In addition, FBC purchased forward market blocks to cover projected capacity shortfalls in June 2023 and reduce exposure to Tranche 2 energy under the PPA with BC Hydro. Also included in the Projected 2023 expense are planned wholesale market purchases in November and December 2023, consistent with the strategy presented in the 2023/24 AECP.

While forecast market savings included in the 2023 Approved[17] did materialize during the first six months of the year, FBC has not included any forecast savings for the remainder of 2023 within the Projected PPE. This is due to the current forward market price premium compared to rates for PPA purchases for the remainder of 2023.

Partially offsetting the increase in PPE is a reduction to the Waneta Expansion Expense due to increased forecast surplus sales revenue under the RCA and CEPSA.

Table 4-2: 2023 Power Purchase Expense ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Difference
1	Brilliant	$ 44.050	$ 44.048	$ (0.002)
2	BC Hydro PPA	71.302	70.702	(0.600)
3	Waneta Expansion	41.834	38.351	(3.483)
4	Market and Contracted Purchases	6.326	18.624	12.297
6	Independent Power Producers	0.062	0.195	0.133
7	Self-Generators	-	0.044	0.044
8	CPA Balancing Pool	(0.000)	(1.570)	(1.570)
9	Transmission Service Loss Recoveries	-	-	-
10	Special and Accounting Adjustments	-	0.479	0.479
11	Total	$ 163.575	$ 170.873	$ 7.298
12				
13	Gross Load (GWh)	3,775	3,813	38

4.6 2024 FORECAST POWER PURCHASE EXPENSE

As shown in Table 4-3 below, the 2024 Forecast PPE is $2.821 million above the 2023 Projected. The forecast increase from $170.873 million in 2023 to $173.694 million in 2024 is primarily a result of an increase in BC Hydro PPA expenses and escalation of Waneta Expansion rates. This is partially offset by a decrease in Market and Contracted Purchases due to volume. FBC is increasingly reliant on energy supplied by BC Hydro as it is generally more cost effective than the market during most times of the year. However, FBC also requires wholesale market purchases

[17] 2023 Approved included $7.000 million in potential real-time opportunities, including $3.500 million forecast for the first six months. FBC was able to exceed the $3.500 million during the first six months of 2023 but does not expect any further savings for the remainder of 2023.

to address supply gaps and reduce exposure to potentially extreme market prices, beyond what can be supplied by the PPA. Escalations to the Brilliant contract rates are also contributing to increased costs.

Table 4-3 below shows a comparison of the 2023 Projected and 2024 Forecast PPE. Reasons for significant variances from the 2023 Projected PPE are discussed below.

Table 4-3: 2024 Forecast Power Purchase Expense ($ millions)

Line No.	Description	Projected 2023	Forecast 2024	Difference
1	Brilliant	$ 44.048	$ 44.433	$ 0.385
2	BC Hydro PPA	$ 70.702	71.680	0.978
3	Waneta Expansion	$ 38.351	40.365	2.014
4	Market and Contracted Purchases	$ 18.624	16.972	(1.652)
5	Independent Power Producers	$ 0.195	0.245	0.050
6	Self-Generators	$ 0.044	-	(0.044)
7	CPA Balancing Pool	$ (1.570)	0.000	1.570
8	Transmission Service Loss Recoveries	-	-	-
9	Special and Accounting Adjustments	$ 0.479	-	(0.479)
10	Total	$ 170.873	$ 173.694	$ 2.821
11				
12	Gross Load (GWh)	3,813	3,773	(40)

4.6.1 Brilliant

Brilliant expense is forecast to increase in 2024 by $0.385 million compared to 2023 Projected due to increased rates, which are based on a forecast of the operating and maintenance cost of the plant, as well as a true-up to the prior year's actual costs compared to forecast.

4.6.2 BC Hydro PPA

BC Hydro PPA expense is forecast to increase in 2024 by $0.978 million compared to the 2023 Projected expense. The drivers of the variance are a higher purchased volume (62 GWh), which increases the expense by $4.046 million, offset by a lower average purchase rate for BC Hydro PPA,[18] which accounts for a decrease of $0.068 million, for a total increase of $3.978 million. FBC has decreased its 2024 Forecast of PPA expense by $3.000 million in savings to account for potential real-time opportunities to displace PPA purchases with lower cost market purchases. The 2023 Projected BC Hydro expense does not include any adjustment for potential real-time opportunities for the remainder of 2023. This results in a variance between 2023 Projected and 2024 Forecast of $0.978 million[19], as shown in Table 4-3. Actual market savings for the remainder of 2023 and 2024 may be higher or lower and will depend on system and market conditions at

[18] A higher PPA nomination for the 2023/24 contract year results in less penalty charges from energy taken over and above the PPA nomination and a lower average BC Hydro PPA purchase rate.

[19] $0.978 million is calculated as follows: Total increase of $3.978 million less the $3.000 million 2024 Forecast real-time opportunities.

the time. Any variance, including these savings, is recorded in the Flow-through deferral account and returned to or recovered from customers in a subsequent year.

4.6.3 Waneta Expansion

The $2.014 million increase in Waneta Expansion expense is due to the 2.1 percent annual fixed escalation of WAX CAPA rates, and a $0.549 million decrease in forecast surplus sales revenue under the RCA and CEPSA. Revenue under the CEPSA is linked to the amount of capacity FBC releases to Powerex and the day-ahead market prices at the Mid-Columbia River (Mid-C) trading hub. The Mid-C is the largest electricity trading hub in the Pacific Northwest and is located on the US portion of the Columbia River. CEPSA revenue is forecast using the average monthly sales revenue from the past three years. The forecast of surplus capacity sales revenue in 2024, which is included in Line 3 of Table 4-3, is approximately $13.636 million.

4.6.4 Market and Contracted Purchases

The $1.652 million decrease in Market and Contracted Purchases forecast for 2024 is a result of reduced volume when compared to 2023 Projected. Market and Contracted Purchases for 2023 Projected include fixed price contracted purchases, year to date real-time market purchases and forecast purchases in November and December 2023 at forward market rates. Market purchases included in the 2024 Forecast include fixed price contracted purchases, as well as forecast wholesale market purchases at current forward market rates to cover energy requirements in January, February, November and December, and capacity shortfalls in June and July 2024. Forecast real-time market purchases for Rate Schedule 37[20] load are also included. As discussed above in the BC Hydro PPA variance explanation, there may be opportunities for additional real-time market purchases using the flexibility of the PPA purchases.

4.6.5 CPA Balancing Pool

The CPA Balancing Pool represents timing differences in entitlement energy storage under the CPA and is used to manage fluctuations in load and resource availability, or to take advantage of market opportunities. In the 2023 Projected PPE, FBC has stored a net total of 31 GWh of entitlement energy, valued at $1.570 million. For the 2024 Forecast, and consistent with past practice, FBC does not forecast any net use or storage of entitlement energy.

4.7 TRANSMISSION SERVICE LOSS RECOVERIES

Transmission service customers taking service under FBC's Rate Schedules 100 and 101 currently physically deliver energy to FBC to compensate for the losses that are incurred on FBC's system as a result of wheeled energy. FBC includes transmission wheeling losses in its load

[20] RS 37 is large commercial stand-by service, which is an on-demand back-up and maintenance service provided to self-generating customers. This service is provided to the customer at an hourly market-based rate, reflective of FBC's cost of supply. FBC procures this supply on a real-time basis because there is little certainty as to when customers will use this service. Forecast RS 37 load for 2024 is 15 GWh or 0.4 percent of total gross load.

forecast (included in Tables 4-2 and 4-3, Line 8), and also includes loss recovery as a firm resource. Because the recoveries are delivered physically, there is no associated cost or revenue. Table 4-4 shows the 2023 and 2024 loss recoveries.

Table 4-4: Transmission Service Loss Recoveries (GWh)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Loss Recoveries	12	12	12

4.8 WHEELING EXPENSE

Wheeling expense includes wheeling service provided by BC Hydro under the Amended and Restated Wheeling Agreement (ARWA) and Open Access Transmission Tariff (OATT) as needed to supply the Company's loads in the Okanagan, Creston and Princeton. Also included are charges paid to Teck Metals Ltd. (Teck) for the use of its 71 Line. Rates under the ARWA are specified in BC Hydro's RS 3817.

Wheeling expense is forecast using the same method as in the Annual Review for 2023 Rates.[21] Table 4-5 below shows FBC's Wheeling Expense for 2023 and 2024.

Table 4-5: Wheeling Expense ($ millions)

Line No.	Description		Approved 2023	Projected 2023	Forecast 2024
1	Wheeling Nomination (MW Months)				
2	Okanagan Point of Interconnection		2,670	2,670	2,595
3	Creston		420	420	450
4					
5	Wheeling Expense				
6	Okanagan Point of Interconnection	$	5.555	5.786	5.813
7	Creston		0.570	0.593	0.658
8	Other		0.863	0.914	0.854
9	Total Wheeling Expense	$	6.987	7.294	7.324

Total 2023 Projected wheeling expense is $0.307 million greater than 2023 Approved. The 2023 Projected ARWA costs are $6.380 million (Lines 6 and 7 in the table above), a $0.255 million increase when compared to 2023 Approved, which is a result of higher than expected BC-CPI and therefore ARWA rates. 2023 Projected Teck and OATT wheeling costs are $0.914 million (Line 8 above), which is $0.051 greater than 2023 Approved. This is mainly due to increased use of OATT wheeling.

[21] ARWA expense is forecast using known volumes and prior year's rates escalated by estimated BC-CPI. Teck wheeling is forecast based on the previous year's costs and escalated by 2 percent annually per contract. OATT wheeling costs are estimated using an average of prior years' expenses.

2024 Forecast wheeling expense is $0.030 million higher than 2023 Projected. This is a result of increased rates. FBC decreased the ARWA Okanagan wheeling nomination to 2,595 MW months in 2024 from 2,670 MW months in 2023. ARWA rates are forecast to increase on October 1 of both 2023 and 2024 based on forecast BC-CPI, as is the Teck wheeling rate as a result of a letter agreement made between Teck and FBC.

4.9 WATER FEES

Water fees are based on FBC's entitlement usage in the previous year and the rate increases are indexed to BC-CPI.

As shown in Table 4-6 below, the 2024 Forecast water fees are increasing by $0.080 million from the 2023 Projected due to increased rates.

Table 4-6: Water Fees ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Plant Entitlement in Previous Year (GWh)	1,571	1,585	1,561
2				
3	Water Fees	$ 11.543	$ 12.433	$ 12.513

4.10 SUMMARY

FBC's forecast of PPE is based on FBC's firm resources in place at the time of filing, as well as forecast market purchases, and is consistent with the 2023/24 AECP. Any variances in the power supply cost, including any decreases in PPE due to further portfolio optimization, are recorded in the Flow-through deferral account and returned to or recovered from customers in a subsequent year.

5. OTHER REVENUE

5.1 INTRODUCTION AND OVERVIEW

This section discusses FBC's forecasts of Other Revenue. In the MRP Decision (page 74), FBC was approved for variances between forecast and actual Other Revenue to be subject to earnings sharing.[22]

FBC is forecasting Other Revenue for 2024 to be $0.149 million lower than 2023 Approved, primarily due to lower Contract Revenue and Transmission Access Revenue.

2023 Projected Other Revenue is $0.622 million higher than 2023 Approved. The main drivers of this increase are the sales of carbon credits related to Electric Vehicle (EV) Direct Current Fast Charging (DCFC) stations, as well as higher Contract Revenue.

Table 5-1: Other Revenue ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Apparatus and Facilities Rental	$ 6.108	$ 6.108	$ 6.199
2	Contract Revenue	2.367	2.591	2.260
3	Transmission Access Revenue	1.834	1.716	1.723
4	Interest Income	0.030	0.035	0.037
5	Late Payment Charges	0.994	0.961	0.962
6	Connection Charges	0.553	0.553	0.561
7	EV Stations Carbon Credits	-	0.544	-
8	Other Recoveries	0.355	0.355	0.351
9	Total Other Revenue	$ 12.241	$ 12.863	$ 12.092

In the following sections, FBC summarizes its projections and forecasts for each of the line items included in the table above.

5.2 APPARATUS AND FACILITIES RENTAL

Apparatus and Facilities Rental is comprised primarily of pole contact revenue from other utilities and businesses that attach their facilities to FBC infrastructure in order to deliver services to their customers, such as telephone and cable television providers. Rent is charged at a unit rate per pole contact multiplied by the number of poles that are contacted. There are no variances projected in 2023 compared to 2023 Approved, as final amounts have yet to be calculated since the majority of invoices are issued during the third quarter of the year. The 2024 Forecast is higher than 2023 Approved due to expected escalations in unit rental rates for continuing contracts.

[22] Variances in Other Revenue associated with Electric Vehicle (EV) stations carbon credits are treated as flow-through, as EV Direct Current Fast Charging (DCFC) stations are prescribed undertakings under section 5 of the GGRR and the cost of service associated with EV DCFC stations is subject to flow-through treatment.

5.3 CONTRACT REVENUE

FBC performs work under contract to third parties at the Waneta and Brilliant hydroelectric generating facilities. This third-party work, and the associated management fees earned, fluctuates from year to year based on customer requirements, which include routine and non-routine work planned at the start of the customer's fiscal year.

The Company also operates and maintains a number of other facilities for third-party entities through its non-regulated affiliate FortisBC Pacific Holdings Inc. (FPHI). Transactions between FBC and FPHI are conducted in accordance with FBC's Code of Conduct and Transfer Pricing Policy[23] and earn a transfer price profit revenue. Revenues may fluctuate from year to year depending on customer requirements.

The 2023 Projected revenue is higher than 2023 Approved due to higher expected transfer price profit revenue on facilities operated and maintained by FPHI, based on amounts earned so far in 2023. The 2024 Forecast is slightly lower than 2023 Approved due to less customer requirements expected as a result of a higher level of work performed in the last few years for one customer, which is expected to decrease the need for non-routine work.

5.4 TRANSMISSION ACCESS REVENUE

Transmission Access Revenue represents charges to customers for transmitting power over the FBC system. The 2023 Projected revenue is lower than 2023 Approved due to a lower nomination than originally forecast for one customer. The 2024 Forecast is also lower than 2023 Approved due to lower nominations expected.

5.5 INTEREST INCOME

Interest Income is primarily comprised of DSM loan interest income, as well as other banking interest income. The Company is not forecasting significant changes in the amount of DSM loans outstanding or cash balances on hand attracting interest; as a result, although higher interest rates are available, no significant changes in interest income are expected in 2023 Projected or the 2024 Forecast.

5.6 LATE PAYMENT CHARGES

As explained in the Annual Review for 2023 Rates, Late Payment Charges were historically forecast based on the average of the most recent three years of actual Late Payment Charges earned. However, due to a number of factors in the most recent years, including the COVID-19 pandemic and FBC's implementation of customer relief measures, the actual amounts collected have fluctuated significantly from year to year. As these fluctuations would still be present in the most recent three years of actual results (i.e., 2020, 2021 and 2022), FBC has utilized the same

[23] As approved by Order G-5-10A.

approach used to calculate the 2023 Approved Late Payment Charges in the 2023 Annual Review. Accordingly, the 2024 Forecast for Late Payment Charges is calculated based on the average of 2022 Actual Late Payment Charges of $0.962 million and 2023 Projected of $0.961 million. This results in a forecast decrease in Late Payment Charges of $0.032 million compared to 2023 Approved and is generally consistent with the 2023 Projected amount.

5.7 CONNECTION CHARGES

Connection Charges are calculated based on the fees specified in FBC's rate schedules applicable to new customer connections or current customer reconnections. The 2023 Projected is expected to be consistent with 2023 Approved based on amounts charged so far in 2023. The 2024 Forecast is expected to be slightly higher than 2023 Approved based on customer growth and forecast customer reconnections.

5.8 CLEAN GROWTH INITIATIVE – EV DCFC STATIONS CARBON CREDITS

As discussed in Section 3.6, FBC's EV DCFC stations are prescribed undertakings under Section 5 of the GGRR[24] and the cost of service associated with EV DCFC stations is subject to flow-through treatment. Please refer to Table 3-5 in Section 3.6 for a summary of EV DCFC station costs and revenues from 2022 Actual to 2024 Forecast.

The sale of the carbon credits related to EV DCFC stations[25] earned under the Renewable Low Carbon Fuel Requirements Regulation (RLCFRR) is recorded as Other Revenue in FBC's regulated accounts, which is embedded in the rate design of the EV DCFC stations.

FBC anticipates that 1,210 credits from the 2021 compliance period, with an approximate value of $0.544 million,[26] will be monetized prior to the end of 2023 and has therefore included this amount in 2023 Projected Other Revenue. Since FBC did not forecast any monetization of carbon credits in the 2023 Approved amount as part of the Annual Review for 2023 Rates, the variance between the 2023 Projected amount of $0.544 million and the 2023 Approved amount of zero will be captured in the Flow-through deferral account and returned to customers in 2024 rates. Consistent with the approach described in the Annual Review for 2023 Rates, FBC does not forecast revenue from the sale of credits for future years due to the uncertainty in the timing of the credit validation as well as the market pricing. As such, FBC is not forecasting any carbon credit revenues in 2024. As noted above, the cost of service associated with EV DCFC stations is subject to flow-through treatment. Therefore, any variances between actual and forecast sales

[24] Order G-215-21 dated July 14, 2021.

[25] Includes both public charging stations owned by FBC as well as public stations owned by other entities (metered commercial accounts) as discussed in Exhibit B-6 of FBC's Annual Review for 2022 Rates, BCSEA IR1 4.3. Beginning in 2022, FBC is only permitted to claim credits for charging stations owned by FBC. FBC does not currently claim credits for non-public EV charging services for either commercial or residential customers.

[26] 1,210 credits x $449.20 average Q1-2023 sales price (source: https://www2.gov.bc.ca/gov/content/industry/electricity-alternative-energy/transportation-energies/renewable-low-carbon-fuels/credits-market)

of carbon credits will be captured in the Flow-through deferral account and returned to customers in the subsequent year.

5.9 OTHER RECOVERIES

Other Recoveries are primarily comprised of fees earned on the recovery of costs for miscellaneous services, such as street light maintenance charged to municipalities and AMI radio-off meter read fees. There are no variances expected in 2023 Projected compared to 2023 Approved based on amounts recognized to date. The 2024 Forecast is expected to be slightly lower than 2023 Approved due to an expected reduction in AMI radio-off meter read fees resulting from a lower volume of customers choosing the radio-off option.

5.10 SUMMARY

FBC has forecast the Other Revenue components for 2024 reflecting all applicable contracts and fixed revenues, and based on the Company's best knowledge of the factors that drive the variable components. Variances in Other Revenue, with the exception of EV DCFC stations carbon credits, are shared with customers through the earnings sharing mechanism.

6. O&M EXPENSE

6.1 INTRODUCTION AND OVERVIEW

Under the MRP, FBC's O&M expense is primarily determined by formula, with the addition of a certain items that are forecast outside the formula on an annual basis.

In 2024, the formula O&M is $72.823 million, representing a 3.6 percent increase from the 2023 formula O&M, primarily due to the formula drivers. O&M expenses forecast outside the formula for 2024 are $1.499 million, representing a 36.2 percent decrease from the amount approved for 2023. Overall, the 2024 Forecast gross O&M expense is $74.322 million, which is an increase of approximately 2.3 percent from the 2023 Approved level.

The components of 2024 O&M expense are shown in Table 6-1 below.

Table 6-1: 2024 O&M Expense ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024	Reference
1	Formula O&M	$ 70.318	$ 70.318	$ 72.823	Section 11, Schedule 20, Line 8
2	Forecast O&M	2.349	2.361	1.499	Section 11, Schedule 20, Line 20
3	Total Gross O&M	72.667	72.679	74.322	Line 1 + Line 2
4	Capitalized Overhead	(10.900)	(10.900)	(11.148)	Section 11, Schedule 20, Line 23
5	Net O&M	$ 61.767	$ 61.779	$ 63.174	Line 3 + Line 4

In the sections below, FBC provides further details on its formula and forecast O&M expenses for 2024. Additionally, in compliance with the BCUC's directive in the MRP Decision,[27] FBC provides information related to its System Operations, Integrity and Security expenditures in Subsection 6.2.1.

6.2 FORMULA O&M EXPENSE

The formula-driven portion of O&M starts from the prior year's Approved Base O&M per Customer (UCOM), escalated by the prior year's inflation less a productivity improvement factor of 0.5 percent, and then multiplied by 75 percent of the forecast growth in average customers, resulting in the current year inflation-indexed O&M before true-up. A true-up of formula O&M based on actual average customers from two years prior is then added to the current year inflation-indexed O&M.

As calculated in Section 2, the 2024 inflation based on prior year's BC-CPI and BC-AWE, less the productivity improvement factor, is 3.580 percent.

For 2024, the annual operating and maintenance expense under the formula is calculated as:

[27] MRP Decision, p. 118.

2023 Approved formula UCOM x [1 + (I Factor – X Factor)] x [Prior Year Average Customers + (0.75 x growth in average customers)] + 2022 Formula O&M True-up

Table 6-2 below shows the calculation of the 2024 Formula O&M, including the calculation of the 2022 Formula O&M true-up. FBC notes the true-up of formula O&M is a two-year lag based on actual average customer counts from 2022.

Table 6-2: Calculation of 2024 Formula O&M ($ millions)

Line No.	Description		Forecast 2024	Reference
1	Prior Year Base Unit Cost O&M ($/ customer)	$	472	G-382-22 FBC 2023 Annual Review
2	I-Factor		3.580%	Section 2, Table 2-3, Line 11
3	Current Year Unit Cost O&M ($/customer)	$	489	
4	Average Customer Forecast		148,984	Section 2, Table 2-3, Line 13
5	2024 Inflation-Indexed O&M before 2022 True-up	$	72.853	Line 3 x Line 4 / 1,000,000
6	2022 True-up O&M		(0.030)	Line 16
7	Inflation-Indexed O&M	$	72.823	Line 5 + Line 6
8				
9	2022 O&M True-up			
10	2022 Actual 12 month Average Customers		147,112	FBC 2022 Annual Report
11	2022 Forecast 12 month Average Customers		147,199	G-374-21 FBC 2022 Annual Review
12	Difference		(87)	Line 10 + Line 11
13	Growth Factor		75%	G-166-20 FBC MRP Decision
14	Change in Customers - True-up		(65)	Line 12 x Line 13
15	2022 Unit Costs	$	455	G-374-21 FBC 2022 Annual Review
16	O&M True-up for 2024	$	(0.030)	Line 14 x Line 15 / 1,000,000

6.2.1 New/Incremental System Operations, Integrity and Security Funding

In the MRP Decision (page 118), the BCUC directed FBC to provide in each Annual Review a breakdown and explanation of both annual and cumulative variances between forecast/actual and formula O&M related to the approved new/incremental System Operations, Integrity and Security funding, and quantify the variances attributable to the following areas: tree management; generation dam safety; network operations apprentice program; cyber security; data analytics; and any other significant factors or miscellaneous items.

The table below shows the requested information, including the new/incremental funding in each category for 2022 Formula O&M, 2022 Actual O&M, and the resulting variances, as well as the Cumulative Forecast/Actual variance for the first three years of the MRP.

Table 6-3: System Operations, Integrity and Security New/Incremental Spending ($ millions)

Line No.	Description	2022 Formula O&M	Actual 2022 O&M	2022 Forecast/Actual Variance	Cumulative Forecast/Actual Variance[2]
1	Tree Management	$ 0.083	$ 0.434	$ 0.352	$ 0.787
2	Generation Dam Safety	$ 0.256	$ 0.111	$ (0.145)	$ (0.007)
3	Network Operations Apprentice Program	$ 0.217	$ 0.245	$ 0.027	$ (0.140)
4	Cyber Security	$ 0.088	$ 0.264	$ 0.176	$ 0.426
5	Data Analytics	$ 0.109	$ -	$ (0.109)	$ (0.316)
6	Other	$ -	$ -	$ -	$ -
7	Total	$ 0.754	$ 1.054	$ 0.301	$ 0.750

Notes to Table:

[1] 2022 Formula O&M is the approved 2021 formula for incremental funding with Net Inflation factor applied (4.041%).
[2] Cumulative Forecast/Actual variance is the 2020, 2021 and 2022 Actual variance.

Overall, total actual spending in 2022 was $1.054 million, which is $0.301 million higher than the 2022 Formula O&M amount. Areas with notable variances include tree management, generation dam safety, cyber security and data analytics.

For tree management, FBC spent $0.352 million more than the formula amount to address an increased number of unhealthy trees as part of FBC's right-of-way management program.

For generation dam safety, FBC spent $0.145 million less than the formula amount primarily due to the completion of dam safety review activities in 2021. As explained in Section 6.2.1 of the Annual Review for 2023 Rates, FBC spent $0.199 million more than the formula amount in 2021 due to the continuation of dam safety review activities. The spending overall on these activities has been consistent with the formula amount, as the cumulative variance is only $0.007 million for the first three years of the MRP term (as shown in Table 6-3 above).

For cyber security, FBC spent $0.176 million more than the formula amount. The higher spending was for additional consulting resources in the following areas: an additional consulting resource to augment cybersecurity requirements due to additional threat management needs; emergency management consulting for emergency exercises; physical security threat intelligence services to manage security risk; and the use of consulting services to update the business continuity program.

In data analytics, FBC spent $0.109 million less than the formula amount in 2022 primarily due to labour savings from a delay in hiring. In 2022, the focus was on building solutions in business areas including providing enhanced reporting using dashboards. For further details, please refer to Section 1.4.2 of the Application.

For the first three years of the MRP, FBC spent $0.750 million more than the formula amount. Over the term of the MRP, FBC anticipates the total new/incremental spending required in the combined categories of System Operations, Integrity and Security will continue to be higher than the amount embedded in the formula. FBC will continue to manage this spending within its overall O&M spending envelope.

6.3 O&M EXPENSE FORECAST OUTSIDE THE FORMULA

In addition to FBC's formula O&M, FBC forecasts a number of O&M items outside of the formula annually, including pension and OPEB expense, insurance premiums, BCUC levies, and the cost of service associated with Clean Growth initiatives, such as Electric Vehicle (EV) charging stations, as well as the O&M impacts of any exogenous factor items. For 2024, FBC continues to include the incremental O&M resulting from the Mandatory Reliability Standards (MRS) Assessment Report No. 13 (AR13), which was approved for exogenous treatment in the Annual Review for 2022 Rates.

The 2024 amounts are shown in Table 6-4 below along with a comparison to 2023.

Table 6-4: 2024 Forecast O&M ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Pension/OPEB (O&M Portion)	$ (1.297)	$ (1.297)	$ (2.532)
2	Insurance Premiums	2.457	2.507	2.678
3	BCUC Levies	0.385	0.385	0.458
4	Clean Growth Initiative - EV DCFC	0.219	0.181	0.310
5	Exogenous Factor - MRS	0.585	0.585	0.585
6	Total Forecast O&M	$ 2.349	$ 2.361	$ 1.499

Each of the items that is forecast outside of the formula is discussed below. Variances in pension and OPEB expense are captured in the Pension and OPEB Variance deferral account and variances in BCUC levies are captured in the BCUC Levies Variance deferral account. Variances in insurance premiums, the cost of service associated with EV charging stations, and exogenous factors are captured in the Flow-through deferral account.

6.3.1 Pension and OPEB Expense

Pension and OPEB expense for 2024 is based upon actuarial estimates using a range of assumptions as of December 31, 2022. In addition to O&M, pension and OPEB expense is embedded in capital expenditures, as shown in Table 6-5.

Table 6-5: Pension and OPEB Expense ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	O&M	$ (1.297)	$ (1.297)	$ (2.532)
2	Capital	1.888	1.888	1.875
3	Total Pension & OPEB Expense	$ 0.591	$ 0.591	$ (0.657)

The variance between the 2023 Approved/Projected and actual pension and OPEB expense is included in the Pension and OPEB Variance deferral account and amortized into rates over a three-year period, as approved by Order G-139-14.

The 2024 Forecast pension and OPEB expense is lower than 2023 Approved by $1.248 million. The difference is primarily due to the following factors:

- A decrease of approximately $1.7 million due to an increase in investment returns as a result of a higher balance of pension plan assets; and
- A decrease of approximately $0.3 million due to the US GAAP Pension & OPEB Transition Obligation non-rate base deferral account being fully amortized in 2023.

The above decreases are offset in part by:

- An approximate increase of $0.8 million in interest costs due to an increased discount rate, which is determined with reference to the market rate of interest on high-quality debt instruments at a point in time (a discount rate of 4.50 percent was used to determine the 2023 Approved expense compared to a discount rate of 5.25 percent used to determine the 2024 Forecast expense).

6.3.2 Insurance Premiums

The component of insurance expense tracked outside of formula O&M relates to the insurance premium expense allocated to FBC by Fortis Inc. as set out in Table 6-6 below.

Table 6-6: Insurance Premiums ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Insurance Premiums	$ 2.457	$ 2.507	$ 2.678

FBC's annual insurance renewal occurs in July of each year. The 2023 Projected insurance premium expense of $2.507 million is $0.050 million higher than 2023 Approved, as it incorporates the first six months of FBC's actual July 2023 to June 2024 insurance renewals. The 2024 Forecast is $2.678 million, which is an increase of $0.171 million from 2023 Projected. The 2024 Forecast is calculated based on the six months of actual insurance premiums from July 2023 to June 2024 of $1.234 million, plus a 5 percent increase for the remaining six months, and the cost of fire fighting services FBC pays to the Province of $0.148 million.[28]

6.3.3 BCUC Levies

FBC's 2024 Forecast for BCUC levies is $0.458 million. The 2024 Forecast is based on Order G-134-23 for the BCUC's Fiscal 2023/24 year, which represents the best information available at

[28] $2.468 million/2 = $1.234 million. $1.234 million x 1.05 = $1.295 million. $1.234 million + $1.295 million + $0.148 million annual firefighting service fee = $2.678 million.

this time, as the BCUC levy calculation for its Fiscal 2024/25 year will not be available until early or mid 2024.

BCUC levies receive flow-through treatment, with annual variances between actual and forecast amounts in O&M expense being recorded in the BCUC Levies Forecast Variance deferral account and amortized over one year.

6.3.4 Clean Growth Initiative – Electric Vehicle (EV) DCFC Stations

As discussed in Section 3.6, FBC's EV DCFC stations are prescribed undertakings under section 5 of the GGRR[29] and the cost of service associated with EV DCFC stations is subject to flow-through treatment. Please refer to Table 3-5 in Section 3.6 which provides a summary of the EV DCFC stations' costs and revenues from 2022 Actual to 2024 Forecast.

Table 6-7 below provides a breakdown of the 2023 Approved, 2023 Projected and 2024 Forecast O&M expenses for FBC's EV DCFC service. The O&M expenses consist of network management, repairs and maintenance, inspection fees, FBC internal labour, and the electricity costs from third-party utilities (i.e., for stations in Grand Forks, Nelson, and Penticton).

Table 6-7: Clean Growth Initiative – EV DCFC Stations ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Network Management	$ 0.047	$ 0.037	$ 0.050
2	Repairs and Maintenance	0.009	0.040	0.050
3	Inspection Fees	0.067	0.042	0.096
4	FBC Labour Costs	0.070	0.030	0.070
5	Third Party Utilities Costs	0.026	0.032	0.044
6	Total	$ 0.219	$ 0.181	$ 0.310

As shown in Table 6-7 above, the 2023 Projected O&M expense for the EV DCFC service is $0.038 million lower than 2023 Approved. This is primarily due to reduced FBC labour costs as a result of a vacancy, and reduced inspection fees as the new inspection agreement did not commence until mid-2023. These decreases are partially offset by the increase in repairs and maintenance costs as well as the increase in third-party utilities costs. The 2023 Projected repairs and maintenance costs are higher than 2023 Approved because the 2023 Approved amount did not account for the regular maintenance costs for stations where the warranty period expired, whereas the 2023 Projected amount includes an estimate of the ongoing regular maintenance costs at stations that are no longer covered by the vendor's warranty period. With regard to the increase in third-party utilities costs, this is primarily due to increased utilization at the stations located in the service areas of third-party utilities (i.e., Grand Forks, Nelson, and Penticton) as well as the rate increases by the third-party utilities.

[29] Order G-215-21 dated July 14, 2021.

The 2024 Forecast is $0.129 million higher than 2023 Projected. This is primarily due to increased inspection fees due to the full year impact of the inspection agreement, and higher FBC labour costs as FBC expects to fill the vacancy for 2024. Other drivers of the increase are higher FLO Global Management Service fees for network management, as well as an increase in third-party utilities costs due to a combination of expected increases in utilization of stations located in the service areas of the third-party utilities and the estimated increase in the rates of the third-party utilities.

6.3.5 MRS Incremental Operating Expenses

In the Annual Review for 2022 Rates Decision,[30] FBC received approval of exogenous factor treatment for the incremental O&M and capital costs associated with MRS AR13. As explained in the Annual Review for 2022 Rates proceeding, FBC expected to incur one-time costs in 2021 and 2022 related to the adoption of the standards in AR13 as well as ongoing incremental O&M expenses commencing in 2023[31].

Table 6-8 below provides the 2023 Approved, 2023 Projected, and 2024 Forecast of incremental O&M related to MRS AR13.

Table 6-8: Incremental O&M for MRS AR13 ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024
1	Labour	$ 0.490	$ 0.490	$ 0.490
2	Non-Labour	0.095	0.095	0.095
3	Total	$ 0.585	$ 0.585	$ 0.585

The 2023 Projected O&M is consistent with 2023 Approved. For 2024, FBC is forecasting the same level of spending as in 2023. The spending is related to the ongoing efforts to maintain procedures and processes, hardware and software that address supply chain risk assessments, ongoing licensing and maintenance of the hardware and software, and the documentation to maintain compliance of AR13. As noted in the Annual Review for 2022 Rates, FBC expects these costs to continue in future years.

6.4 NET O&M EXPENSE

Net O&M expense is gross O&M less capitalized overhead. As approved by the BCUC in Order G-166-20, the capitalized overhead rate is set at 15 percent for FBC, unchanged from 2023. After capitalized overhead, the net O&M expense is $63.174 million in 2024.

[30] Decision and Order G-374-21, p. 21.
[31] Exhibit B-2, Annual Review for 2022 Rates Application, Section 12.2.1, pp. 103-104; Exhibit B-3, BCUC IR1 24.2.

6.5 SUMMARY

Overall, the increase in gross O&M expense from 2023 Approved to 2024 Forecast is 2.3 percent. Formula-driven O&M is increasing at a rate of 3.6 percent while O&M forecast outside the formula is decreasing by approximately 36.2 percent from 2023 Approved.

The capitalized overhead rate for 2024 remains unchanged from 2023.

7. RATE BASE

7.1 INTRODUCTION AND OVERVIEW

FBC forecasts its Rate Base to be $1.714 billion for 2024. Rate Base is comprised of mid-year net plant in service, work in progress not attracting AFUDC, unamortized deferred charges, working capital, and the utility plant acquisition adjustment.[32]

FBC's 2024 Rate Base includes the full-year impacts of the 2023 closing projected plant balances as well as the impact of the following amounts:

- Mid-year impact of regular capital additions, net of CIAC additions, of $97.783 million;
- Mid-year impact of plant depreciation, net of CIAC amortization, of $66.744 million; and
- Capital additions of CPCNs and other Major Projects totalling $5.500 million, as discussed in Section 7.3 below, which include:
    - Full-year impact of $2.769 million for the final capital expenditures and related AFUDC in 2023 for the Kelowna Bulk Transformer Additions (KBTA) Project; and
    - Full-year impact of $2.731 million for the final capital expenditures and related AFUDC in 2023 for the Corra Linn Dam Spillway Gates Replacement Project.

In addition, various changes in deferred charges, working capital and other items increase rate base by a net amount of $2.735 million in 2024.

Details of the 2024 Forecast plant balances can be found in Section 11, Schedules 5 through 9.

7.2 REGULAR CAPITAL EXPENDITURES

As part of the MRP Decision and Order G-166-20, FBC received the following approvals for capital expenditures:

- Approval of FBC's forecasts submitted for regular capital expenditures (i.e., growth, sustainment, and other) for the years 2020 through 2022; and
- Approval of several items to be forecast on an annual basis.

Further, as part of FBC's 2023 Annual Review Decision and Order G-382-22, and Reconsideration Decision and Order G-87-23, FBC received approval of its forecasts of regular capital expenditures for the years 2023 and 2024.

The components of FBC's 2024 regular capital expenditures are shown in Table 7-1 below.

[32] The utility plant acquisition adjustment relates to the 1982 purchase of Plants 2, 3, and 4 and is being amortized over a period of 64 years.

Table 7-1: Regular Capital Expenditures ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024	Reference
1	Forecast Capital	$ 92.440	$ 92.440	$ 93.433	Table 7-2, Line 4
2	Flow-Through Capital	0.248	0.580	0.500	Table 7-3, Line 2
3	Total Gross Regular Capital	$ 92.688	$ 93.020	$ 93.933	Sum of Lines 1 & 2
4	Less CIAC	(11.628)	(11.623)	(7.539)	Section 11, Schedule 9, Line 2
5	Net Regular Capital	$ 81.060	$ 81.397	$ 86.394	Sum of Lines 3 & 4

FBC notes that, pursuant to Order G-135-23, FBC is directed to file a CPCN application for the Fruitvale Substation Project prior to the start of construction. This project was included in the approved regular capital expenditure forecasts for 2023 and 2024. As the Fruitvale Substation Project now requires a CPCN, FBC has removed the capital expenditures from the 2023 Approved, 2023 Projected, and 2024 Forecast regular capital amounts shown in Tables 7-1 and 7-2 (forecast regular capital of $1.087 million in 2023 and $7.021 million in 2024). These expenditures will now be treated in the same manner as FBC's other CPCN and Major Project capital expenditures. Please refer to Section 7.3 for further detail.

In the subsections below, FBC provides further details on its regular capital expenditures for 2024.

7.2.1 Approved Capital Expenditures

The level of forecast capital expenditures approved for 2024 by Orders G-382-22[33] and G-87-23[34] is shown in Table 7-2 below. As discussed above, following Order G-135-23, FBC removed the 2023 Approved, 2023 Projected and 2024 Forecast sustainment capital expenditures related to the Fruitvale Substation Project; therefore, the amounts shown in Table 7-2 exclude the Fruitvale Substation Project expenditures.

Table 7-2: Approved Capital Expenditures ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024	Reference
1	Growth Capital	$ 30.072	$ 30.072	$ 24.568	Section 11, Schedule 4, Line 2
2	Sustainment Capital	44.710	44.710	51.652	Section 11, Schedule 4, Line 3
3	Other Capital	17.658	17.658	17.213	Section 11, Schedule 4, Line 4
4	Total	$ 92.440	$ 92.440	$ 93.433	Section 11, Schedule 4, Line 5

[33] FBC Annual Review for 2023 Rates Decision and Order G-382-22.
[34] FBC Reconsideration Decision and Order G-87-23 regarding the FBC Application for Reconsideration and Variance of Decision and Order G-382-22.

7.2.2 Flow-Through Capital Expenditures

FBC is afforded flow-through treatment for certain capital items due to a variety of factors, including their uncontrollable nature, because they drive incremental revenues, because they are related to Clean Growth initiatives, or because of the uncertainty in scope, costs and timing.

The amounts for 2024 are shown in Table 7-3 below along with a comparison to 2023.

Table 7-3: Flow-Through Regular Capital Expenditures ($ millions)

Line No.	Description	Approved 2023	Projected 2023	Forecast 2024	Reference
1	Clean Growth Initiative - EV DCFC	0.248	0.580	0.500	
2	Total Forecast Capital Expenditures	$ 0.248	$ 0.580	$ 0.500	Section 11, Schedule 4, Line 8

7.2.2.1 EV DCFC Stations

As discussed in Section 3.6, FBC's EV DCFC stations are prescribed undertakings under section 5 of the GGRR[35], and the cost of service associated with EV charging stations is subject to flow-through treatment. Please refer to Table 3-5 of Section 3.6 which provides a summary of the EV DCFC stations' costs and revenues from 2022 Actual to 2024 Forecast.

Table 7-3 above shows the EV DCFC stations capital expenditures for 2023 Approved, 2023 Projected, and 2024 Forecast. The 2023 Projected EV DCFC stations capital expenditures are $0.332 million higher than 2023 Approved, primarily due to unbilled charges from 2022 construction activities, which are related to the planned DCFC stations in Keremeos and Princeton that were identified in FBC's Revised and Updated Application for EV DCFC Service and approved by Order G-215-21.[36] The construction was completed in 2022, but FBC did not receive all invoices for the work until 2023.

The 2024 Forecast capital expenditures are related to the accessibility improvement work at FBC's existing EV DCFC sites that was started in 2023. In 2023, FBC is projecting to complete the improvement work at four sites (which was included as part of the 2023 Approved expenditures), while the remaining sites are expected to complete in 2024. As noted in the Annual Review for 2023 Rates, the scope of the improvements include new or additional lighting, as the stations are available for use 24 hours a day, and paving for wheelchair access to the charger.

FBC is not forecasting the construction of any additional stations in 2024 at this time; however, FBC will continue to monitor the station utilization and customer demand to determine if additional stations are warranted.

[35] Order G-215-21 dated July 14, 2021.
[36] FBC's Revised and Updated EV DCFC Service Application, Table 2-2, pp. 10-11.

7.3 MAJOR PROJECTS CAPITAL EXPENDITURES

Major Projects are capital expenditures that do not form part of regular capital spending as they are approved through a separate CPCN or other application. As part of the MRP Decision,[37] the BCUC approved the continuation of the current process of reviewing Major Projects outside of the proposed MRP and approved the continuation of the existing financial threshold for CPCNs of $20 million for FBC for the MRP term.

For 2024, FBC is not forecasting any capital expenditures related to Major Projects. However, FBC's 2024 Forecast rate base includes the full-year impact of capital additions related to the KBTA Project and the Corra Linn Dam Spillway Gate Replacement Project. FBC also provides a brief discussion on the Fruitvale Substation Project, as FBC is expecting to submit a CPCN application for this project in 2023. Each of these projects is described further below.

KBTA Project

The KBTA project was approved by Order C-4-20 and involves the installation of a third terminal transformer at the F.A. Lee Terminal Station, including the reconfiguration of the 138 kV bus into an industry standard ring bus configuration. The project is expected to complete in 2023 with an estimated final cost of $23.287 million, inclusive of AFUDC and cost of removal. A total of $19.941 million (plus $0.577 million of removal costs) were included in FBC's rate base on January 1, 2023, with the remaining $2.769 million expected to enter FBC's rate base on January 1, 2024.

Corra Linn Dam Spillway Gates Replacement Project

The Corra Linn Dam Spillway Gates Replacement Project was approved by Order C-1-17 and involves the replacement of 14 spillway gates and upgrades to the associated infrastructure. As explained in FBC's Reconsideration Application to the Decision and Order G-382-22 for the Annual Review for 2023 Rates, which was approved by Order G-87-23, the replacement of all spillway gates was complete in 2022 and the costs were included in FBC's rate base between 2018 and 2023, with the remaining close-out activities delayed to 2023. The close-out activities, including lighting, outstanding claims, and clean-up, are estimated to be approximately $2.731 million and are expected to be complete in 2023; therefore, the costs are forecast to enter FBC's rate base on January 1, 2024. The final project cost is expected to be $80.835 million, inclusive of AFUDC and removal costs.

Fruitvale Substation Project

The Fruitvale Substation Project was included as part of FBC's regular capital forecasts for 2023 and 2024 in the Annual Review for 2023 Rates (forecast regular capital of $1.087 million in 2023 and $7.021 million in 2024). FBC's 2023 and 2024 regular capital forecasts were approved as part of the BCUC's Decision and Order G-382-22. However, following a complaint regarding the location of the proposed substation in Fruitvale, the BCUC issued Order G-135-23 on June 9, 2023, directing FBC to file an application for a CPCN related to the proposed Fruitvale Substation

[37] MRP Decision and Order G-166-20, pp. 132-133.

Project. As discussed in Section 7.2, FBC has removed the 2023 and 2024 capital expenditures related to the Fruitvale Substation Project from regular capital, as the expenditures will now be treated in the same manner as FBC's other CPCN and Major Project capital expenditures. FBC expects to file an application for a CPCN for the Fruitvale Substation Project before the end of 2023.

7.4 2024 PLANT ADDITIONS

The 2024 Plant Additions are comprised of: (i) FBC's 2024 regular capital expenditures from Section 7.2; (ii) the Major Projects from Section 7.3 to the extent that portions of those projects are placed into service; (iii) the change in work in progress which adjusts for capital expenditures for projects that are in progress at year-end; (iv) AFUDC; and (v) overhead capitalized for the year. A reconciliation of capital expenditures to plant additions is shown below and is also provided in Section 11, Schedule 5.

Table 7-4: Reconciliation of 2024 Capital Expenditures to Plant Additions ($ millions)[38]

Line No.	Description		Forecast 2024	Reference
1	Forecast Capital Expenditures	$	93.433	Section 11, Schedule 5, Line 2
2	Flow-Through Capital Expenditures		0.500	Section 11, Schedule 5, Line 3
3	Total Gross Regular Capital Expenditures		93.933	Sum of Lines 1 and 2
4				
5	Capitalized Overhead		11.148	Section 11, Schedule 5, Line 16
6	AFUDC		0.241	Section 11, Schedule 5, Line 17
7	Change in Work in Progress		-	Section 11, Schedule 5, Line 19
8	Total Regular Additions to Plant		**105.322**	Sum of Lines 3 through 7
9				
10	Special Projects and CPCN			
11	Capital Expenditures		-	Section 11, Schedule 5, Line 22
12	AFUDC		0.001	Section 11, Schedule 5, Line 23
13	Change in Work in Progress		5.499	Section 11, Schedule 5, Line 25
14	Total Special Projects and CPCN Additions to Plant		**5.500**	Sum of Lines 11 through 13
15				
16	Total Plant Additions	**$**	**110.822**	Line 8 + Line 14

7.5 ACCUMULATED DEPRECIATION

Rate base includes both the accumulated depreciation on plant in service and accumulated amortization of CIAC. Both are increased through depreciation expense and decreased through retirements.

[38] Line 11 of Table 7-4 is zero because, as described in Section 7.3, there are no capital expenditures forecast in 2024 for the two approved CPCN Projects (i.e., the KBTA Project and the Corra Linn Dam Spillway Gates Replacement Project). Further, FBC will be filing for a CPCN related to the Fruitvale Substation Project in 2023, as such, FBC has not included the forecast capital expenditures related to this project.

The depreciation rates used for 2024, which were approved by Order G-166-20 and are based on FBC's most recent depreciation study, include the recovery of the estimated future costs of removal over the average service life of the assets (net salvage) in accumulated depreciation. Depreciation is calculated beginning January 1 of the year after the assets are placed in service, which is the treatment approved by Order G-139-14.

Based on calculating depreciation expense at these approved depreciation rates on the opening plant-in-service balance, the 2024 depreciation expense is calculated as $66.744 million.[39]

7.6 DEFERRED CHARGES

On May 3, 2017, the BCUC issued its Regulatory Account Filing Checklist.[40] The stated purpose of the checklist is to assist regulated entities when filing regulatory account requests and to facilitate an efficient review by the BCUC.

The checklist classifies deferral accounts as one of: (a) forecast variance account; (b) rate smoothing account; (c) benefit matching (capital-like) account; (d) retroactive expense account; or (e) other. In Section 11, Schedule 11, FBC has classified its rate base deferral accounts in accordance with this classification.

The 2024 Forecast mid-year balance of unamortized deferred charges in rate base for FBC is a debit of $51.287 million.

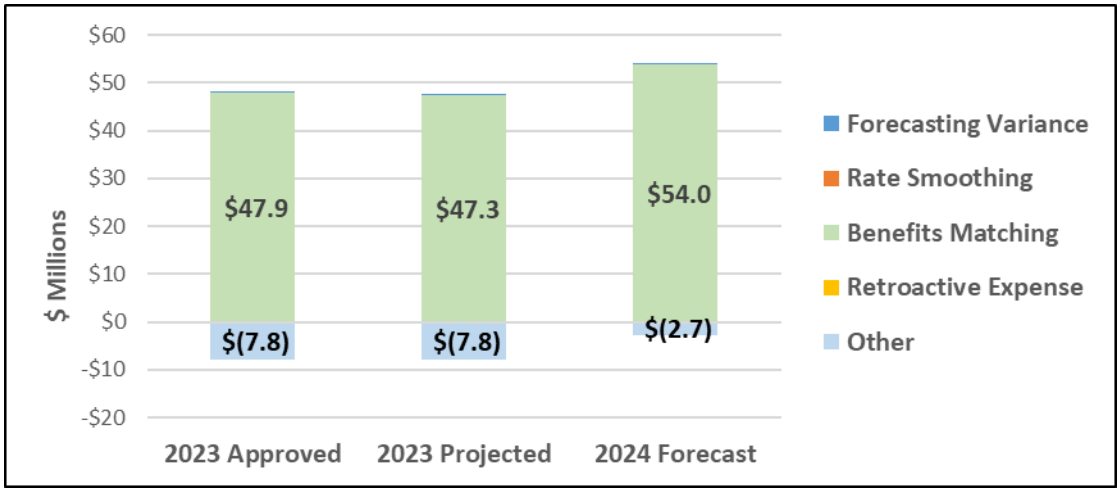
The 2024 debit balance is driven largely by the balance in the Demand Side Management (DSM) deferral account of $44.063 million.

Figure 7-1 provides the mid-year deferral account balances summarized by deferral account category.

[39] $72.053 million depreciation expense as shown in Section 11, Schedule 21, Line 2 less $5.309 million amortization of CIAC as shown in Section 11, Schedule 21, Line 8.

[40] BCUC Letter, Log No. 53608, Appendix B.

Figure 7-1: FBC Forecast Mid-Year Balances of Rate Base Deferral Accounts by Category



Based on the approved amortization and the opening balances of each deferral account, the amortization expense, including both rate base and non-rate base deferral accounts, is calculated to be a credit of $2.860 million,[41] which will be returned to customers through the proposed 2024 rates. The subsections below include a discussion on new rate base deferral accounts and changes or updates to existing rate base deferral accounts. For a discussion on non-rate base deferral accounts, please refer to Section 12.

7.6.1 New Deferral Accounts

FBC is seeking approval to create five new rate base deferral accounts in this Application:

- 2025 Multi-year Rate Plan (MRP) Application;
- 2024 Mandatory Reliability Standards Audit;
- PST Rebate on Select Machinery and Equipment;
- BC Cost of Living Credit; and
- Climate Change Operational Adaptation (CCOA) Plan.

Table 7-5 below addresses the considerations identified in the Regulatory Account Filing Checklist as they pertain to each deferral accounts requested. For a detailed description of each deferral account, please refer to Sections 7.6.1.1 to 7.6.1.5 below.

[41] Section 11, Schedule 21, Column 3, Sum of Lines 5 and 6.

1 **Table 7-5: Deferral Account Filing Considerations**

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
I.	Indicate if the request is: (a) for a modification or a change in scope to an existing Commission approved regulatory account; or (b) to establish a new regulatory account.	The 2025 MRP Application is a new deferral account. Please refer to Section 7.6.1.1 for additional information.	The 2024 MRS Audit is a new deferral account. Please refer to Section 7.6.1.2 for additional information.	The PST Rebate on Select Machinery and Equipment is a new deferral account. Please refer to Section 7.6.1.3 for additional information.	The BC Hydro Cost of Living Credit is a new deferral account. Please refer to Section 7.6.1.4 for additional information.	The Climate Change Operation Adaptation Plan is a new deferral account. Please refer to Section 7.6.1.5 for additional information.
a)	If the request is for a modification or change in scope to an existing regulatory account, explain why the existing regulatory account is an appropriate account to use (specifically addressing the existing account's intended and approved purpose, mechanism for recovery, timeline for recovery and carrying costs).	N/A	N/A	N/A	N/A	N/A

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
b)	If the request is for approval of a new regulatory account, state the purpose of the regulatory account and explain its intended use.	The requested account is a regulatory proceeding cost account, which is routinely sought by utilities to capture external costs related to the preparation, filing, and regulatory review of applications.	The requested account will capture periodic incremental costs of the MRS compliance audit.	The requested account will capture PST Rebates on Select Machinery and Equipment received from the Province of BC.	The requested account will capture the residual balance of the BC Cost of Living Credit.	The requested account will capture costs related to the development of the Climate Change Operational Adaptation Plan.
II.	Propose a term (i.e., length of time) that the regulatory account should be approved for and explain why that term is appropriate.	The term of the account encompasses the preparation and filing of the relevant regulatory application and its review by the BCUC.	The term of the account encompasses the required time to conduct the audit.	The term of the account encompasses the required time for the Province of BC to approve the qualified claim filed by FBC and issue the refund payment.	The term of the account encompasses the time required to distribute the credits to all applicable customers.	The term of the account encompasses the time required for the development of the CCOA Plan and subsequent business cases as discussed in the 2021 Long Term Electric Resource Plan (LTERP).
III.	Identify any alternate treatments that were considered, including an overview of what the accounting treatment would be in the absence of approval of the request to establish a regulatory account, and explain why these alternate treatments may not be appropriate.	In the absence of deferral accounts for regulatory proceedings, the costs of regulatory proceedings would have to be forecast as an O&M expense (outside of the MRP index-based O&M as regulatory proceeding costs are not included in Base O&M Expense) and trued up annually by way of the	In the absence of a deferral account, the audit costs would have to be forecast as an O&M expense (outside of the MRP index-based O&M, as the costs are not included in Base O&M Expense) and trued up annually by way of the Flow-Through deferral account. FBC considers this to be a more cumbersome	In the absence of a deferral account, the rebate would be recorded as an offset in the applicable accounts where the original PST costs were recorded, whether those accounts were O&M or capital. FBC considers this to be a less transparent way of recording the rebates as it is the cost-of-	In the absence of a deferral account, the credit would remain in an FBC liability account until the residual balance is distributed through inquiries. FBC does not expect there will be enough inquiries to distribute the total residual balance. Eventually, the residual balance would be recorded as	In the absence of a deferral account, the costs would have to be forecast as an O&M expense (outside of the MRP index-based O&M, as the costs are not included in Base O&M Expense) and trued up annually by way of the Flow-Through deferral account. FBC considers this to be a more cumbersome

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
		Flow-Through deferral account. FBC considers this to be a more cumbersome and less efficient means of accounting for regulatory proceeding costs. It is accepted regulatory practice to defer the costs of regulatory applications for review and recovery following the regulatory review of the application itself. Review and recovery after the completion of the regulatory process allows for more transparency as the history of the costs is simpler to track and report.	and less efficient means of managing the audit costs. In addition, the use of a deferral account permits multi-year cost recovery, which is consistent with the three-year period between audits, as opposed to recovery in a single year.	service impacts of the amounts credited to capital that would be returned to customers over a longer timeframe, rather than the rebate amount itself over one year as proposed using the deferral account approach.	income, and FBC would need to request a method of returning that income to customers, either via the Flow-Through deferral or by including the amount in its revenue requirements. The use of a deferral account permits the remaining credits to be used to benefit all customers, in a timely and efficient manner, consistent with the purpose of the credit.	and less efficient means of managing these costs.

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
IV a)	Address: whether, or to what extent, the item is outside of management's control;	Regulatory proceeding cost accounts are necessary because the number and type of regulatory proceedings can vary significantly by year. Further, once a regulatory proceeding is identified, the costs of that proceeding cannot be accurately forecast by the utility given that they can vary substantially, are not known at the time of making the regulatory account request, are unique to the circumstances for each application, may change as the regulatory review process unfolds, and are dependent on factors not within the utility's control. Factors not within the control of the utility include the regulatory process determined by the BCUC and the degree of involvement of interveners.	Compliance audits of MRS are conducted every three years. The scope and complexity of audits varies depending on the standards under review and are not within the control of the Company.	The final amount of PST rebates claimed by FBC are subject to approval by the Province of BC.	The amount of credit available to FBC and the eligibility criteria was determined by the Province of BC.	As a result of the ongoing impacts of global climate change, FBC has determined it is imperative to address the risks of climate change risk on its system. Therefore, although direct costs are within Management's control, the need to incur these costs is considered necessary.

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
b)	the degree of forecast uncertainty associated with the item;	Refer to IV. a). FBC forecasts additions to the deferral account based on the expected type of review process and degree of intervener involvement. Actual costs are recorded in the account so that actual, not forecast, costs are recovered in rates.	Refer to IV. a). FBC forecasts additions to the deferral account based on past audit experience. Actual costs are recorded in the account so that actual, not forecast, costs are recovered in rates.	Refer to IV. a). FBC forecasts additions to the deferral account based on the rebates received to date plus those claimed and expected to be received. Actual expected rebates will be recorded in the account so that actual, not forecast, rebates are returned in rates.	Refer to IV. a). FBC forecasts additions to the deferral account based on the residual balance of credits remaining to date. The actual residual balance, inclusive of further eligible inquiries, will be recorded in the account so that the actual, not forecast, remaining credits are returned in rates.	Refer to IV. a). FBC forecasts additions to the deferral account based on expected incremental resources required to complete the plan. Actual costs are recorded in the account so that actual, not forecast, costs are recovered in rates.
c)	the materiality of the costs	The number and size of regulatory proceedings vary from year to year, and represent costs not included in Base O&M for the purpose of determining formula O&M Expense under the MRP. Please refer to Section 7.6.1.1 for additional information.	Audit preparation and participation impacts many individuals and business units and is not manageable within FBC's formula O&M Expense. FBC expects costs related to the MRS Audit of approximately $0.375 million ($0.274 million after-tax). Please refer to Section 7.6.1.2 for additional information.	FBC expects rebates of approximately $0.591 million ($0.431 million after-tax). Please refer to Section 7.6.1.3 for additional information.	FBC expects the remaining credit to be approximately $0.507 million ($0.370 million after-tax). Please refer to Section 7.6.1.4 for additional information.	FBC expects costs related to the CCOA Plan of approximately $0.225 million ($0.164 million after tax) in 2023 and a further $0.192 million ($0.140 million after-tax) in 2024. Please refer to Section 7.6.1.5 for additional information.

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
d)	any impact on intergenerational equity	Generally, FBC recovers the costs of regulatory proceedings over the period of time related to the application, which serves to match the costs and benefits. There are no intergenerational inequities inherent in this practice.	FBC expects to recover the audit costs over the period of time between audits, which serves to match the costs and benefits. There are no intergenerational inequities inherent in this practice.	FBC expects to return the rebates over the same period of time as the qualifying period to make the PST rebate claims. There are no intergenerational inequities in this practice.	FBC expects to return the remaining credit over the same period of time as the credit is made available by the Province of BC. There are no intergenerational inequities in this practice.	FBC expects to recover the costs of the CCOA Plan over the period of time required to develop the plan and subsequent business cases as outlined in the 2021 LTERP. There are no intergenerational inequities inherent in this practice.
V.	Classify the regulatory account as either: (a) forecast variance account; (b) rate smoothing account; (c) benefit matching account; (d) retroactive expense account; or (e) other.	FBC generally classifies regulatory proceeding accounts as benefit matching accounts since the costs are recovered over the period of time related to the applications, which serves to match the costs and benefits of the application.	The account is classified as a benefit matching account since the costs will be recovered over the period of time between audits, which serves to match the costs and benefits of the audit.	The account is classified as “other”.	The account is classified as “other”.	The account is classified as “other”.
VI.	Identify if the regulatory account is a cash or non-cash account.	Regulatory proceeding cost accounts are cash accounts.	The MRS Audit deferral account is a cash account.	The PST Rebate on Select Machinery and Equipment is a cash account.	The BC Cost of Living Credit deferral account is a cash account.	The Climate Change Operational Adaptation Plan deferral account is a cash account.

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
VII.	Specify what additions to the regulatory account are being requested (i.e. type and amount of additions), including whether the account is intended to capture additions for a specific period of time or on an ongoing basis.	Eligible costs include the BCUC's direct costs, notice publication costs, fees for consultants or experts, external legal counsel fees, courier and miscellaneous administrative costs, and participant assistance cost awards incurred in the preparation, filing and regulatory review of the applications. Regular labour and staff expenses related to regulatory applications are included in formula O&M Expense.	Eligible costs are incremental to ongoing MRS expenses and include labour, consulting and miscellaneous expenses not included in formula O&M Expense.	PST Rebates received from the Province of BC for claims filed by FBC for the qualifying period. Please refer to Section 7.6.1.3 for additional information.	The remaining credit is the total funds received by FBC less any credit already applied to customer bills as of June 2023. FBC will continue to capture any credits provided to customers from eligible inquiries for the credit. Please refer to Section 7.6.1.4 for additional information.	Eligible costs include fees for consultants required for the development of the plan.
VIII.	Propose a mechanism for recovery (e.g. how the balance in the regulatory account will be recovered or refunded to ratepayers) and explain why it is appropriate.	Costs are recovered in revenue requirements by way of amortization expense.	Costs are recovered in revenue requirements by way of amortization expense.	Rebates will be refunded in revenue requirements by way of amortization expense.	Credits will be refunded in revenue requirements by way of amortization expense.	Costs are recovered in revenue requirements by way of amortization expense.

Item	Consideration	2025 MRP Application	2024 MRS Audit	PST Rebate on Select Machinery and Equipment	BC Cost of Living Credit	Climate Change Operational Adaptation Plan
IX.	Propose a timeline for recovery (e.g. the period over which the regulatory account balance is either collected or refunded; also referred to as the amortization period) and explain why it is appropriate.	Generally, FBC proposes to amortize the costs of regulatory proceedings over the period of time related to the application, which serves to match the timing of costs and benefits. Please refer to Sections 7.6.1.1 for additional information.	FBC proposes to amortize the costs over three years beginning January 1, 2024, to reflect the period until the next audit. Recovery of the costs over the period of time between audits serves to match the costs and benefits of the audit. Please refer to Section 7.6.1.2 for additional information.	FBC proposes to refund the rebates over one year beginning January 1, 2024, to match the approximate qualifying period of eligible PST paid on purchases. Please refer to Section 7.6.1.3 for additional information.	FBC proposes to refund the remaining credits over one year beginning January 1, 2024. Please refer to Section 7.6.1.4 for additional information.	FBC proposes to amortize the costs over four years beginning January 1, 2024 to reflect the CCOA Plan timeline discussed in the 2021 LTERP. Please refer to Section 7.6.1.5 for additional information.
X.	Propose a carrying cost for the balance in the regulatory account and explain why it is appropriate.	Rate base deferral accounts are included in rate base and therefore, implicitly financed using the weighted average cost of capital (WACC).	Rate base deferral accounts are included in rate base and therefore implicitly financed using the weighted average cost of capital (WACC).	Rate base deferral accounts are included in rate base and therefore implicitly financed using the weighted average cost of capital (WACC).	Rate base deferral accounts are included in rate base and therefore implicitly financed using the weighted average cost of capital (WACC).	Rate base deferral accounts are included in rate base and therefore implicitly financed using the weighted average cost of capital (WACC).
XI.	Outline a recommended regulatory process for the Commission's review of the application.	The proposed deferral account can be reviewed as part of the present proceeding. Deferral account approvals and disposition are generally determined in revenue requirement proceedings.				

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7.6.1.1 2025 Multi-Year Rate Plan (MRP) Application

FBC's current Multi-year Rate Plan (MRP) approved by Order G-166-20 will end in 2024. FBC has started developing its next rate plan and expects to file this rate plan with the BCUC in early 2024. FBC will incur regulatory costs related to the development of the application and is requesting approval to establish a rate base deferral account to capture these costs, which will include BCUC costs, participant funding costs, external legal fees, expert/consulting costs, notice publication costs, and miscellaneous facilities, stationery, and supplies costs. FBC forecasts costs of $0.350 million ($0.256 million after-tax) in 2023 and $1.200 million ($0.876 million after-tax) in 2024. Actual costs will vary depending on how the application progresses and will be confirmed after the regulatory process is completed.

FBC is only requesting approval to establish this deferral account. FBC will propose an amortization period for the deferral account in a future rate-setting application (i.e., subsequent to the completion of the 2025 MRP application proceeding).

7.6.1.2 2024 Mandatory Reliability Standards (MRS) Audit

FBC's triennial MRS compliance audit is scheduled to occur in 2024. This audit will be performed by the administrator of the BC MRS Program, the Western Electricity Coordinating Council (WECC), and will include a review, at minimum, of all applicable reliability standards identified in the Actively Monitored List. This will include Critical Infrastructure Protection (CIP) and Operations and Planning (O&P) standards. Eligible costs are incremental labour and expenses directly caused by the periodic audit and therefore not included in Formula O&M Expense. Based on previous audits, FBC forecasts costs of $0.375 million before tax ($0.274 after tax) in 2024.

FBC is requesting approval to establish a rate base deferral account to capture the costs related to the 2024 MRS Audit. Further, FBC is proposing to amortize these costs over three years beginning January 1, 2024. This amortization period is appropriate as it reflects the period until the next MRS triennial audit.

7.6.1.3 PST Rebate on Select Machinery and Equipment

The BC PST Rebate on Select Machinery and Equipment is a provincial government program to help corporations recover from the financial impacts of the COVID-19 pandemic. Eligible businesses can receive as a rebate the PST paid on purchases of specified equipment and software during the qualifying period between September 17, 2020 and March 31, 2022.

FBC is eligible to claim a BC PST Rebate on Select Machinery and Equipment on capital purchases of software and equipment and has filed for these rebates for the qualifying periods as set out by the Province of BC. To date, FBC has received $0.029 million ($0.021 million after-tax) in rebates and expects additional rebates of approximately $0.562 million ($0.410 million after-tax) to be received by December 31, 2023.

FBC is requesting approval to establish a rate base deferral account to capture the PST Rebates on Select Machinery and Equipment received from the Province of BC. Further, FBC is proposing to amortize these rebates to customers over one year beginning January 1, 2024, to match the approximate qualifying period of eligible PST paid on purchases.

7.6.1.4 BC Cost of Living Credit

On November 18, 2022, the Province of BC issued OIC 571/2022[42] for a one-time cost-of-living credit to all eligible residential and commercial electricity customers through a BC Hydro bill credit, including those who receive their electricity service from FBC or a municipal utility.

FBC received funds through BC Hydro for applying the credits to all eligible residential electricity customers in the amount of a one-time $100 cost-of-living credit and to all eligible commercial electricity customers as a one-time bill credit calculated based on their prior year electricity consumption.

FBC received a total of $23.816 million and applied $23.290 million of credits to all eligible customers as of March 10, 2023. In addition to the bill credits applied to eligible customers, FBC has committed to provide credits to customers if/when a customer inquires about such credits to FBC (and if the customer is determined to be eligible)[43]. Between March 10, 2023 and May 31, 2023, FBC received a total of six inquiries (three residential and three commercial customers), resulting in a further $0.019 million of credits applied. The total credits applied to eligible customers as of June 10, 2023 are therefore $23.309 million, with $0.507 million ($0.370 million after-tax) of residual credits which FBC proposes to include as a credit amortization (i.e., return to all customers) in 2024 rates.

FBC requested and received confirmation from the Ministry of Energy, Mines and Low Carbon Innovation (EMLI) that there is no expectation or requirement for FBC to return the residual credits to either BC Hydro or the Province of BC. Furthermore, EMLI agreed that the remaining funds could be used to benefit all FBC customers through rates, which is consistent with the purpose of the bill credits. As such, FBC is requesting approval in this Application to establish a rate base deferral account to capture the residual balance of the BC Cost of Living Credit and to amortize the residual credits to customers through rates over a one-year period beginning January 1, 2024.

As agreed with EMLI, FBC will continue to field inquiries from customers and will provide bill credits to customers that are determined to be eligible. As noted above, FBC only received a total of six inquiries from March to May 2023 and has received no inquiries since then. As such, FBC is expecting a very limited number of inquiries to occur in the remaining months of 2023 and into 2024. However, should any further bill credits be issued to eligible customers in 2023 or 2024, FBC will record these issued amounts in the deferral account. If there is any remaining balance

[42] https://www.bclaws.gov.bc.ca/civix/document/id/oic/oic_cur/0571_2022.

[43] OIC 571/2022 sets out the eligibility criteria which defined that customers must be a customer and receiving service on October 1, 2022. Due to the timing lapse between October 1, 2022 and when the credits are distributed starting from December 2022 to March 2023 (the credit was announced by the Province of BC on November 18, 2022), customers could be connecting to and/or leaving FBC's system, potentially resulting in eligible customers not receiving the bill credit. As such, FBC agreed to field inquiries and continue to pay out any eligible credits.

(credit or debit) at the end of 2024, FBC will amortize the remaining balance into rates in the subsequent year (i.e., 2025).

7.6.1.5 Climate Change Operational Adaptation (CCOA) Plan

As discussed in FBC's most recent Long Term Electric Resource Plan (2021 LTERP) accepted by Order G-380-22, the threat that climate change presents to FBC infrastructure and operations is a continuing reality that FBC is taking seriously; accordingly, FBC is developing a roadmap for climate change adaptation.[44] FBC's Climate Change Operational Adaptation (CCOA) Plan focuses on addressing the climate change risks associated with five hazards: wildfires, flooding, extreme temperatures, snowstorms, and windstorms. During the initial phase of the CCOA Plan, FBC is working with consultants to identify assets vulnerable to each hazard, define the current and future risk profiles of the vulnerable assets due to these hazards, and propose adaptation strategies. These strategies may consist of, but are not limited to, system hardening, asset replacement, or modification of design standards. Future phases will apply these results and strategies to existing assets to determine whether risk reduction projects will be required.

FBC is requesting approval to establish a rate base deferral account to capture the costs related to the CCOA Plan. FBC forecasts costs of $0.225 million ($0.164 million after-tax) in 2023 and a further $0.192 million ($0.140 million after-tax) in 2024. The costs are primarily related to the resources required to develop the roadmap for climate change adaptation and, stemming from the roadmap, develop the business cases for the five key hazard areas (i.e., wildfires, flooding, extreme temperatures, snowstorms and windstorms). FBC is proposing to amortize these costs over four years beginning January 1, 2024. This period aligns with the CCOA Plan timeline discussed in the 2021 LTERP, which states that the development of the CCOA Plan and subsequent business cases would occur between now and 2027. FBC will continue to provide updates on the progress of the CCOA Plan and the deferral account in future annual reviews or revenue requirement applications.

7.6.2 Existing Deferral Accounts

In the discussion below, FBC provides information on one existing deferral account.

7.6.2.1 Princeton Office Disposition Deferral Account

On January 24, 2023, pursuant to Order G-14-23, FBC was approved to sell the Princeton Office Properties, consisting of the land and buildings located on Bridge Street in Princeton, BC, to the Town of Princeton. FBC was also approved to establish the Princeton Office Disposition non-rate base deferral account to capture the net gain on the sale, and to transfer the balance in the non-rate base deferral account to a rate base deferral account on January 1, 2024 and commence amortization of the deferral account over one year in 2024. FBC was directed to provide details

[44] FBC 2021 LTERP Application, p. 140; Exhibit B-2, BCUC IR1 24.4.

on the final balance in the Princeton Office Disposition deferral account in the Annual Review for 2024 Rates.

FBC received written notification of the removal of the Buyer's Subject Conditions on February 10, 2023, and on March 13, 2023, the sale of the Princeton Office Properties was fully completed. The final projected ending balance of the deferral account (i.e., projected to the end of 2023) is approximately $0.406 million, and this credit amount has been included in the 2024 revenue requirements and rates.

Please refer to Table 7-6 below for a breakdown of the net gain on the sale of the Princeton Office Properties. FBC notes that the estimated net gain on sale at the time of filing the Princeton Office Properties Application was $0.346 million. The difference between the original estimate and the final projected ending balance is solely due to a difference in the net book value of the land and building. When preparing this Application, FBC discovered that it incorrectly calculated the accumulated depreciation on the building at the time of filing the Princeton Office Properties Application. FBC has now corrected this error and, as a result, the net gain on sale to be provided to customers is higher than originally forecast in the Princeton Office Properties Application.

Table 7-6: Breakdown of Final Net Gain on Sale of the Princeton Office Properties

		$ millions
Sales Proceeds		0.474
Less:	Net Book Value of Land and Building	(0.041)
	Disposal Costs	(0.019)
	Taxes Payable	(0.008)
Gain on Sale		**0.406**

7.7 WORKING CAPITAL

The working capital component of rate base is comprised of cash working capital and other working capital.

Cash working capital is defined as the average amount of capital provided by investors in the Company to bridge the gap between the time expenditures are required to provide service (expense lag) and the time collections are received for that service (revenue lag). The cash working capital requirements that have been included reflect the most recent Lead Lag Study results, as approved through Order G-166-20.

Other working capital includes customer (DSM) loans, employee loans and withholdings, and inventory of materials and supplies. 2024 amounts are forecast based on 2022 Actual levels.

7.8 SUMMARY

FBC's rate base includes the impact of regular and Major Project capital expenditures, adjusted for work-in-progress, AFUDC and overheads capitalized. FBC has provided forecasts for all of its

rate base deferral accounts in the financial schedules included in Section 11. In Section 7.6.1, FBC requested approval of five new deferral accounts; and in Section 7.6.2, FBC discussed one existing deferral account. Finally, the rate base includes cash and other working capital.

8. FINANCING AND RETURN ON EQUITY

8.1 INTRODUCTION AND OVERVIEW

FBC has prepared this Application using a capital structure of 60 percent debt and 40 percent equity and a Return on Equity (ROE) of 9.15 percent, as approved by Orders G-129-16 and G-47-14. FBC's ROE is set at a premium of 40 basis points over the benchmark ROE, which is the ROE approved for FEI. FBC is currently awaiting a decision on Stage 1 of the BCUC-initiated Generic Cost of Capital (GCOC) proceeding which it expects to be issued in the upcoming months. FBC will provide an update to its rate calculations as part of an Evidentiary Update subsequent to the GCOC decision being issued.

The 2024 Forecast for financing costs, including the interest expense on issued long- and short-term debt and on new issuances that are forecast, has been updated as described in Section 8.3 below. Based on the updated financing costs, FBC's AFUDC rate for 2024 (which is equal to its after-tax weighted average cost of capital) is 5.75 percent.[45] Any variances from interest rates used to set rates, and any variances in interest resulting from items subject to flow-through in the Flow-through deferral account, will be flowed through to customers. All other differences in interest expense will affect the achieved ROE and be subject to earnings sharing.

8.2 CAPITAL STRUCTURE AND RETURN ON EQUITY

The Company finances its investment in rate base assets with a mix of debt and equity, as approved by the BCUC from time to time. Pursuant to Order G-47-14, FBC used the currently approved capital structure of 60.0 percent debt and 40.0 percent equity, with an equity risk premium of 40 basis point over the benchmark ROE, which was set at 8.75 percent by Order G-129-16, effective January 1, 2016, to calculate rates in this Application.

8.3 FINANCING COSTS

Debt financing costs include the borrowing costs on issued debt as well as on new issuances that are forecast. Debt consists of both long- and short-term debt.

8.3.1 Long-Term Debt

FBC is both a private and public issuer of long-term debt. FBC plans to issue additional long-term debt of approximately $100 million in April 2024 and will use the funds to repay existing indebtedness and finance the Company's capital expenditure program. The 2024 debt issuance is reflected in the financial schedules at a rate of 4.90 percent.[46] The exact timing, amount and rate of the 2024 issuance will depend on future market conditions and capital expenditure

[45] As part of the Evidentiary Update, FBC will update the AFUDC rate for 2024 to reflect any changes resulting from the GCOC decision.
[46] Section 11, Schedule 27, Line 9.

requirements. Variances in interest expense related to the timing and amount of the issuances of the debt or the rates at which they are issued will be captured in the Flow-through deferral account.

8.3.2 Short-Term Debt

FBC obtains short-term funding primarily through the issuance of commercial paper to Canadian institutional investors. FBC backstops the commercial paper issuances by maintaining a $150 million committed credit facility that matures in April 2027.[47] This facility is also used to issue letters of credit. The credit facility, along with a $10 million overdraft facility, provides FBC with short-term liquidity to fund its capital program and working capital requirements.

8.3.3 Forecast of Interest Rates

FBC uses interest rate forecasts to estimate future interest expense. Forecasts of Treasury Bills and benchmark Government of Canada Bond interest rates are used in determining the overall interest rates for short-term debt and for rates on new issues of long-term debt, respectively. The forecasts are based on available projections made by Canadian Chartered banks.

Credit spreads on new long-term debt are based on current indicative rates, on the assumption that the current credit ratings of FBC are maintained.

FBC's short-term borrowing rate is based on the rate at which it issues commercial paper. Since commercial paper issuance rates are not forecast by economists, a forecast needs to be derived by FBC. The forecast is based on the historical differential between the Canadian Deposit Overnight Rate (CDOR) and the rate obtained by FBC under its commercial paper program. CDOR is used because FBC's short-term borrowings under its credit facility are priced based on CDOR and therefore CDOR is tracked relative to FBC's commercial paper borrowings. As CDOR is not forecast by economists, FBC must first obtain the 3-Month T-Bill rate forecast and then convert it to a CDOR forecast. FBC does this by taking the 3-year historical spread between CDOR and the 3-month T-Bill rate. Then, to derive the short-term borrowing rate forecast, FBC adjusts the CDOR forecast with the historical spread between CDOR and rates of issuances under its commercial paper program.

The 3-month T-Bill forecast for 2024 is 4.27 percent, which is an increase from the 3.14 percent approved in 2023. FBC continues to face a rising interest rate environment due to high inflation and the Bank of Canada continuing to raise its policy interest rate in an attempt to slow economic growth and reduce core inflation. While the inflation in Canada eased to 3.40 percent in May 2023 from a high of 8.10 percent from a year ago, the downward movement was driven largely by lower energy prices rather than easing underlying inflation. The Bank of Canada's latest interest rate

[47] On July 14, 2023, FBC filed an application with the BCUC to increase the principal amount of the credit facility from $150 million to $200 million and to extend the maturity date of the credit facility to April 2028. If this application is approved, FBC will include any related impacts in the Evidentiary Update which FBC expects to file subsequent to the GCOC decision being issued.

increase in July 2023 brings the overnight rate to 5.0 percent, which was the tenth interest rate increase since March 2022 when the overnight rate was at 0.25 percent.

For 2024, FBC forecasts higher Other Financing Fees than the 2023 Approved amount due to higher customer deposit interest, resulting from a higher prime rate in 2023. Other Financing Fees include the fees that FBC incurs for its letters of credit under the credit facility, as well as interest paid on customer deposits. The short-term borrowing rate forecast is shown in Table 8-1 below.

Table 8-1: Short Term Interest Rate Forecast

FBC Short Term Interest Rate	Approved 2023	Projected 2023	Forecasted 2024
3-Month T-Bill Rate [1]	3.14%	5.04%	4.27%
Spread to CDOR	0.36%	0.41%	0.41%
CDOR Rate	3.50%	5.45%	4.69%
Spread to CP	-0.36%	-0.47%	-0.47%
CP Dealer Commission	0.10%	0.10%	0.10%
ST Interest Rate on Credit Facilities	**3.24%**	**5.09%**	**4.32%**
Fixed Financing Fees [2]			
Standby fee on Undrawn Credit [3]	0.44%	0.24%	0.32%
Renewal Fee on Undrawn Credit	0.12%	0.07%	0.09%
Other Financing Fees	0.44%	0.34%	0.49%
ST Interest Rate on Fixed Financing Fee	**1.00%**	**0.64%**	**0.89%**
FBC Short Term Rate	**4.24%**	**5.73%**	**5.21%**

Notes to Table:

[1] 3-month T-Bill rate for 2024 is a weighted average rate based on forecasts provided by Canadian Chartered banks in July 2023.

[2] Fixed financing fees represent the costs of maintaining the credit facility and letter of credit facility, which are fixed fees incurred regardless of whether FBC draws from the credit facility. The fees have been converted into a short-term rate for forecast purposes.

[3] A standby fee of 20 bps is charged on undrawn credit facility amounts, which would change if credit facility amounts are drawn through banker acceptances or prime loans. However, the forecast assumes FBC will borrow through commercial paper and will not change the undrawn credit facility fee percentage.

4. Other financing fees include commercial paper issuance fees, letter of credit fees, customer deposit interest expense and miscellaneous bank administration costs. The letter of credit fees, customer deposit interest and miscellaneous bank administration costs are incurred regardless of whether FBC draws from the credit facility.

As noted above, FBC's interest rate forecasts are based on CDOR. An indirect result of the cessation of the publication of the London Interbank Offered Rate (LIBOR) is that Canada is planning to discontinue using CDOR as a risk-free rate benchmark for financial instruments in multiple asset classes. This will impact FBC's credit facility agreement as Refinitiv Benchmark Services (UK) Limited (RBSL), CDOR's regulated administrator, announced that CDOR will cease to be published after June 28, 2024.[48] The Canadian Alternative Reference Rate Working Group (CARR) was established to coordinate the transition to a new risk-free rate benchmark. In January

[48] https://www.bankofcanada.ca/markets/canadian-alternative-reference-rate-working-group/.

2023, CARR announced a development of a Term Canadian Overnight Repo Rate Average (Term CORRA), a risk-free interest rate benchmark for one- and three-month terms. Term CORRA is expected to replace CDOR and will become available in the latter half of 2023. As the Term CORRA rate is not yet available, FBC continues to use the CDOR methodology, consistent with its previous Annual Reviews, to forecast the short-term interest rate for 2024.

8.3.4 Interest Expense Forecast

The interest expense forecast reflects FBC's existing and forecast borrowing costs on long- and short-term debt.

Short-term interest expense is determined by applying the forecast short-term debt rate to the estimated short-term debt balance. Long-term debt interest expense is determined using the straight-line method by multiplying the average balance of the specific debenture by the debt coupon rate, or forecast coupon rate, if it is a new issue. The 2024 long-term debt schedule for FBC can be found in Section 11, Schedule 27.

8.3.5 Allowance for Funds Used During Construction (AFUDC)

FBC applies AFUDC to projects that are greater than three months in duration and greater than $100 thousand. Based on the above information, FBC's AFUDC rate for 2024 (which is equal to its after-tax weighted average cost of capital) is 5.75 percent. The calculation of the rate is shown in the following table.

Table 8-2: Calculation of AFUDC Rate for 2024

Description	Weight	Pre-Tax Rate	After-Tax Rate	Earned Return
Short Term Debt	5.46%	5.21%	3.80%	5.21%
Long Term Debt	54.54%	4.72%	3.45%	4.72%
Common Equity	40.00%	12.53%	9.15%	9.15%
Weighted Average	100.00%	7.87%	5.75%	6.52%

8.4 SUMMARY

FBC's equity financing and ROE have been forecast for 2024 at the same percentages as by Orders G-47-14 and G-129-16. FBC's debt financing costs on rate base are primarily determined by embedded rates on long-term debt, and to a lesser degree by short-term debt rates; the embedded rate on long-term debt is forecast to decrease in 2024 compared to 2023 (4.72 percent forecast for 2024 compared to 2023 Approved of 4.78 percent).

9. TAXES

9.1 INTRODUCTION AND OVERVIEW

This section discusses FBC's forecasts of property taxes and income tax which have been forecast on a basis consistent with prior years. In 2024, property taxes are forecast to increase by $0.313 million (1.7 percent) from 2023 Approved, while income tax is forecast to increase by $4.002 million (65.9 percent) compared to 2023 Approved.

9.2 PROPERTY TAXES

The 2024 Forecast of property taxes is approximately $18.573 million and is based on the Company's forecasts of assessed values of taxable assets, mill rates and taxes from revenues earned from electricity consumed within municipalities. A breakdown of property taxes by asset type is provided in Table 9-1 below.

Table 9-1: Property Taxes ($ millions)

Line No	Description	Approved 2023	Projected 2023	Forecast 2024
1	Generation Plant	$ 3.253	$ 3.201	$ 3.259
2	Transmission and Distribution	7.189	7.104	7.317
3	Substation Equipment	4.208	4.204	4.328
4	Land and Buildings	1.322	1.438	1.532
5	In Lieu	2.288	2.301	2.137
6	Total Property Taxes	$ 18.260	$ 18.248	$ 18.573
7				
8	2024 Forecast Change from 2023 Approved			1.7%
9	2024 Forecast Change from 2023 Projected			1.8%

As shown in the above table, in 2024 property taxes are forecast to increase by 1.7 percent from 2023 Approved and by 1.8 percent from 2023 Projected. In general, the 2024 increase from 2023 Projected is due to construction activities, market value changes, and changes in tax policies of local taxing authorities. The most significant drivers of the forecast changes are as follows:

1. ***Changes in Tax Rates.*** Tax Rates are expected to change for 2024 as follows:
    a) Municipal rates are expected to increase by 0.6 percent;
    b) School rates are expected to decrease by 1.2 percent;
    c) Rural rates are expected to decrease by 0.5 percent;
    d) Tax rates on First Nations are expected to increase by 0.8 percent; and
    e) Other rates are expected to decrease by 1.1 percent.

2. ***Changes in Revenues to Calculate Grants In Lieu of Taxes.*** Revenues reported to municipalities are expected to decrease by 7.1 percent based on actual revenues applicable to the taxation year. Grants in-lieu of taxes are based on a fixed percentage of revenues; the overall actual decrease in revenues reported to municipalities decreases the grants in-lieu of taxes due.

3. ***Changes in Assessed Values.*** Forecast changes in the assessed values of FBC's property are based on expected inflationary increases. These include:

    a) A 5.2 percent increase in assessed values of distribution lines and a 4.7 percent increase in transmission lines;

    b) A 4.1 percent increase in assessed values for generating facilities calculated using legislated cost manuals for valuing generating facilities;

    c) A 2.1 percent decrease in assessed values for substations calculated using legislated cost manuals for valuing substations; and

    d) A 7.1 percent increase for offices.

Any variances from the forecast of property taxes included in rates are recorded in the Flow-through deferral account and will be returned to or recovered from customers in the following year.

9.3 INCOME TAX

FBC is subject to corporate income taxes imposed by the Federal and BC governments. Current income taxes have been calculated using the flow-through (taxes payable) method, consistent with BCUC-approved past practice, at the corporate tax rate of 27 percent for 2023, which is unchanged from 2022. The corporate tax rates used in this Application are based on the *Canada Income Tax Act* and the *BC Income Tax Act* enacted legislation and are updated each year as part of the annual rate setting process.

Income tax for 2024 is forecast to increase by $4.002 million or 65.9 percent compared to 2023 Approved. The largest driver of the increase in 2024 is the lower income tax deductible through capital cost allowance (CCA) by approximately $2.849 million. The lower deductibility is partly due to reduced undepreciated capital cost (UCC) additions in higher rate CCA classes in the 2024 Forecast compared to 2023 Approved, and partly due to the phase-out of Canada's Accelerated Investment Incentive starting from 2024 (i.e., enhanced 50 percent first-year allowance to be phased out in 2024).[49] Income tax is also higher as a result of higher 2024 Forecast earned return and depreciation expense, which is partially offset by lower amortization of deferred charges.

[49] https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/report-business-income-expenses/claiming-capital-cost-allowance/accelerated-investment-incentive.html#AppPhaseOut.

Any tax rate variances and variances in income taxes on items that are flowed through in rates are subject to flow-through treatment.

All other differences in income tax expense are subject to earnings sharing.

9.4 SUMMARY

FBC has forecast its property and income taxes on a basis consistent with prior years, utilizing enacted legislation for income taxes and forecast changes for property tax rates and assessments.

10. EARNINGS SHARING

In the MRP Decision (at page 82), the BCUC approved an earnings sharing mechanism from 2020 to 2024 whereby 50 percent of the achieved ROE above or below the allowed ROE will be shared with customers. Since FBC is unable to determine final earnings sharing until all items required for the ROE calculation are known, including the final rate base, there is a lag in when FBC distributes earnings sharing amounts. This is consistent with the calculations of formula O&M, where the true-up of the formula inputs happens only once actuals are known. Thus, for 2024 rates, it is the 2022 formula O&M and 2022 earnings sharing amounts that are calculated and impact rates in 2024.

For 2024, FBC proposes to distribute a $2.396 million pre-tax credit ($1.749 million after-tax) to customers, comprised of:

- The $1.749 million credit difference between the projected 2022 deferral account after-tax addition of zero embedded in 2023 rates, and the actual 2022 deferral account after-tax credit addition of $1.749 million as provided in FBC's 2022 Annual Report to the BCUC. This amount is also shown in the opening 2024 balance[50] in the financial schedules in the Application.

FBC proposes to distribute $2.396 million to customers in 2024 as a reduction in 2024 revenue requirements through amortization of the projected 2024 opening after-tax balance of $1.749 million in the MRP Earnings Sharing deferral account.

As part of future rate filings, the actual earnings sharing for 2023 will be distributed to or collected from customers in a similar manner as described above, which will account for the actual 2023 ROE variance from approved.

[50] Section 11, Schedule 12.2, Line 14, Column 2.

11. FINANCIAL SCHEDULES

SUMMARY OF RATE CHANGE Schedule 1
FOR THE YEAR ENDING DECEMBER 31, 2024
($millions)

Line No.	Particulars	2024 Forecast		Cross Reference
	(1)	(2)	(3)	(4)
1	**VOLUME/REVENUE RELATED**			
2	Customer Growth and Volume	$ (2.304)		
3	Change in Other Revenue	0.149	(2.155)	
4				
5	**POWER SUPPLY**			
6	Power Purchases	10.119		
7	Wheeling	0.337		
8	Water Fees	0.971	11.427	
9				
10	**O&M CHANGES**			
11	Gross O&M Change	1.655		
12	Capitalized Overhead Change	(0.248)	1.407	
13				
14	**DEPRECIATION EXPENSE**			
15	Depreciation from Net Additions		2.579	
16				
17	**AMORTIZATION EXPENSE**			
18	CIAC from Net Additions	(0.242)		
19	Deferrals	0.487	0.245	
20				
21	**FINANCING AND RETURN ON EQUITY**			
22	Financing Rate Changes	0.346		
23	Financing Ratio Changes	(0.056)		
24	Rate Base Growth	2.566	2.856	
25				
26	**TAX EXPENSE**			
27	Property and Other Taxes	0.313		
28	Other Income Taxes Changes	4.002	4.315	
29				
30	**REVENUE DEFICIENCY (SURPLUS)**		**$ 20.674**	Schedule 16, Line 6, Column 4
31				
32	Revenue at Existing Rates		428.377	Schedule 18, Line 7, Column 3
33	Rate Change		4.83%	

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 at Revised Rates	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Plant in Service, Beginning	$ 2,375,297	$ 2,505,386	$ 130,089	Schedule 6.1, Line 32, Column 3
2	Opening Balance Adjustment	-	-	-	Schedule 6.1, Line 32, Column 4
3	Net Additions	133,903	96,482	(37,421)	Schedule 6.1, Line 32, Column 5+6+7
4	Plant in Service, Ending	2,509,200	2,601,868	92,668	
5					
6	Accumulated Depreciation Beginning	$ (693,759)	$ (741,726)	$ (47,967)	Schedule 7.1, Line 32, Column 5
7	Opening Balance Adjustment	-	-	-	Schedule 7.1, Line 32, Column 6
8	Net Additions	(48,025)	(52,613)	(4,588)	Schedule 7.1, Line 32, Column 7+8+9
9	Accumulated Depreciation Ending	(741,784)	(794,339)	(52,555)	
10					
11	CIAC, Beginning	$ (243,101)	$ (254,724)	$ (11,623)	Schedule 9, Line 3, Column 2
12	Opening Balance Adjustment	-	-	-	
13	Net Additions	(11,628)	(7,539)	4,089	Schedule 9, Line 3, Column 5+6
14	CIAC, Ending	(254,729)	(262,263)	(7,534)	
15					
16	Accumulated Amortization Beginning - CIAC	$ 89,140	$ 94,207	$ 5,067	Schedule 9, Line 7, Column 2
17	Opening Balance Adjustment	-	-	-	
18	Net Additions	5,067	5,309	242	Schedule 9, Line 7, Column 5+6
19	Accumulated Amortization Ending - CIAC	94,207	99,516	5,309	
20					
21	Net Plant in Service, Mid-Year	$ 1,567,236	$ 1,623,963	$ 56,727	
22					
23	Adjustment for timing of Capital additions	$ 22,720	$ 2,750	$ (19,970)	
24	Capital Work in Progress, No AFUDC	34,306	25,574	(8,732)	
25	Unamortized Deferred Charges	40,045	51,287	11,242	Schedule 11, Line 34, Column 8
26	Working Capital	6,099	6,510	411	Schedule 13, Line 9, Column 3
27	Utility Plant Acquisition Adjustment	4,563	4,377	(186)	
28					
29	Mid-Year Utility Rate Base	$ 1,674,969	$ 1,714,461	$ 39,492	

FORMULA INFLATION FACTORS
FOR THE YEARS ENDING DECEMBER 31, 2020 to 2024
($000s)

Line No.	Particulars	Reference	2020	2021	2022	2023	2024	Total for 2024 Rate Setting	Cross Ref
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**Formula Cost Drivers**								
2	CPI		2.692%	1.596%	1.281%	4.940%	6.031%		
3	AWE		2.881%	5.745%	6.455%	3.944%	2.609%		
4	Labour Split								
5	Non Labour		38.000%	38.000%	37.000%	40.000%	43.000%		
6	Labour		62.000%	62.000%	63.000%	60.000%	57.000%		
7	CPI/AWE	(Line 2 x Line 5) + (Line 3 x Line 6)	2.809%	4.168%	4.541%	4.342%	4.080%		
8	Productivity Factor	G-166-20	-0.500%	-0.500%	-0.500%	-0.500%	-0.500%		
9	Net Inflation Factor	Line 7 + Line 8	2.309%	3.668%	4.041%	3.842%	3.580%		
10									
11									
12	**Growth in Average Customer Calculation**								
13	Actual/Projected Prior Year Average Customers		139,916	142,321	144,877	147,112	149,677		
14	Average Customers for the Year	Schedule 18, Line 7, Column 6	142,321	144,877	147,112	149,677	152,006		
15	Change in Average Customers	Line 14 - Line 13	2,405	2,556	2,235	2,565	2,329	12,090	
16									
17	Customer Growth Factor Multiplier	G-166-20						75%	
18	Change in Average Customers for Rate Setting Purposes	Line 15 x Line 17						9,068	
19									
20	Average Customers Used to Determine Starting UCOM	Line 13 Year 2020						139,916	
21									
22	Average Customer Forecast - 2024 Rate Setting Purposes	Line 18 + Line 20						148,984	

CAPITAL EXPENDITURES
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars		Total CapEx	Cross Reference
	(1)		(2)	(3)
1	**Forecast Capital Expenditures**			
2	Growth Capital	$	24,568	
3	Sustainment Capital		51,652	
4	Other Capital		17,213	
5	Total Forecast Capital	$	93,433	
6				
7	**Flow-Through Capital Expenditures**			
8	EV Charging Stations	$	500	
9				
10	**Total Regular Capital Expenditures**	$	93,933	

CAPITAL EXPENDITURES TO PLANT RECONCILIATION
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Schedule 5

Line No.	Particulars	2024 Formula		Cross Reference
	(1)	(2)		(3)
1	**CAPEX**			
2	Forecast Capital Expenditures	$	93,433	
3	Flow-Through Capital		500	
4	Total Regular Capital Expenditures	$	93,933	Schedule 4, Line 10, Column 2
5				
6	**Special Projects and CPCN's**			
7				
8	Total Special Projects and CPCN's	$	-	
9				
10	**Total Capital Expenditures**	$	93,933	
11				
12				
13	**RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT**			
14				
15	Regular Capital Expenditures	$	93,933	Line 4
16	Add - Capitalized Overheads		11,148	Schedule 20, Line 23, Column 4
17	Add - AFUDC		241	
18	Gross Capital Expenditures	$	105,322	
19	Change in Work in Progress		-	
20	**Total Regular Additions to Plant**	$	105,322	
21				
22	Special Projects and CPCN's Capital Expenditures	$	-	Line 8
23	Add - AFUDC		1	
24	Gross Capital Expenditures		1	
25	Change in Work in Progress		5,499	
26	**Total Special Projects and CPCN Additions to Plant**	$	5,500	
27				
28	**Grand Total Additions to Plant**	$	110,822	Schedule 6.1, Line 32, Columns 5 + 6

PLANT IN SERVICE CONTINUITY SCHEDULE Schedule 6
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Account	Particulars	12/31/2023	Opening Bal Adjustment	CPCN's	Additions	Retirements	12/31/2024	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		**Hydraulic Production Plant**							
2	330	Land Rights	$ 962	$ -	$ -	$ -	$ -	$ 962	
3	331	Structures and Improvements	22,199	-	-	166	(12)	22,353	
4	332	Reservoirs, Dams & Waterways	139,590	-	2,731	7,690	(777)	149,234	
5	333	Water Wheels, Turbines and Gen.	106,005	-	-	694	(141)	106,558	
6	334	Accessory Equipment	51,447	-	-	128	(38)	51,537	
7	335	Other Power Plant Equipment	48,576	-	-	5	(1)	48,580	
8	336	Roads, Railroads and Bridges	1,287	-	-	-	-	1,287	
9			$ 370,066	$ -	$ 2,731	$ 8,683	$ (969)	$ 380,511	
10									
11		**Transmission Plant**							
12	350	Land Rights-R/W	$ 10,884	$ -	$ -	$ 118	$ -	$ 11,002	
13	350.1	Land Rights-Clearing	10,109	-	-	118	-	10,227	
14	353	Station Equipment	264,083	-	2,769	3,420	(303)	269,969	
15	355	Poles Towers & Fixtures	134,762	-	-	6,403	(289)	140,876	
16	356	Conductors and Devices	129,994	-	-	6,403	(310)	136,087	
17	359	Roads and Trails	959	-	-	-	-	959	
18			$ 550,791	$ -	$ 2,769	$ 16,462	$ (902)	$ 569,120	

PLANT IN SERVICE CONTINUITY SCHEDULE Schedule 6.1
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Account	Particulars	12/31/2023	Opening Bal Adjustment	CPCN's	Additions	Retirements	12/31/2024	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		**Distribution Plant**							
2	360	Land Rights-R/W	$ 7,995	$ -	$ -	$ 810	$ -	$ 8,805	
3	360.1	Land Rights-Clearing	12,001	-	-	372	-	12,373	
4	362	Station Equipment	324,416	-	-	12,969	(879)	336,506	
5	364	Poles Towers & Fixtures	271,743	-	-	13,565	(577)	284,731	
6	365	Conductors and Devices	456,680	-	-	20,383	(722)	476,341	
7	368	Line Transformers	205,825	-	-	14,062	(1,803)	218,084	
8	369	Services	9,521	-	-	-	-	9,521	
9	370.1	AMI Meters	41,986	-	-	528	-	42,514	
10	371	Installation on Customers' Premises	938	-	-	-	-	938	
11	373	Street Lighting and Signal System	14,304	-	-	168	(42)	14,430	
12	372	EV Stations Kiosks & Charger Connectors	6,265	-	-	-	-	6,265	
13			$ 1,351,674	$ -	$ -	$ 62,857	$ (4,023)	$ 1,410,508	
14									
15		**General Plant**							
16	389	Land	$ 11,268	$ -	$ -	$ -	$ -	$ 11,268	
17	390.1	Structures - Masonry	50,339	-	-	2,765	(317)	52,787	
18	390.2	Operation Building	20,014	-	-	605	(22)	20,597	
19	390.9	Leasehold Improvements	3,727	-	-	-	-	3,727	
20	391	Office Furniture & Equipment	5,376	-	-	214	(5)	5,585	
21	391.1	Computer Hardware	13,899	-	-	3,305	(1,278)	15,926	
22	391.2	Computer Software	44,861	-	-	6,982	(4,254)	47,589	
23	391.2	AMI Software	13,436	-	-	(3)	-	13,433	
24	392.1	Light Duty Vehicles	6,031	-	-	545	(481)	6,095	
25	392.1	Heavy Duty Vehciles	29,840	-	-	1,512	(348)	31,004	
26	394	Tools and Work Equipment	8,637	-	-	719	(658)	8,698	
27	397	Communication Structures & Equipment	14,926	-	-	676	(836)	14,766	
28	397.1	Fibre	5,531	-	-	-	(247)	5,284	
29	397.2	AMI Communications Structure & Equipment	4,970	-	-	-	-	4,970	
30			$ 232,855	$ -	$ -	$ 17,320	$ (8,446)	$ 241,729	
31									
32		**Total Plant in Service**	$ 2,505,386	$ -	$ 5,500	$ 105,322	$ (14,340)	$ 2,601,868	
33									
34		Cross Reference			Schedule 5, Line 26, Column 2	Schedule 5, Line 20, Column 2			

ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE Schedule 7
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2023	Opening Bal Adjustment	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2024	Cross Ref
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1		**Hydraulic Production Plant**										
2	330	Land Rights	$ 962	1.07%	$ (372)	$ -	$ 10	$ -	$ -	$ -	$ (362)	
3	331	Structures and Improvements	22,199	1.68%	6,076	-	373	(12)	-	-	6,437	
4	332	Reservoirs, Dams & Waterways	142,321	1.90%	7,167	-	2,704	(777)	(1,894)	-	7,200	
5	333	Water Wheels, Turbines and Gen.	106,005	1.79%	22,308	-	1,897	(141)	(3)	-	24,061	
6	334	Accessory Equipment	51,447	3.13%	16,560	-	1,610	(38)	(133)	-	17,999	
7	335	Other Power Plant Equipment	48,576	2.12%	21,200	-	1,030	(1)	-	-	22,229	
8	336	Roads, Railroads and Bridges	1,287	1.44%	495	-	19	-	-	-	514	
9			$ 372,797		$ 73,434	$ -	$ 7,643	$ (969)	$ (2,030)	$ -	$ 78,078	
10												
11		**Transmission Plant**										
12	350	Land Rights-R/W	$ 10,884	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
13	350.1	Land Rights-Clearing	10,109	1.27%	2,612	-	128	-	-	-	2,740	
14	353	Station Equipment	266,852	2.33%	107,657	-	6,218	(303)	(162)	-	113,410	
15	355	Poles Towers & Fixtures	134,762	2.52%	41,827	-	3,396	(289)	(479)	-	44,455	
16	356	Conductors and Devices	129,994	2.52%	26,379	-	3,275	(310)	(479)	-	28,865	
17	359	Roads and Trails	959	1.96%	451	-	19	-	-	-	470	
18			$ 553,560		$ 178,926	$ -	$ 13,036	$ (902)	$ (1,120)	$ -	$ 189,940	

ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE Schedule 7.1
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2023	Opening Bal Adjustment	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2024	Cross Ref
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1		**Distribution Plant**										
2	360	Land Rights-R/W	$ 7,995	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
3	360.1	Land Rights-Clearing	12,001	1.25%	3,080	-	150	-	-	-	3,230	
4	362	Station Equipment	324,416	2.61%	100,441	-	8,467	(879)	(159)	-	107,870	
5	364	Poles Towers & Fixtures	271,743	2.73%	86,032	-	7,419	(577)	(578)	-	92,296	
6	365	Conductors and Devices	456,680	2.38%	138,391	-	10,868	(722)	(933)	-	147,604	
7	368	Line Transformers	205,825	3.13%	49,872	-	6,442	(1,803)	(354)	-	54,157	
8	369	Services	9,521	0.51%	6,856	-	49	-	-	-	6,905	
9	370.1	AMI Meters	41,986	6.25%	15,488	-	2,624	-	-	-	18,112	
10	371	Installation on Customers' Premises	938	0.00%	937	-	-	-	-	-	937	
11	373	Street Lighting and Signal System	14,304	4.95%	6,919	-	708	(42)	-	-	7,585	
12	372	EV Stations Kiosks & Charger Connectors	6,265	10.00%	1,422	-	627	-	-	-	2,049	
13			$ 1,351,674		$ 409,438	$ -	$ 37,354	$ (4,023)	$ (2,024)	$ -	$ 440,745	
14												
15		**General Plant**										
16	389	Land	$ 11,268	0.00%	$ 34	$ -	$ -	$ -	$ -	$ -	$ 34	
17	390.1	Structures - Masonry	50,339	2.53%	14,019	-	1,274	(317)	-	-	14,976	
18	390.2	Operation Building	20,014	1.63%	7,376	-	326	(22)	-	-	7,680	
19	390.9	Leasehold Improvements	3,727	1.63%	2,747	-	61	-	-	-	2,808	
20	391	Office Furniture & Equipment	5,376	4.42%	1,503	-	238	(5)	-	-	1,736	
21	391.1	Computer Hardware	13,899	21.60%	4,422	-	3,002	(1,278)	-	-	6,146	
22	391.2	Computer Software	44,861	8.96%	16,106	-	4,020	(4,254)	-	-	15,872	
23	391.2	AMI Software	13,436	10.00%	8,971	-	1,344	-	-	-	10,315	
24	392.1	Light Duty Vehicles	6,031	3.81%	2,352	-	230	(481)	79	-	2,180	
25	392.1	Heavy Duty Vehciles	29,840	6.50%	9,582	-	1,940	(348)	-	-	11,174	
26	394	Tools and Work Equipment	8,637	4.11%	3,262	-	355	(658)	-	-	2,959	
27	397	Communication Structures & Equipment	14,926	3.44%	4,145	-	513	(836)	(5)	-	3,817	
28	397.1	Fibre	5,531	6.97%	2,687	-	386	(247)	-	-	2,826	
29	397.2	AMI Communications Structure & Equipment	4,970	6.67%	2,722	-	331	-	-	-	3,053	
30			$ 232,855		$ 79,928	$ -	$ 14,020	$ (8,446)	$ 74	$ -	$ 85,576	
31												
32		**Total**	$ 2,510,886		$ 741,726	$ -	$ 72,053	$ (14,340)	$ (5,100)	$ -	$ 794,339	
33												
34		Cross Reference	Schedule 6.1, Line 32, Column 3+4+5									

SCHEDULE NOT APPLICABLE

CONTRIBUTIONS IN AID OF CONSTRUCTION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	12/31/2023	CPCN / Open Bal Adjt	Adjustment	Additions	Retirements	12/31/2024	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	**CIAC**							
2	CIAC	$ 254,724	$ -	$ -	$ 7,539	$ -	$ 262,263	
3	**Total**	$ 254,724	$ -	$ -	$ 7,539	$ -	$ 262,263	
4								
5	**Amortization**							
6	Amortization	$ (94,207)	$ -	$ -	$ (5,309)	$ -	$ (99,516)	
7	**Total**	$ (94,207)	$ -	$ -	$ (5,309)	$ -	$ (99,516)	
8								
9	**Net CIAC**	$ 160,517	$ -	$ -	$ 2,230	$ -	$ 162,747	

SCHEDULE NOT APPLICABLE

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	12/31/2023	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2024	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**1. Forecasting Variance Accounts**								
2	BCUC Levies Variance Account	$ 36	$ -	$ -	$ -	$ (36)	$ -	$ 18	
3									
4	**2. Rate Smoothing Accounts**								
5									
6	**3. Benefits Matching Accounts**								
7	Preliminary and Investigative Charges [1]	$ 2,923	$ -	$ 328	$ -	$ -	$ 3,251	$ 3,087	Note 1
8	Demand Side Management	41,573	-	15,436	(4,168)	(6,287)	46,554	44,063	
9	Deferred Debt Issue Costs	4,391	-	-	(110)	(196)	4,084	4,237	
10	2025 Multi-year Rate Plan Application	256	-	1,200	(324)	-	1,132	694	
11	2023 - 2027 DSM Expenditure Schedule	62	-	-	-	(16)	47	55	
12	Mandatory Reliability Standards 2024 Audit	-	-	375	(101)	(91)	183	91	
13	Joint Pole Use Audit 2023	356	-	-	-	(89)	267	312	
14	2021 Generic Cost of Capital Proceeding	770	-	-	-	-	770	770	
15	Annual Reviews for 2020-2024 Rates	49	-	90	(25)	(49)	66	58	
16	2021 Long Term Electric Resource Plan	329	-	-	-	(174)	155	242	
17	BCUC Initiated Inquiry Costs	(57)	-	-	-	57	-	(28)	
18	EV Fleet & Workplace Charging Funding Account	-	169	576	(155)	(17)	572	371	
19	Mandatory Reliability Standards 2021 Audit	78	-	-	-	(78)	-	39	
20		$ 50,730	$ 169	$ 18,005	$ (4,883)	$ (6,940)	$ 57,080	$ 53,991	
21									
22	**4. Retroactive Expense Accounts**								
23									
24	**5.Other Accounts**								
25	Pension and OPEB Liability	$ (5,046)	$ -	$ 5,220	$ -	$ -	$ 174	$ (2,436)	
26	COVID-19 Customer Recovery Fund	139	-	-	-	(70)	68	104	
27	Climate Change Operational Adaptation (CCOA)	164	-	192	(52)	(41)	263	214	
28	BC Cost of Living Credit	(370)	-	-	-	370	-	(185)	
29	Princeton Office Disposition	-	(406)	-	-	406	-	(203)	
30	PST Rebate on Select Machinery and Equipment	(431)	-	-	-	431	-	(216)	
31	Indigenous Relations Agreement (Huth Substation)	-	-	-	-	-	-	-	
32		$ (5,545)	$ (406)	$ 5,412	$ (52)	$ 1,096	$ 506	$ (2,722)	
33									
34	**Total Rate Base Deferral Accounts**	$ 45,221	$ (237)	$ 23,417	$ (4,935)	$ (5,880)	$ 57,586	$ 51,287	
35									

36 Note 1: Gross Additions for Preliminary and Investigative Charges are after transfers to Construction Work in Progress. Additions of $1.60 million - transfer of $1.272 million = $0.328 million.

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	12/31/2023	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2024	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**Deferral Accounts Financed at Short Term Interest Rate**								
2									
3	**1. Forecasting Variance Accounts**								
4	Pension & Other Post Retirement Benefits (OPEB) Variance	$ (169)	$ -	$ -	$ -	$ (246)	$ (415)	$ (292)	
5									
6	**2. Rate Smoothing Accounts**								
7									
8	**3. Benefits Matching Accounts**								
9	Tariff Applications	86	-	75	(20)	(86)	54	70	
10									
11	**4. Retroactive Expense Accounts**								
12									
13	**5.Other Accounts**								
14									
15	**Total NRB Deferral Accounts at Short Term Interest**	$ (83)	$ -	$ 75	$ (20)	$ (332)	$ (361)	$ (222)	
16									
17	Financing Costs at STI	$ 27	$ -	$ (7)	$ -	$ (27)	$ (7)	$ 10	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE cont'd
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Schedule 12.1

Line No.	Particulars	12/31/2023	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2024	Mid-Year Average	Cross Ref
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**Deferral Accounts Financed at Weighted Average Cost of Debt**								
2									
3	**1. Forecasting Variance Accounts**								
4									
5	**2. Rate Smoothing Accounts**								
6									
7	**3. Benefits Matching Accounts**								
8	CPCN Projects Preliminary Engineering [1]	$ 2,666	$ -	$ (255)	$ -	$ -	$ 2,411	$ 2,538	Note 1
9	2017 Rate Design Application	118	-	-	-	(118)	-	59	
10	2020 - 2024 Multi-Year Rate Plan Application	145	-	-	-	(145)	-	72	
11	Rate Design and Rates for Electric Vehicle Direct Current Fast Charging Service Application	68	-	-	-	(59)	9	38	
12		$ 2,996	$ -	$ (255)	$ -	$ (322)	$ 2,420	$ 2,707	
13									
14	**4. Retroactive Expense Accounts**								
15									
16	**5.Other Accounts**								
17									
18	**Total NRB Deferral Accounts at Weighted Average Cost of Debt**	$ 2,996	$ -	$ (255)	$ -	$ (322)	$ 2,420	$ 2,707	
19									
20	Financing Costs at WACD	$ 76	$ -	$ 95	$ -	$ (76)	$ 95	$ 86	

21 Note 1: Gross additions for CPCN Projects Preliminary Engineering after transfers to Construction Work in Progress.

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE cont'd Schedule 12.2
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	12/31/2023	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2024	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**Deferral Accounts Financed at Weighted Average Cost of Capital**								
2									
3	**1. Forecasting Variance Accounts**								
4	2020 - 2024 Flow-Through Deferral Account	$ (6,520)	$ -	$ -	$ -	$ 6,520	$ -	$ (3,260)	
5									
6	**2. Rate Smoothing Accounts**								
7									
8	**3. Benefits Matching Accounts**								
9	EV Fleet & Workplace Charging Funding Account	$ 169	$ (169)	$ -	$ -	$ -	$ -	$ -	
10									
11	**4. Retroactive Expense Accounts**								
12									
13	**5.Other Accounts**								
14	MRP Earnings Sharing Account	$ (1,749)	$ -	$ -	$ -	$ 1,749	$ -	$ (875)	
15	Princeton Office Disposition	(406)	406	-	-	-	-	-	
16									
17	**Total NRB Deferral Accounts at Weighted Average Cost of Capital**	$ (8,506)	$ 237	$ -	$ -	$ 8,269	$ -	$ (4,135)	
18									
19	Financing Costs at AFUDC	$ (1,228)	$ -	$ (272)	$ -	$ 1,228	(272)	(750)	
20									
21	**Non Rate Base Deferral Accounts Non-Interest Bearing**	$ 50	$ -	$ -	$ -	$ -	$ 50	$ 50	
22									
23									
24	**Total Non Rate Base Deferral Accounts (including financing)**	$ (6,668)	$ 237	$ (364)	$ (20)	$ 8,740	$ 1,924	$ (2,254)	

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	**Cash Working Capital**				
2	Cash Working Capital	$ 6,849	$ 7,367	$ 518	Schedule 14, Line 32, Column 5
3					
4	Add/Less: Funds Unavailable/(Funds Available)				
5	Customers Loans	353	306	(47)	
6	Employee Loans	570	509	(61)	
7	Inventories - Materials and Supplies	649	783	134	
8	Employee Withholdings	(2,322)	(2,455)	(133)	
9	Total	$ 6,099	$ 6,510	$ 411	

CASH WORKING CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2024 at Revised Rates	Lag (Lead) Days	Extended	Weighted Average Lag (Lead) Days	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	**REVENUE**					
2	**Sales Revenue**					
3	Residential Tariff Revenue	$ 215,950	56.0	$ 12,093,200		
4	Commercial Tariff Revenue	116,156	45.1	5,238,636		
5	Wholesale Tariff Revenue	58,256	37.5	2,184,600		
6	Industrial Tariff Revenue	52,203	38.0	1,983,714		
7	Lighting Tariff Revenue	2,328	34.6	80,549		
8	Irrigation Tariff Revenue	4,158	47.0	195,426		
9						
10	**Other Revenue**					
11	Apparatus and Facilities Rental	$ 6,199	90.0	$ 557,894		
12	Contract Revenue	2,260	62.2	140,563		
13	Transmission Access Revenue	1,723	65.2	112,340		
14	Late Payment Charges	962	54.0	51,922		
15	Connection Charges	561	30.5	17,104		
16	Other Utility Income	388	63.4	24,606		
17	Total	$ 461,143		$ 22,680,554		49.2
18						
19	**EXPENSES**					
20	Power Purchases	$ 173,694	(51.5)	$ (8,945,261)		
21	Wheeling	7,324	(46.9)	(343,514)		
22	Water Fees	12,513	(1.4)	(17,518)		
23	Operating and Maintenance	63,174	(28.6)	(1,806,768)		
24	Property Taxes	18,573	(4.9)	(91,008)		
25	GST	703	(45.4)	(31,916)		
26	Income Tax	10,075	(15.2)	(153,140)		
27	Total	$ 286,057		$ (11,389,125)		(39.8)
28						
29	Net Lag (Lead) Days					9.4
30	Total Expenses				$	286,057
31						
32	Cash Working Capital				$	7,367

SCHEDULE NOT APPLICABLE

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Schedule 16

Line No.	Particulars	2023 Approved	2024 Forecast at 2023 Approved Rates	2024 Forecast Revised Revenue	2024 Forecast at Revised Rates	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	**ENERGY VOLUMES**						
2	Sales Volume (GWh)	3,475	3,474	-	3,474	(1)	Schedule 17, Line 8, Column 3
3							
4	**REVENUE**						
5	Sales	$ 426,073	$ 428,377	$ -	$ 428,377	$ 2,304	Schedule 17, Line 17, Column 3
6	Deficiency (Surplus)	-	-	20,674	20,674	20,674	
7	Total	426,073	428,377	20,674	449,051	22,978	Schedule 18, Line 7, Column 5
8							
9	**EXPENSES**						
10	Cost of Energy	$ 182,105	$ 193,532	$ -	$ 193,532	$ 11,427	Schedule 19, Line 29, Column 3
11	O&M Expense (net)	61,767	63,174	-	63,174	1,407	Schedule 20, Line 24, Column 4
12	Depreciation & Amortization	61,246	64,070	-	64,070	2,824	Schedule 21, Line 11, Column 3
13	Property Taxes	18,260	18,573	-	18,573	313	Schedule 22, Line 6, Column 3
14	Other Revenue	(12,241)	(12,092)	-	(12,092)	149	Schedule 23, Line 8, Column 3
15	Utility Income Before Income Taxes	114,936	101,120	20,674	121,794	6,859	
16							
17	Income Taxes	6,073	4,498	5,577	10,075	4,002	Schedule 24, Line 13, Column 3
18							
19	**EARNED RETURN**	$ 108,863	$ 96,622	$ 15,097	$ 111,719	$ 2,857	Schedule 26, Line 5, Column 7
20							
21	**UTILITY RATE BASE**	$ 1,674,969	$ 1,713,933		$ 1,714,461	$ 39,492	Schedule 2, Line 29, Column 3
22	**RATE OF RETURN ON UTILITY RATE BASE**	6.50%	5.64%		6.52%	0.02%	Schedule 26, Line 5, Column 6

VOLUME AND REVENUE Schedule 17
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	**ENERGY VOLUME SOLD (GWh)**				
2	Residential	1,300	1,299	(1)	
3	Commercial	973	974	1	
4	Wholesale	579	590	11	
5	Industrial	575	564	(11)	
6	Lighting	9	9	-	
7	Irrigation	39	38	(1)	
8	Total	3,475	3,474	(1)	
9					
10	**REVENUE AT EXISTING RATES**				
11	Residential	$ 205,734	$ 206,007	$ 273	
12	Commercial	110,490	110,808	318	
13	Wholesale	54,100	55,574	1,474	
14	Industrial	49,759	49,800	41	
15	Lighting	2,295	2,221	(74)	
16	Irrigation	3,695	3,967	272	
17	Total	$ 426,073	$ 428,377	$ 2,304	

REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Schedule 18

Line No.	Particulars	2023 Approved Revenue	2024 Forecast Revenue at 2023 Approved Rates	2024 Forecast Effective Increase	2024 Forecast Revenue at Revised Rates	Average Number of Customers	GWh	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	$ 205,734	$ 206,007	$ 9,943	$ 215,950	132,389	1,299	
2	Commercial	110,490	110,808	5,348	116,156	17,125	974	
3	Wholesale	54,100	55,574	2,682	58,256	6	590	
4	Industrial	49,759	49,800	2,403	52,203	42	564	
5	Lighting	2,295	2,221	107	2,328	1,341	9	
6	Irrigation	3,695	3,967	191	4,158	1,103	38	
7	Total	$ 426,073	$ 428,377	$ 20,674	$ 449,051	152,006	3,474	
8								
9	**Effective Increase**			4.83%				

COST OF ENERGY Schedule 19
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	**POWER PURCHASES**				
2	Gross Load (GWh)	3,775	3,773	(2)	
3					
4	**Power Purchase Expense**				
5	Brilliant	$ 44,050	$ 44,433	$ 383	
6	BC Hydro PPA	71,302	71,680	378	
7	Waneta Expansion	41,834	40,365	(1,469)	
8	Market and Contracted Producers	6,326	16,972	10,646	
9	Independent Power Producers	62	245	183	
10	CPA Balancing Pool	-	0	0	
11	Total	$ 163,575	$ 173,694	$ 10,119	
12					
13	**WHEELING**				
14	**Wheeling Nomination (MW months)**				
15	Okanagan Point of Interconnection	2,670	2,595	(75)	
16	Creston	420	450	30	
17					
18	**Wheeling Expense**				
19	Okanagan Point of Interconnect	$ 5,555	$ 5,813	$ 258	
20	Creston	570	658	88	
21	Other	863	854	(9)	
22	Total	$ 6,987	$ 7,324	$ 337	
23					
24	**WATER FEES**				
25	Plant Entitlement Use in previous year (GWh)	1,571	1,561	(10)	
26					
27	Water Fees	$ 11,543	$ 12,513	$ 971	
28					
29	Total	$ 182,105	$ 193,532	$ 11,427	

OPERATING AND MAINTENANCE EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	Inflation Indexed O&M	Forecast O&M	Total O&M	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	**Inflation Indexed O&M**				
2	2023 Base Unit Cost O&M	$ 472			
3	2024 Net Inflation Factor	3.580%			Schedule 3, Line 9, Column 7
4	2024 Base Unit Cost O&M	$ 489			Line 2 x (1 + Line 3)
5					
6	2024 Average Customer Forecast - Rate Setting Purpose	148,984			Schedule 3, Line 22, Column 8
7					
8	2024 Inflation Indexed O&M before prior year True-up	$ 72,853			Line 4 x Line 6 / 1,000
9					
10	2022 Average Customer True-up	(30)			
11					
12	2024 Inflation Indexed O&M	$ 72,823		$ 72,823	Sum of Lines 8 and 10
13					
14	**O&M Tracked Outside of Formula**				
15	Pension & OPEB (O&M Portion)		$ (2,532)		
16	Insurance Premiums		2,678		
17	BCUC Levies		458		
18	MRS		585		
19	EV Charging Stations		310		
20	Sub-total		$ 1,499	1,499	Sum of Lines 15 through 19
21					
22	**Total Gross O&M**			$ 74,322	Line 12 + Line 20
23	Capitalized Overhead			(11,148)	-15 % x Line 22
24	**Net O&M Expense**			$ 63,174	Sum of Lines 22 and 23

DEPRECIATION AND AMORTIZATION EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	**Depreciation**				
2	Depreciation Expense	$ 69,474	$ 72,053	$ 2,579	Schedule 7.1, Line 32, Column 7
3					
4	**Amortization**				
5	Rate Base Deferrals	$ 6,716	$ 5,880	$ (836)	Schedule 11, Line 34, Column 6
6	Non-Rate Base Deferrals	(10,063)	(8,740)	1,323	Schedule 12.2, Line 24, Column 6
7	Utility Plant Acquisition Adjustment	186	186	-	
8	CIAC	(5,067)	(5,309)	(242)	Schedule 9, Line 7, Column 5
9		(8,228)	(7,983)	245	
10					
11	Total	$ 61,246	$ 64,070	$ 2,824	

PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Generating Plant	$ 3,253	$ 3,259	$ 6	
2	Transmission and Distribution	7,189	7,317	128	
3	Substation Equipment	4,208	4,328	120	
4	Land and Buildings	1,322	1,532	210	
5	1% In-Lieu of Municipal Taxes	2,288	2,137	(151)	
6	Total	$ 18,260	$ 18,573	$ 313	

OTHER REVENUE Schedule 23
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Apparatus and Facilities Rental	$ 6,108	$ 6,199	$ 91	
2	Contract Revenue	2,367	2,260	(107)	
3	Transmission Access Revenue	1,834	1,723	(111)	
4	Interest Income	30	37	7	
5	Late Payment Charges	994	962	(32)	
6	Connection Charges	553	561	8	
7	Other Recoveries	355	351	(4)	
8	Total	$ 12,241	$ 12,092	$ (149)	

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved	2024 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	**EARNED RETURN**	$ 108,863	$ 111,719	$ 2,856	Schedule 16, Line 19, Column 5
2	Deduct: Interest on Debt	(47,559)	(48,970)	(1,411)	Schedule 26, Line 1+2, Column 7
3	Adjustments to Taxable Income	(44,884)	(35,508)	9,376	Line 32
4	Accounting Income After Tax	$ 16,420	$ 27,241	$ 10,821	
5					
6	1 - Current Income Tax Rate	73.00%	73.00%	0.00%	
7	Taxable Income	$ 22,493	$ 37,316	$ 14,823	
8					
9	Current Income Tax Rate	27.00%	27.00%	0.00%	
10	Income Tax - Current	$ 6,073	$ 10,075	$ 4,002	
11					
12	Previous Year Adjustment	-	-	-	
13	**Total Income Tax**	$ 6,073	$ 10,075	$ 4,002	
14					
15					
16	**ADJUSTMENTS TO TAXABLE INCOME**				
17	Addbacks:				
18	Depreciation	$ 69,474	$ 72,053	$ 2,579	Schedule 21, Line 2, Column 3
19	Amortization of Deferred Charges	(3,347)	(2,860)	487	Schedule 21, Line 5+6, Column 3
20	Amortization of Utility Plant Acquisition Adjustment	186	186	-	Schedule 21, Line 7, Column 3
21	Pension Expense	(528)	(1,501)	(973)	
22	OPEB Expense	1,119	844	(275)	
23					
24	Deductions:				
25	Capital Cost Allowance	(89,602)	(81,899)	7,703	Schedule 25, Line 18, Column 6
26	CIAC Amortization	(5,067)	(5,309)	(242)	Schedule 21, Line 8, Column 3
27	Pension Contributions	(4,203)	(3,811)	392	
28	OPEB Contributions	(705)	(752)	(47)	
29	Overheads Capitalized Expensed for Tax Purposes	(10,900)	(11,148)	(248)	Schedule 20, Line 23, Column 4
30	Removal Costs	(1,200)	(1,200)	-	
31	All Other	(111)	(111)	-	
32	Total	$ (44,884)	$ (35,508)	$ 9,376	

CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Schedule 25

Line No.	Class	CCA Rate	12/31/2023 UCC Balance	2024 Additions & Opening Adjt	Adjustment	2024 CCA	Forecast 12/31/2024 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1(a)	4%	$ 147,922	$ -	$ -	$ (5,917)	$ 142,005
2	1(b)	6%	33,070	3,010	-	(2,165)	33,915
3	2	6%	10,719	-	-	(643)	10,076
4	3	5%	616	-	-	(31)	585
5	6	10%	2	-	-	-	2
6	8	20%	3,538	833	-	(874)	3,497
7	10	30%	4,308	1,838	-	(1,844)	4,302
8	13	0%	11	-	-	-	11
9	14.1 (pre 2017)	7%	6,441	-	-	(451)	5,990
10	14.1 (post 2016)	5%	4,926	1,266	-	(310)	5,882
11	17	8%	161,210	8,533	-	(13,579)	156,164
12	42	12%	8,987	604	-	(1,151)	8,440
13	43.1	30%	477	-	-	(143)	334
14	46	30%	1,896	-	-	(569)	1,327
15	47	8%	530,216	64,669	-	(47,591)	547,294
16	50	55%	2,869	9,188	-	(6,631)	5,426
17							
18	Total		$ 917,208	$ 89,941	$ -	$ (81,899)	$ 925,250

Schedule 26

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	2023 Approved Earned Return	Amount	Ratio	2024 Average Embedded Cost	Cost Component	Earned Return	Earned Return Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Long Term Debt	$ 43,709	$ 935,137	54.54%	4.72%	2.57%	$ 44,097	$ 388	Schedule 27, Line 11, Column 6
2	Short Term Debt	3,850	93,540	5.46%	5.21%	0.28%	4,873	1,023	
3	Common Equity	61,304	685,784	40.00%	9.15%	3.66%	62,749	1,445	
4									
5	Total	$ 108,863	$ 1,714,461	100.00%		6.52%	$ 111,719	$ 2,856	
6									
7	Cross Reference		Schedule 2, Line 29, Column 3						

EMBEDDED COST OF LONG TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2024
($000s)

Line No.	Particulars	Issue Date	Maturity Date	Average Principal Outstanding	Interest Rate	Interest Expense	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	2005 Debt Issue - Series 1 - 05	November 9, 2005	November 9, 2035	$ 100,000	5.600%	$ 5,600	
2	2007 Debt Issue - Series 1 - 07	July 4, 2007	July 4, 2047	105,000	5.900%	6,195	
3	2009 Debt Issue - MTN - 09	June 2, 2009	June 2, 2039	105,000	6.100%	6,405	
4	2010 Debt Issue - MTN - 10	November 24, 2010	November 24, 2050	100,000	5.000%	5,000	
5	2014 Debt Issue - MTN - 14	October 28, 2014	October 28, 2044	200,000	4.000%	8,000	
6	2017 Debt Issue - MTN - 17	December 4, 2017	December 6, 2049	75,000	3.620%	2,715	
7	2020 Debt Issue - MTN - 20	May 11, 2020	May 11, 2050	75,000	3.120%	2,340	
8	2022 Debt Issue - MTN - 22	March 14, 2022	March 14, 2052	100,000	4.160%	4,160	
9	2024 Debt Issue - MTN - 24	April 1, 2024	April 1, 2054	75,137	4.900%	3,682	
10							
11	Total			$ 935,137		$ 44,097	
12							
13	Average Embedded Cost				4.72%		

12. ACCOUNTING MATTERS

12.1 INTRODUCTION AND OVERVIEW

In this section, FBC discusses "Exogenous Factors" under its MRP. FBC also discusses emerging accounting guidance, and the status of its non-rate base deferral accounts. With respect to its non-rate base deferral accounts, FBC provides information on the Flow-through deferral account.

12.2 EXOGENOUS (Z) FACTORS

FBC is permitted to adjust the cost of service for "Exogenous Factors" under the MRP. The BCUC established the following criteria for evaluating whether the impact of an event qualifies for exogenous factor treatment:

1. The costs/savings must be attributable entirely to events outside the control of a prudently operated utility;
2. The costs/savings must be directly related to the exogenous event and clearly outside the base upon which the rates were originally derived;
3. The impact of the event was unforeseen;
4. The costs must be prudently incurred; and
5. The costs/savings related to each exogenous event must exceed the BCUC-defined materiality threshold.

The materiality threshold (item 5) for FBC has been established at $0.150 million, as approved in the MRP Decision.

In 2022 and thus far in 2023, FBC has not identified any items that merit exogenous factor treatment.

12.3 ACCOUNTING MATTERS

In the following section, FBC provides information on emerging accounting guidance.

12.3.1 Emerging Accounting Guidance

In the 2014-2019 PBR Plan Decision and Order G-139-14, the BCUC directed FBC to "communicate any accounting policy changes and updates to the Commission and other stakeholders as part of the Annual Review process during the PBR period." While this directive was not included as part of the MRP Decision, FBC will continue to provide accounting policy changes and updates as part of the Annual Review materials.

There are no new accounting policy changes that FBC is proposing, or that are required to be implemented under US GAAP, that result in a change in accounting for 2024.

12.4 NON-RATE BASE DEFERRAL ACCOUNTS

FBC maintains both rate base and non-rate base deferral accounts. Rate base deferral accounts are included in rate base and earn a rate base return. In contrast, non-rate base deferral accounts are outside of rate base and may have varying rates of return, depending on the nature of the account and the return approved by the BCUC.

In the following section, FBC provides information on its Flow-through deferral account. Information on FBC's non-rate base earnings sharing deferral account is included in Section 10.

12.4.1 New Deferral Accounts

FBC is not seeking approval of any new non-rate base deferral accounts in this Application.

12.4.2 Existing Deferral Accounts

In the section below, FBC discusses the Flow-through deferral account.

12.4.2.1 Flow-Through Deferral Account (2020-2024)

As approved by Order G-166-20, the Flow-through deferral account is used to capture the annual variances between the approved and actual amounts for all costs and revenues which are forecast annually, are not subject to earnings sharing, and which do not have a previously approved deferral account. The specific items included in the Flow-through deferral account were set out in Table C4-1 of the MRP Application, reproduced below.

Table 12-1: Variances Captured in the Flow-through Deferral Account

	FEI	FBC
Delivery Revenues (FEI):		
Residential and commercial use rate variances	RSAM	N/A
Customer variances	Flow-through deferral	N/A
Industrial and all other revenue variances	Flow-through deferral	N/A
Revenues and Power Supply (FBC):		
Revenue variances	N/A	Flow-through deferral
Power Supply variances net of PSI	N/A	Flow-through deferral
Gross O&M:		
Index-based O&M variances	Subject to earnings sharing	Subject to earnings sharing
BCUC fees variances	BCUC variances deferral	BCUC variances deferral
Pension & OPEB variances	Pension/OPEB variances deferral	Pension/OPEB variances deferral
All other O&M variances [1,3]	Flow-through deferral	Flow-through deferral
Capitalized Overhead:		
Capitalized overhead variances	No variance	No variance
Depreciation and Amortization:		
Depreciation rate variances	No variance	No variance
Depreciation on Clean Growth Projects [2,3]	Flow-through deferral	Flow-through deferral
Other depreciation variances	Subject to earnings sharing	Subject to earnings sharing
Amortization of deferrals	No variance	No variance
Property Tax:		
Property tax variances	Flow-through deferral	Flow-through deferral
Other Revenues :		
SCP Mitigation revenues variances	SCP Revenues deferral	N/A
CNG/LNG Recoveries variances	CNG/LNG Recoveries deferral	N/A
Revenues from Clean Growth Projects [2,3]	Flow-through deferral	Flow-through deferral
All other other revenue/income variances	Subject to earnings sharing	Subject to earnings sharing
Interest Expense/Cost of Debt:		
Interest on RSAM/CCRA/MCRA/Gas storage	Interest on RSAM/CCRA/MCRA/Gas Storage	N/A
Interest rate variances	Flow-through deferral	Flow-through deferral
Interest on Clean Growth Projects [2,3]	Flow-through deferral	Flow-through deferral
Other interest variances	Subject to earnings sharing	Subject to earnings sharing
Income Tax:		
Income tax rate variances	Flow-through deferral	Flow-through deferral
Income tax on Clean Growth Projects [2,3]	Flow-through deferral	Flow-through deferral
Other income tax variances	Subject to earnings sharing	Subject to earnings sharing

1: Including items forecast outside of the formula such as insurance premiums, NGT stations, biomethane, variable LNG production, integrity digs and EV charging stations.
2: Cost of service for NGT fueling stations and tankers, variable LNG production, and EV stations will be captured in the Flow-through deferral account.
3: Biomethane other revenues will continue to capture the actual cost of service of the biomethane capital assets and transfer it to the BVA

In accordance with the method set out in the table above, the calculation of the 2023 Projected Flow-through amount of $2.898 million debit is shown in Table 12-2 below. To calculate the overall combined amount to be distributed to customers, FBC has also included the following adjustment:

- The $9.418 million credit difference between the projected ending 2022 deferral account credit balance of $9.693 million[51] embedded in 2023 rates, and the actual ending 2022 deferral credit balance of $19.111 million. A more detailed breakout of the 2022 variance is provided in Table 12-3 below. FBC notes that the financing return on this account is included in the aggregate financing of deferral accounts at Section 11, Schedule 12.2, Line 19.

Table 12-2: 2023 Projected Flow-through Deferral Account Additions ($ millions)

Line No.	Particulars	2023 Approved	2023 Projected	After-Tax Flow-Through Variance
	(1)	(2)	(3)	(4)
1	**Total Revenue**	$ (426.073)	$ (431.720)	$ (5.647)
2				
3	**Total Power Purchase Expense**	163.575	170.873	7.298
4				
5	**Total Wheeling**	6.987	7.294	0.307
6				
7	**Total Water Fees**	11.543	12.433	0.890
8				
9	**Net O&M Expense**			
10	Pension & OPEB	(1.297)	(1.297)	-
11	Insurance	2.457	2.507	0.050
12	BCUC Fees	0.385	0.385	-
13	MRS	0.585	0.585	-
14	EV Charging Stations	0.219	0.181	(0.038)
15	Capitalized Overhead	(10.900)	(10.900)	-
16				
17	**Depreciation and Amortization**			
18	Amortization of Deferrals	(3.347)	(3.347)	-
19	Depreciation variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
20	CIAC Amortization variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
21				
22	**Total Property Taxes**	18.260	18.248	(0.012)
23				
24	**Other Revenues**			
25	EV Carbon Credits	-	(0.544)	(0.544)
26				
27	**Interest Expense**			
28	Long-term debt interest expense variance	43.709	41.856	(1.853)
29	Interest variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
30	Short-term debt rate variance	-	1.353	1.353
31	Short-term debt volume variance from long-term debt issue variance	-	2.166	2.166
32	Short-term debt timing variance from long-term debt issue timing	-	-	-
33				
34	**Income Tax Expense**			
35	Income tax variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
36	Income tax/CCA rate changes	-	-	-
37	Income tax on taxable flowthrough variances above (excl. Clean Growth Projects/CPCNs/Exogenous Capital)	-	(1.072)	(1.072)
38				
39	**2023 After-Tax Flow-Through Addition to Deferral Account (excluding Financing)**			**2.898**
40				
41	2022 Ending Deferral Account Balance True-up			(9.418)
42				
43	**2024 After-Tax Amortization**			**(6.520)**

[51] FBC Annual Review for 2023 Rates, April 24, 2023 finalized financial schedules supporting 2023 Interim Rates, Schedule 12.2, Line 4, Column 2.

12.4.2.1.1 2023 PROJECTED FLOW-THROUGH VARIANCES

FBC provides the following explanations for the 2023 Projected flow-through variances shown in Table 12-2 above:

- The variance in revenue is due to increased sales from residential, commercial, and wholesale customers;
- The variance in power purchase expense is primarily due to increased Market and Contracted Purchases required to address supply gaps and reduce exposure to potentially extreme market prices. FBC purchased forward market blocks to cover projected capacity shortfalls in June 2023 and reduce exposure to Tranche 2 energy under the PPA with BC Hydro. FBC also purchased wholesale market power from the spot market, at rates economic to the PPA during the first six months of the year, to reduce required purchases above the BC Hydro PPA Nomination. Also included in the Projected 2023 expense are planned wholesale market purchases in November and December 2023, consistent with the strategy presented in the 2023/24 Annual Electric Contracting Plan (AECP);
- Variances in wheeling and water fees are discussed in Section 4;
- Flow-through O&M amounts are discussed in Section 6;
- Amortization expense is equal to the approved value;
- Variances in property taxes are described in Section 9;
- Variances in other revenues are described in Section 5;
- The projected interest expense variances are derived from FBC forecasting issuing long-term debt in 2023 in the Annual Review for 2023 Rates, whereas FBC is no longer projecting a debt issuance, and FBC projecting a higher short-term interest rate than the approved short-term interest rate, both as described in Section 8; and
- The income tax variance is derived as 27 percent of the aforementioned variances.

An adjustment to include the difference between the projected and final actual amounts for 2023 subject to flow-through will be recorded in the deferral account in 2023 and amortized in 2025 rates.

12.4.2.1.2 2022 FLOW-THROUGH DEFERRAL ACCOUNT TRUE-UP

Table 12-3 below provides a breakdown of the 2022 true-up amount of $9.418 million credit.

Table 12-3: 2022 Actual vs. Projected Flow-through Deferral Account Additions ($ millions)

Line No.	Particulars	2022 Projected	2022 Actual	After-Tax Flow-Through Variance
	(1)	(2)	(3)	(4)
1	**Total Revenue**	$ (414.385)	$ (425.782)	$ (11.397)
2				
3	**Total Power Purchase Expense**	153.164	153.457	0.293
4				
5	**Total Wheeling**	6.330	6.898	0.568
6				
7	**Total Water Fees**	11.916	11.838	(0.078)
8				
9	**Net O&M Expense**			
10	Pension & OPEB	(1.716)	(1.716)	-
11	Insurance	2.291	2.286	(0.005)
12	BCUC Fees	0.373	0.373	-
13	MRS	0.500	0.468	(0.032)
14	EV Charging Stations	0.187	0.213	0.026
15	COVID-19 Pandemic	(1.030)	(1.030)	-
16	Capitalized Overhead	(10.177)	(10.177)	-
17				
18	**Depreciation and Amortization**			
19	Amortization of Deferrals	1.558	1.558	-
20	Depreciation variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	(0.027)	(0.027)
21	CIAC Amortization variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	0.021	0.021
22				
23	**Total Property Taxes**	17.621	17.385	(0.236)
24				
25	**Other Revenues**			
26	EV Carbon Credits	(0.625)	(0.744)	(0.119)
27				
28	**Interest Expense**			
29	Long-term debt interest expense variance	41.794	41.794	(0.000)
30	Interest variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	(0.041)	(0.041)
31	Short-term debt rate variance	2.253	0.964	(1.289)
32	Short-term debt volume variance from long-term debt issue variance	(1.005)	(0.646)	0.359
33	Short-term debt timing variance from long-term debt issue timing	0.793	0.510	(0.283)
34				
35	**Income Tax Expense**			
36	Income tax variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	(0.470)	(0.470)
37	Income tax/CCA rate changes	-	-	-
38	Income tax on taxable flowthrough variances above (excl. Clean Growth Projects/CPCNs/Exogenous Capital)	1.877	5.169	3.292
39				
40	**2022 Ending Deferral Account Balance True-up**			**(9.418)**

FBC provides the following explanations of the 2022 Actual variances shown in Table 12-3 above:

- The favourable variance in revenue of $11.397 million was primarily due to higher than projected residential and wholesale loads resulting largely from weather variations. Favourable variances in residential ($11.641 million), industrial ($0.270 million) and wholesale ($0.201 million) revenue were partially offset by unfavourable variances in commercial ($0.547 million), irrigation ($0.146 million) and lighting ($0.022 million) revenue;

- The increase in power purchase expense of $0.293 million was due to several factors including increased load, increased market purchases, and increased reliance on the BC Hydro PPA. Increased load and PPA purchases were primarily a result of prolonged cold weather at the end of 2022. This increase was partially offset by increased surplus capacity sales under the Capacity and Energy Purchase and Sale Agreement (CEPSA);

- The increase in wheeling costs of $0.568 million was primarily due to increased use of wheeling under BC Hydro's Open Access Transmission Tariff;

- The decrease in water fees of $0.078 million was primarily due to reduced water rental rates compared to forecast;

- The flow-through components of O&M expense were $0.011 million lower than projected, with all items comparable to the projected amounts;

- Actual property tax expense was relatively consistent with the projected amount;

- The flow-through components of other revenue were $0.119 million higher than projected, with the variance in EV Carbon Credit revenue due to approximately 329 carbon credits related to FBC's EV charging stations that were validated by BC-LCFS and monetized in 2022 but were not accounted for in the 2022 Projected amount;

- The variance between the actual (2.58 percent) and projected (4.02 percent) short-term debt interest rates results in an amount to be returned to customers of $1.289 million,[52] shown on Line 31 of the table above. There was no variance in long-term debt interest expense as actuals were as projected. The net variance of $0.076 million to be collected from customers on Lines 32 and 33 of Table 12-3 above is due to the impact of a lower actual short-term interest rate than projected;

- The unfavourable income tax variance of $3.292 million is calculated as 27 percent of the aforementioned variances; and

- The combined favourable variance of $0.517 million related to depreciation, CIAC amortization, interest and tax variances on Clean Growth/CPCN/exogenous capital amounts, shown on Lines 20, 21, 30 and 36, respectively, were derived for 2022 by comparing the actual 2022 cost of service impacts of the EV stations and the UBO, Grand Forks Terminal Station and Corra Linn projects to the amounts forecast for those same projects.

12.5 SUMMARY

FBC is not seeking any exogenous factor treatment in this Application. FBC is also not seeking approval of any new non-rate base deferral accounts but has provided an update on the Flow-through deferral account.

[52] (2.584% - 4.02%) x $89.744 million forecast 2022 short-term debt in Schedule 26 of Annual Review for 2022 Rates Compliance Filing financial schedules.

13. SERVICE QUALITY INDICATORS

13.1 INTRODUCTION AND OVERVIEW

Under the MRP, SQIs are used to monitor the Utility's performance to ensure that any efficiencies and cost reductions do not result in a degradation of the quality of service to customers.

In the MRP Decision and Order G-166-20, the BCUC approved a balanced set of SQIs for FBC, covering safety, responsiveness to customer needs, and reliability. Eight of the SQIs have benchmarks and performance ranges set by a threshold level. Four of the SQIs are for information only and as such do not have benchmarks or performance ranges.

In the subsections below, FBC reports on its 2022 and June 2023 year-to-date performance as measured against the SQI benchmarks and thresholds. In 2022, for the eight SQIs with benchmarks, six met or were better than the benchmark, with the First Contact Resolution better than the threshold and the Telephone Service Factor (Non-Emergency) lower than the threshold. For the four SQIs that are informational only, with the exception of the Average Speed of Answer results being higher due to the same challenges impacting the Telephone Service Factor (Non-Emergency), performance in 2022 for the other three informational metrics generally remains at a level consistent with prior years. In 2023 to date, performance for the metrics with benchmarks are trending towards meeting the benchmark or the threshold.

Consistent with how SQIs were reviewed during the 2014-2019 PBR Plan term,[53] FBC has provided 2022 and year-to-date 2023 SQI results in this annual review.

13.2 REVIEW OF THE PERFORMANCE OF SERVICE QUALITY INDICATORS

For each SQI, Table 13-1 provides a comparison of FBC's 2022 and June year-to-date performance for 2023 to the proposed benchmarks and thresholds approved as part of the MRP. Actual 2022 and June year-to-date results for 2023 are also provided for the four informational SQIs.

Table 13-1: Approved SQIs, Benchmarks and Actual Performance

Performance Measure	Description	Benchmark	Threshold	2022 Results	June 2023 YTD Results
Safety SQIs					
Emergency Response Time	Percent of calls responded to within two hours	>=93%	90.6%	94%	93%
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	1.42	1.76

[53] MRP Decision page 99: "the Panel determines that the existing approved process for interpreting metric performance is to remain in effect over the term of the MRPs."

Performance Measure	Description	Benchmark	Threshold	2022 Results	June 2023 YTD Results
Responsiveness to Customer Needs SQIs					
First Contact Resolution	Percent of customers who achieved call resolution in one call	>=78%	74%	77%	78%
Billing Index	Measure of customer bills produced meeting performance criteria	<=3.0	5.0	0.14	2.20
Meter Reading Accuracy	Number of scheduled meters that were read	>=98%	96%	99%	99%
Telephone Service Factor (Non-Emergency)	Percent of non-emergency calls answered within 30 seconds or less	>=70%	68%	65%	72%
Customer Satisfaction Index	Informational indicator - measures overall customer satisfaction	-	-	8.4	8.5
Average Speed of Answer	Informational indicator – the amount of time it takes to answer a call (seconds)	-	-	98	60
Reliability SQIs					
System Average Interruption Duration Index (SAIDI) – Normalized	Annual SAIDI (average of cumulative customer outage time)	3.22[54]	4.52	2.42	3.21
System Average Interruption Frequency Index (SAIFI) - Normalized	Annual SAIFI (average customer outage)	1.57	2.19	1.52	1.48
Generator Forced Outage Rate	Informational indicator – Percent of time a generating unit is removed from service due to component failure or other events.	-	-	0.50%	0.65%
Interconnection Utilization	Informational indicator – percent of time that an interconnection point was available and providing electrical service to wholesale customers.	-	-	99.94%	99.98%

In the following sections, FBC reviews each SQI's year-to-date individual performance in 2022 and 2023. Discussion is also provided for the informational SQIs.

[54] 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.

13.2.1 Safety Service Quality Indicators

13.2.1.1 Emergency Response Time

Emergency Response Time is the time elapsed from the initial identification of a loss of electrical power (via a customer call or internal notification) to the arrival of FBC personnel on site at the trouble location. This metric provides ongoing information to assess FBC crew sizes and crew locations in response to system trouble. The target measures the percentage of emergency calls responded to within two hours. The measure is calculated as follows:

$$\frac{\text{Number of emergency calls responded to within two hours}}{\text{Total number of emergency calls in the year}}$$

There are many variables affecting the response time, including time of day (i.e., during business hours or after business hours), number and type of events (i.e., widespread outages), available resources, location (i.e., travel times and traffic congestion) and weather conditions.

The 2022 result was 94 percent which was better than the benchmark. The June 2023 year-to-date performance is 93 percent, which meets the benchmark.

For comparison, the Company's annual results under the 2014-2019 PBR Plan, the 2020, 2021, and 2022 results and the June 2023 year-to-date emergency response time results are provided below. While the results have been relatively consistent, variables such as the location and severity of outage and the number of trouble calls contribute to the observed volatility in the annual performance for this metric.

Table 13-2: Historical Emergency Response Time

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Results	91%	92%	97%	93%	94%	92%	92%	93%	94%	93%
Benchmark	93%									
Threshold	90.6%									

13.2.1.2 All Injury Frequency Rate

The All Injury Frequency Rate (AIFR) is an employee safety performance indicator based on injuries per 200,000 hours worked, with injuries defined as lost time injuries (i.e., one or more days missed from work) and medical treatments (i.e., medical treatment was given or prescribed). The annual performance for this metric is calculated as:

$$\frac{\text{Number of Employee Injuries x 200,000 hours}}{\text{Total Exposure Hours Worked}}$$

For the purpose of this SQI, the measurement of performance is based on the three-year rolling average of the annual results.

The 2022 (three-year rolling average) result was 1.42 which was better than the benchmark of 1.64. The 2022 annual AIFR was 2.60 which reflected 4 Medical Treatments and 8 Lost Time Injuries. The increase in AIFR was particularly prevalent in Q4 2022, after a sudden change in winter conditions led to a notable spike in slips, trips, and falls resulting in more serious injuries. FBC responded to this by issuing an immediate safety alert (Safely Navigating Winter Conditions) to all field employees, which was also reviewed at all safety meetings, and providing access to traction aids throughout Operations.

The June 2023 year-to-date performance (three-year rolling average) result is 1.76 which is better than the threshold. The June 2023 year-to-date performance (annual) is 2.54 and reflects 3 Medical Treatments and 3 Lost Time Injuries. Thus far in 2023, FBC continues to see an increase in total minor preventable injuries, predominately those sustained while performing activities involving repetitive work and/or awkward positioning. FBC has responded to this by engaging its Ergonomist and Injury Prevention Specialist to provide more education and treatment throughout the Company. FBC also hired an Injury Management Specialist to provide proactive educational sessions, as well as customized Recover at Work plans for employees. In addition, FBC has implemented customized ergonomics courses for some of the higher risk areas.

Strengthening the safety culture continues to be a key driver for FBC, building on the commitment to learn from safety events, identify safety hazards, assess risk and continually improve the safety management system through the implementation and sustainment of robust safety defences and controls.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June year-to-date AIFR results are provided below.

Table 13-3: Historical All Injury Frequency Rate Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual Results	3.21	1.54	1.15	1.13	1.56	0.46	0.66	0.89	2.60	2.54
Three year rolling average	2.58	2.52	1.97	1.27	1.28	1.06	0.87	0.67	1.42	1.76
Benchmark	1.64									
Threshold	2.39									

13.2.2 Responsiveness to Customer Needs Service Quality Indicators

13.2.2.1 First Contact Resolution

First Contact Resolution (FCR) measures the percentage of customers who receive resolution to their issue in one contact with FBC. The Company determines the FCR results using a customer survey, tracking the number of customers who responded that their issue was resolved in the first contact with the Company. The FCR rate is impacted by factors such as the quality and

effectiveness of the Company's coaching and training programs and the composition of the different call drivers.

The 2022 result was 77 percent which was better than the threshold of 74 percent. The reduction in FCR for 2022 as compared to previous years, as shown in Table 13-4 below, is largely attributable to the increased volume of high bill inquiries. Depending on the nature of the high bill, there may be a need for customers to follow up on their bill, resulting in more than one contact to resolve their concerns. As well, high bill calls can require longer-term payment arrangements which at times may require changes, leading to customers connecting with FBC multiple times for the same reason. The June 2023 year-to-date performance is 78 percent which meets the benchmark.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below.

Table 13-4: Historical First Contact Resolution Levels

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual Results	73%	76%	79%	80%	82%	82%	82%	82%	77%	78%
Benchmark	78%									
Threshold	72%						74%			

13.2.2.2 Billing Index

The Billing Index indicator tracks the effectiveness of the Company's billing system by measuring the percentage of customer bills produced meeting performance criteria. The Billing Index is a composite index with three components:

- Billing completion (percent of accounts billed within two days of the billing due date);
- Billing timeliness (percent of invoices delivered to Canada Post within two days of file creation); and
- Billing accuracy (percent of bills without a production issue based on input data).

The objective is to achieve a score of five or less.

The Billing Index is impacted by factors such as the performance of the Company's billing system, weather variability, which can cause a high volume of billing checks and estimation issues, and mail delivery by Canada Post.

The 2022 result was 0.14 which was better than the benchmark of 3.0. No significant billing issues occurred in 2022. The June 2023 year-to-date result of 2.20 is attributable to a technical issue experienced in February which resulted in a timing delay between the creation of the bills and those bills being sent to the print vendor. This technical issue has been corrected.

The 2022 Billing Index sub-measures calculation is as follows.

Table 13-5: Calculation of 2022 Billing Index

Billing sub-measure	Percent Achieved (PA)	Formula		Result
Billing Accuracy (Percent of bills without a Production Issue, based on input data); Target: 99.9%	100.00%	If (PA≥99.9%,5000*(1 - PA),100*(1.05-PA))	=5000*(1-100%)	0.00
Billing Timeliness (Percent of invoices delivered to Canada Post within 2 days of file creation); Target: 95%	100.00%	(100%-PA)*100	=(100%-100%)*100	0.00
Billing Completion (Percent of accounts billed within 2 days of the billing due date); Target: 95%	99.57%	(100%-PA)*100	=(100%-99.57%)*100	0.43
Billing Service Quality Indicator; Target < 3.0		(Accuracy PA+Timeliness PA+Completion PA)/3	=(0.+0+0.43) /3	0.14

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below.

Table 13-6: Historical Billing Index Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual Results	2.34	0.39	0.57	0.15	0.29	1.96	0.13	0.12	0.14	2.20
Benchmark	5.0						3.0			
Threshold	5.0									

13.2.2.3 Meter Reading Accuracy

This SQI compares the number of meters that are read to those scheduled to be read. Providing accurate and timely meter reads for customers is a key driver for the Company and its customers. The results are calculated as:

$$\frac{\text{Number of scheduled meters read}}{\text{Number of scheduled meters for reading}}$$

The 2022 result was 99 percent, which was better than the benchmark of 98 percent. The June 2023 year-to-date result is 99 percent, which is better than the benchmark.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below.

Table 13-7: Historical Meter Reading Accuracy Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual Results	98%	96%	99%	99%	99%	99%	99%	99%	99%	99%
Benchmark	97%						98%			
Threshold	94%						96%			

13.2.2.4 Telephone Service Factor (Non-Emergency)

The Telephone Service Factor (Non-Emergency) measures the percentage of non-emergency calls that are answered in 30 seconds. It is calculated as:

$$\frac{\text{Number of non-emergency calls answered within 30 seconds}}{\text{Number of non-emergency calls received}}$$

The TSF is a measure of how well the Company can balance costs and service levels with the overall objective to maintain a consistent TSF level. This ensures the Company is staying within appropriate cost levels and maintaining adequate service for its customers. The principal factors influencing the TSF results include volume and type of inbound calls received and the resources available to answer those calls. Staffing is matched to the expected call volume based on historical data in order to reach the service level benchmark desired. Other factors that can influence the TSF are billing system related issues and weather patterns that may generate high numbers of billing related queries and the complexity of the calls.

The 2022 result was 65 percent, which was lower than the threshold. The June 2023 year-to-date performance is 72 percent, which is better than the benchmark.

FBC experienced several challenging circumstances in 2022 that contributed to the year-end performance being below the threshold. These challenges included higher than expected attrition being experienced in the contact centre, compounded by an increased amount of high bill inquiries in the first and fourth quarters. Each of these is described further below.

Customer Service is experiencing higher than expected levels of attrition, having lost approximately 40 percent of its Customer Service Representatives in 2022, compared to 20 percent in 2021.[55] Exits in 2021 occurred during the third and fourth quarters, resulting in fewer and less experienced employees prepared to support call volumes at the start of 2022. Additionally, 2022 exits were spread throughout 2022 with the majority in the first and fourth quarters. To mitigate the impact of this attrition, FBC accelerated the timing of planned new hire

[55] On average, FBC has approximately 20 customer service representatives, and 8 left the organization in 2022 and 4 in 2021. This compares to typical annual attrition in the range of 1-2 customer service representatives from the organization.

classes as well as the size of new hire classes in 2021, 2022 and 2023. While some success was achieved, FBC continued to face challenges recruiting and retaining newly hired contact centre employees in 2022. In addition, it takes approximately 12 months for new employees to be proficient and fully trained to support all customer inquiries and calls, and as such, average call handle times remain higher than normal while a greater portion of employees gain this experience.

High bill inquiries are expected in the first quarter of the year and planned for with staffing levels and schedules adjusted, new hire classes timed accordingly, and refresher training offered to those employees who may need it. However, the colder temperatures resulted in a volume of high bill inquiries that was greater than anticipated and lasted longer than typical. This particular call type is often longer in duration and may also result in follow-up work and investigation. Compounded by attrition, there were fewer and less experienced employees prepared to support these types of calls, resulting in overall longer average wait times and a lower percentage of calls answered within 30 seconds or less.

The additional hiring and training classes in 2023 have proven to be successful, with year-to-date performance better than the benchmark. Additionally, the customer service index has remained high throughout 2022 and 2023 year-to-date, indicating that the focus on first contact resolution continues to result in an overall high quality of service being experienced by customers.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below. As discussed in the Annual Review for 2015 Rates, the 2014 result was negatively impacted by events such as the first verified meter readings occurring after the IBEW labour disruption ended in December 2013, introduction of the Residential Conservation Rate, and the integration of the City of Kelowna customers.

Table 13-8: Historical TSF (Non-Emergency) Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual Results	48%	71%	70%	70%	72%	70%	70%	70%	65%	72%
Benchmark	70%									
Threshold	68%									

13.2.2.5 Customer Satisfaction Index

The Customer Satisfaction Index (CSI) is an informational indicator that measures overall customer satisfaction with the Company. The index reflects customer feedback about important service touch points including the contact centre, perceived accuracy of meter reading, energy conservation information and field services. The index includes feedback from both residential and commercial customers. The survey is conducted quarterly, and results are presented as a score out of 10.

The CSI survey investigates service quality as well as customer attitudes that are often influenced by factors outside the Company's control. Important examples include storm-related unplanned outages and media coverage.

The annual CSI score for 2022 was 8.4, consistent with 2021. There were no statistically significant shifts from 2021 to 2022 in the five measures that make up the overall customer satisfaction score. The score for the accuracy of meter reading metric increased from 8.2 in 2021 to 8.3 in 2022. The score for the satisfaction with energy conservation information metric decreased from 7.5 in 2021 to 7.4 in 2022. In addition, the scores for overall satisfaction, satisfaction with the contact centre and field services metrics remained static at 8.4, 8.4, and 9.0 in 2022, respectively.

The score for 2023 year-to-date is 8.5, slightly higher than the annual score recorded for 2022. Of the five measures that make up the overall customer satisfaction score, the results for June 2023 year-to-date were higher in three areas and static in two when compared to the annual 2022 scores. The scores for the satisfaction with energy conservation, contact centre, and field services metrics increased from 7.4 to 7.5, 8.4 to 8.5, and 9.0 to 9.2, respectively. The scores for the overall satisfaction and satisfaction with the accuracy of meter reading metrics remained static at 8.4 and 8.3, respectively, from results achieved in 2022. None of these changes are statistically significant.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below.

Table 13-9: Historical Customer Satisfaction Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual Results	8.1	8.1	8.2	8.2	8.3	8.5	8.5	8.4	8.4	8.5
Benchmark	n/a									
Threshold	n/a									

13.2.2.6 Average Speed of Answer

The Average Speed of Answer (ASA) is an informational indicator that measures the amount of time it takes for a customer service representative to answer a customer's call (seconds).

The 2022 result was 98 seconds, and the June 2023 year-to-date performance is 60 seconds.

2022 performance reflects the challenging circumstances described above for the Telephone Service Factor (Non-Emergency). Recovery of the ASA commenced in March 2023 with monthly ASA performance returning to typical levels of approximately 1 minute. This is expected to continue through the remainder of the year.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below.[56]

Table 13-10: Average Speed of Answer

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual Results	226	49	48	49	49	49	71	65	98	60
Benchmark	n/a									
Threshold	n/a									

13.2.3 Reliability Service Quality Indicators

FBC measures transmission and distribution system reliability according to the Institute of Electrical and Electronics Engineers (IEEE) method of normalizing reliability statistics by excluding "major events". Major events are identified as those that cause outages exceeding a threshold number of customer-hours. Threshold values are calculated by applying a statistical method called the "2.5 Beta" adjustment to historical reliability data. Any single outage event that exceeds the threshold value is excluded from the reliability data. Excluding major events allows them to be studied separately and reveals trends in daily operations that would be hidden or skewed if they were included in the data set. Major event days in the FBC service territory have been caused by mudslides, wind or snow storms, and wildfires.

Reported outages included in these measures are of one minute or longer in duration, which is consistent with the Canadian Electricity Association (CEA) standard for reporting.

13.2.3.1 System Average Interruption Duration Index (SAIDI) – Normalized

SAIDI is the amount of time the average customer's power is off during the year (i.e., the total amount of time the average customer's clock would lose during a year), after adjusting for the impact of major events as described above, and is calculated as follows:

$$\frac{\text{Total Customer Hours of Interruption}}{\text{Total Number of Customers Served}}$$

Customer Hours of Interruption related to a power outage are calculated by multiplying the number of customers affected by the outage by the duration of the outage.

For the purpose of this SQI, the measurement of performance is based on the annual results.

The 2022 result was 2.42 which was better than the benchmark of 3.22. The June 2023 year-to-date performance is 3.21 which is better than the benchmark. The 2022 results improved

[56] ASA in 2014 is higher than other years due to the impact of the six months of job action that took place in Q3 and Q4 of 2013. This job action resulted in a higher number of bill estimates, which led to a higher volume of customer inquiries in 2014 as bill adjustments were made reflecting actual meter reads.

compared to 2021 due to the absence of multiple external factors (i.e., fires, storms, collapse of crane incident in Kelowna in 2021)[57] which negatively impacted the 2021 SAIDI results.

There were no Major Event Days that met the threshold for normalization in 2022, and one Major Event Day in 2023 year-to-date. On May 21, 2023, a windstorm impacted the Kootenay region (centered in Salmo) resulting in outages to over 13,500 customers for a total of just under 46,200 customer hours lost.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below. From 2014 to 2019, the benchmark and the threshold reflect the values established under the PBR Plan using three-year rolling average results. Starting in 2020, the benchmark and threshold reflect the values approved by the BCUC for the MRP term.[58]

Table 13-11: Historical SAIDI Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual normalized results	2.32	2.13	2.10	4.05	3.15	2.45	3.17	4.27	2.42	3.21
Benchmark	2.22						3.22			
Threshold	2.62						4.52			

13.2.3.2 System Average Interruption Frequency Index (SAIFI) – Normalized

SAIFI is the average number of interruptions per customer served per year (i.e., the number of times the average customer would have to reset their clock during the year), after adjusting for the impact of major events as described above, and is calculated as follows:

$$\frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

The Number of Customer Interruptions related to a power outage is the number of customers affected by the outage.

For the purpose of this SQI, the measurement of performance is based on the annual results.

The 2022 result was 1.52 which was better than the benchmark, and the June 2023 year-to-date performance is 1.48 which is also better than the benchmark. The 2022 SAIFI results improved compared to 2021 due to the absence of the same multiple external factors (i.e., fires, storms and collapse of crane incident in Kelowna in 2021) discussed in the SAIDI section above.

[57] Refer to the FBC Annual Review for 2023 Rates, pages 140-141 for further details.
[58] The benchmark and threshold for SAIDI were approved in the FBC Annual Review for 2020 and 2021 Rates Decision and Order G-42-21.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below. From 2014 to 2019, the benchmark and the threshold reflect the values established under the PBR Plan using three-year rolling average results. Starting in 2020, the benchmark and threshold reflect the values approved by the BCUC for the MRP term.[59]

Table 13-12: Historical SAIFI Results

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Annual normalized results	1.64	1.56	1.34	1.78	1.73	1.21	1.64	2.08	1.52	1.48
Benchmark	1.64						1.57			
Threshold	2.50						2.19			

13.2.3.3 Generator Forced Outage Rate

Generator Forced Outage Rate (GFOR), an informational indicator, is a measure of the percentage of time in one year that the generating units experienced forced outages compared to the amount of time they could have operated without a forced outage. A forced outage means the removal of a generating unit from service due to the occurrence of a component failure or other event, making it unavailable to produce power due to the unexpected breakdown. The GFOR is defined by the CEA as follows:

$$\frac{\text{Total Forced Outage Time}}{\text{Total Forced Outage Time + Total Operating Time}} \text{ X } 100$$

The 2022 result for GFOR was 0.50 percent. The June 2023 year-to-date performance is 0.65 percent.

For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below.

Table 13-13: Historical Generator Forced Outages

	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
FBC	1.7%	0.1%	0.8%	0.6%	0.4%	0.1%	1.3%	0.2%	0.5%	0.65%
CEA	6.3%	6.2%	6.2%	6.2%	6.7%	4.9%	4.6%	5.0%	TBD	

[59] The benchmark and threshold for SAIFI were approved in the FBC Annual Review for 2020 and 2021 Rates Decision and Order G-42-21.

13.2.3.4 Interconnection Utilization

Interconnection Utilization, an informational indicator, is a measurement of the time that an interconnection point was available and providing electrical service to the municipal wholesale customers (City of Penticton, City of Summerland, City of Grand Forks and City of Nelson). There are 12 points of interconnection combined between the four customers.

The Interconnection Utilization metric for the interconnection points listed is calculated as follows:

$$\frac{\text{Total Operating Hours}}{\text{Total Operating Hours + Total Outage Time}}$$

The 2022 result of 99.94 percent and June 2023 year-to-date result of 99.98 percent are generally consistent with prior years' results. There were no notable major events in 2022 that impacted the interconnection utilization performance. For comparison, the Company's results under the 2014 to 2019 PBR Plan, the 2020, 2021 and 2022 results and the June 2023 year-to-date results are provided below.

Table 13-14: Interconnection Utilization

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	June 2023 YTD
Interconnection Utilization	99.99%	99.94%	99.99%	99.95%	99.96%	99.98%	99.89%	99.90%	99.94%	99.98%
Benchmark	n/a									
Threshold	n/a									

13.3 SUMMARY

In summary, FBC's 2022 and June 2023 year-to-date SQI results indicate that the Company's overall performance is representative of a high level of service quality. In 2022, for the eight SQIs with benchmarks, six met or were better than the benchmark with one, First Contact Resolution, better than the threshold and the Telephone Service Factor (Non-Emergency) lower than the threshold. For the four SQIs that are informational only, with the exception of the Average Speed of Answer results being higher, performance in 2022 for the other three informational metrics generally remains at a level consistent with prior years.

Appendix A
LOAD FORECAST SUPPLEMENTARY INFORMATION

Table A1-1: Consumer Price Index (CPI)

Reference period	
	2002=100
July 2021	136.7
August 2021	137.0
September 2021	137.2
October 2021	137.9
November 2021	138.1
December 2021	138.0
January 2022	139.4
February 2022	140.4
March 2022	143.0
April 2022	144.2
May 2022	146.1
June 2022	146.5
July 2022	147.6
August 2022	147.0
September 2022	147.8
October 2022	148.6
November 2022	148.1
December 2022	147.1
January 2023	148.1
February 2023	149.1
March 2023	149.7
April 2023	150.4
May 2023	151.0
June 2023	151.6

Table A1-2: Average Weekly Earnings (AWE)

Reference period	
	Dollars
July 2021	1,143.76[B]
August 2021	1,143.96[B]
September 2021	1,142.37[B]
October 2021	1,140.94[B]
November 2021	1,129.51[B]
December 2021	1,132.93[B]
January 2022	1,155.32[B]
February 2022	1,153.57[B]
March 2022	1,161.00[B]
April 2022	1,164.51[B]
May 2022	1,159.89[B]
June 2022	1,167.14[B]
July 2022	1,162.26[B]
August 2022	1,171.52[B]
September 2022	1,171.94[B]
October 2022	1,174.29[B]
November 2022	1,176.97[B]
December 2022	1,153.31[B]
January 2023	1,180.04[B]
February 2023	1,175.83[B]
March 2023	1,191.20[B]
April 2023	1,199.14[B]

Table A1-3: British Columbia Three-Year Outlook 2023

Key Economic Indicators: British Columbia, 2022–25																
(forecast completed February 6, 2023)																
	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2022	2023	2024	2025
GDP at market prices ($ millions)	391,736	395,415	399,177	403,736	406,355	410,776	415,451	420,228	424,501	428,452	432,006	435,380	387,452	397,516	413,202	430,085
	0.8	*0.9*	*1.0*	*1.1*	*0.6*	*1.1*	*1.1*	*1.1*	*1.0*	*0.9*	*0.8*	*0.8*	*10.5*	*2.6*	*3.9*	*4.1*
GDP at market prices (2012 $ millions)	288,445	288,783	289,747	291,630	293,450	295,974	298,578	301,260	303,505	305,509	307,230	308,858	288,561	289,651	297,315	306,276
	-0.4	*0.1*	*0.3*	*0.6*	*0.6*	*0.9*	*0.9*	*0.9*	*0.7*	*0.7*	*0.6*	*0.5*	*2.3*	*0.4*	*2.6*	*3.0*
GDP at basic prices (2012 $ millions)	268,952	269,263	270,150	271,927	273,661	276,038	278,453	280,981	283,105	284,983	286,596	288,138	268,886	270,073	277,283	285,705
	-0.4	*0.1*	*0.3*	*0.7*	*0.6*	*0.9*	*0.9*	*0.9*	*0.8*	*0.7*	*0.6*	*0.5*	*2.4*	*0.4*	*2.7*	*3.0*
Consumer price index (2002 = 1.000)	1.494	1.511	1.518	1.525	1.537	1.547	1.553	1.559	1.567	1.578	1.584	1.590	1.455	1.512	1.549	1.580
	1.0	*1.1*	*0.5*	*0.5*	*0.8*	*0.6*	*0.4*	*0.4*	*0.6*	*0.7*	*0.4*	*0.4*	*6.9*	*3.9*	*2.4*	*2.0*
Implicit price deflator—GDP at market prices	1.358	1.369	1.378	1.384	1.385	1.388	1.391	1.395	1.399	1.402	1.406	1.410	1.343	1.372	1.390	1.404
(2012 = 1.000)	*1.1*	*0.8*	*0.6*	*0.5*	*0.0*	*0.2*	*0.3*	*0.2*	*0.3*	*0.3*	*0.3*	*0.2*	*8.1*	*2.2*	*1.3*	*1.0*
Wages and salary per employee ($ 000s)	62.6	63.0	63.4	63.9	64.3	64.7	65.2	65.5	65.8	66.2	66.6	66.9	61.3	63.2	64.9	66.4
	1.4	*0.6*	*0.6*	*0.8*	*0.7*	*0.6*	*0.6*	*0.6*	*0.4*	*0.6*	*0.6*	*0.6*	*7.5*	*3.2*	*2.7*	*2.2*
Primary household income ($ millions)	271,333	273,731	277,762	281,397	284,854	288,183	291,553	294,696	297,304	300,218	303,091	306,018	263,680	276,056	289,821	301,658
	1.0	*0.9*	*1.5*	*1.3*	*1.2*	*1.2*	*1.2*	*1.1*	*0.9*	*1.0*	*1.0*	*1.0*	*9.3*	*4.7*	*5.0*	*4.1*
Household disposable income ($ millions)	238,251	238,085	241,327	244,400	246,131	248,862	251,726	254,524	256,290	258,790	261,242	263,730	230,486	240,516	250,311	260,013
	0.8	*-0.1*	*1.4*	*1.3*	*0.7*	*1.1*	*1.2*	*1.1*	*0.7*	*1.0*	*0.9*	*1.0*	*6.4*	*4.4*	*4.1*	*3.9*
Household net savings rate (per cent)	6.5	5.4	5.4	5.3	5.0	4.9	4.8	4.8	4.7	4.6	4.7	4.7	5.1	5.6	4.9	4.7
Population (000s)	5,395	5,422	5,447	5,472	5,496	5,519	5,542	5,564	5,586	5,608	5,631	5,652	5,303	5,434	5,530	5,619
	0.5	*0.5*	*0.5*	*0.5*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*2.1*	*2.5*	*1.8*	*1.6*
Employment (000s)	2,767	2,766	2,781	2,794	2,804	2,816	2,827	2,837	2,847	2,857	2,866	2,875	2,748	2,777	2,821	2,861
	0.3	*0.0*	*0.6*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.3*	*0.3*	*0.3*	*0.3*	*3.1*	*1.0*	*1.6*	*1.4*
Labour force (000s)	2,910	2,916	2,929	2,939	2,949	2,959	2,969	2,979	2,989	2,999	3,008	3,017	2,880	2,923	2,964	3,003
	0.9	*0.2*	*0.4*	*0.4*	*0.3*	*0.3*	*0.4*	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*	*1.0*	*1.5*	*1.4*	*1.3*
Labour force participation rate (per cent)	64.3	64.1	64.1	64.0	64.0	63.9	63.9	63.8	63.8	63.7	63.7	63.6	64.9	64.1	63.9	63.7
Unemployment rate (per cent)	4.9	5.1	5.0	4.9	4.9	4.8	4.8	4.8	4.8	4.7	4.7	4.7	4.6	5.0	4.8	4.7
Retail sales ($ millions)	100,889	101,567	102,870	104,222	105,539	106,986	108,360	109,565	110,577	111,794	112,829	113,854	101,049	102,387	107,613	112,263
	0.0	*0.7*	*1.3*	*1.3*	*1.3*	*1.4*	*1.3*	*1.1*	*0.9*	*1.1*	*0.9*	*0.9*	*2.5*	*1.3*	*5.1*	*4.3*
Housing starts (units, 000s)	39,451	38,118	38,500	40,000	42,000	43,584	43,850	43,838	43,692	43,528	43,340	43,127	46,721	39,017	43,318	43,422
	-23.3	*-3.4*	*1.0*	*3.9*	*5.0*	*3.8*	*0.6*	*0.0*	*-0.3*	*-0.4*	*-0.4*	*-0.5*	*-1.9*	*-16.5*	*11.0*	*0.2*
Net interprovincial migration (000s)	15.2	17.7	16.3	16.8	17.0	17.3	17.5	17.8	18.0	18.3	18.5	18.8	12	16.5	17.4	18.4
Net international migration (000s)	89.7	85.5	81.8	78.9	76.5	74.6	73.1	72.0	72.3	71.6	71.0	70.5	118.4	84.0	74.1	71.3
Shaded area represents forecast data, *italics indicate percentage change* .																
All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.																
For each indicator, the first line is the level and the second line is the percentage change from the previous period.																
Sources: The Conference Board of Canada; Statistics Canada; CMHC Housing Time Series Database.																

Note: Table above is from the Conference Board of Canada, British Columbia Three-Year Outlook, March 31, 2023.

Appendix A2

Load Forecast Tables

Table of Contents

1. INTRODUCTION

This appendix provides the historical and forecast load data used in Section 3 of the Application. The tables in Section 2 of this appendix show 10 years of historical data and the before-savings and after-savings forecast for 2023S and 2024F. Section 3 shows the customer forecast data while Section 4 presents the residential UPC data. The tables in Section 5 show the load forecast. Table 5.3 shows the DSM that was deducted from the before-savings forecast to provide the after-savings forecast for 2024F. Tables 6.1 and 6.2 show the variance of the customer accounts and forecasts from 2017 to 2022 when compared to the actuals. Table 6.3 shows the annual growth of customer and load that FBC has experienced since 2017. Tables 6.4 and 6.5 show the Residential UPC and Winter peak variances from forecast from 2020 to 2022. Finally, Table 6.6 shows the system load factor from the years 2017 to 2022 and the forecast load factor for 2023S and 2024F.

The tables in this appendix reflect the acquisition by FBC of the assets and customers of the City of Kelowna electric utility effective March 31, 2013. The acquisition resulted in an increase in direct customers to FBC and a re-distribution of load from wholesale to other rate classes in 2013 and 2014.

2. MONTHLY LOAD FORECAST

Forecast loads are shown:

- before-savings – the load before DSM and includes Normalized loads to December 2022.
- after-savings – the load after DSM and includes Normalized loads to December 2022.

2.1 GROSS LOAD (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historic Loads													
2013	372,939	327,919	300,296	255,888	249,987	235,093	291,183	274,786	241,239	266,317	303,923	380,406	3,499,975
2014	363,245	306,420	303,949	253,146	241,945	242,396	285,626	270,799	229,532	256,624	301,612	380,684	3,435,977
2015	364,636	317,325	299,476	250,366	249,815	247,921	287,307	276,774	233,611	256,959	300,534	361,093	3,445,816
2016	362,417	311,090	292,322	268,567	248,286	243,400	287,329	280,865	234,850	266,011	328,783	352,683	3,476,603
2017	364,284	298,155	307,568	263,749	249,610	251,126	300,242	289,240	246,675	265,495	324,809	356,765	3,517,718
2018	373,759	312,050	306,251	264,157	273,363	256,750	308,108	296,176	231,268	262,444	302,321	372,719	3,559,367
2019	371,601	294,208	316,259	261,193	267,746	257,893	295,882	292,659	260,751	291,966	314,389	370,267	3,594,813
2020	380,978	331,422	304,284	246,809	239,849	247,702	308,135	302,775	260,553	282,819	332,127	373,313	3,610,765
2021	379,923	340,308	320,380	275,424	255,599	264,059	313,426	294,626	255,445	284,819	333,861	374,965	3,692,835
2022	395,393	344,739	328,117	275,896	259,774	274,145	317,727	309,709	265,171	280,605	337,000	396,554	3,784,830
Before-Savings													
2023S	393,099	343,506	322,822	275,878	267,544	279,101	319,086	308,550	269,588	290,246	343,143	391,122	3,803,684
2024F	395,405	345,601	324,885	277,934	269,596	281,241	321,367	310,778	271,994	292,344	345,298	393,394	3,829,838
After-Savings													
2023S	390,501	340,929	320,309	273,448	265,202	276,815	316,824	306,260	267,245	287,810	340,630	388,565	3,774,539
2024F	390,223	340,479	319,905	273,132	264,983	276,752	316,937	306,307	267,435	287,618	340,441	388,467	3,772,679

2.2 NET LOAD (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historic Loads													
2013	337,728	297,641	276,667	237,842	233,199	219,696	268,867	254,751	225,078	247,419	279,078	343,897	3,221,865
2014	329,517	279,546	279,656	235,365	226,070	226,002	263,980	251,199	214,732	238,897	276,987	343,940	3,165,892
2015	330,474	288,500	275,700	232,842	232,855	230,716	265,292	256,237	218,219	239,080	275,925	327,535	3,173,373
2016	328,972	283,576	269,823	248,799	231,696	226,952	265,539	259,978	219,469	247,136	300,036	320,866	3,202,843
2017	330,163	272,433	282,574	244,425	232,665	233,492	276,339	266,935	229,621	246,479	296,394	323,921	3,235,440
2018	338,459	284,446	281,783	245,037	253,552	238,619	283,364	273,179	216,362	244,085	277,755	337,598	3,274,238
2019	336,960	269,648	290,510	242,633	248,852	239,769	273,123	270,359	242,250	269,764	288,203	335,853	3,307,924
2020	345,128	301,193	280,588	230,312	224,658	231,093	283,880	279,297	242,295	262,137	303,482	338,771	3,322,834
2021	344,200	308,531	294,270	255,141	238,455	245,309	288,355	272,273	237,823	263,831	304,896	340,091	3,393,175
2022	356,904	312,144	300,781	255,512	242,069	254,001	291,969	285,142	246,240	260,155	307,481	357,859	3,470,257
Before-Savings													
2023S	356,862	312,701	297,618	256,528	249,790	259,327	294,420	285,377	251,055	269,568	314,129	355,218	3,502,592
2024F	358,989	314,632	299,533	258,433	251,695	261,304	296,522	287,433	253,266	271,513	316,120	357,317	3,526,758
After-Savings													
2023S	354,461	310,320	295,296	254,283	247,626	257,215	292,330	283,261	248,891	267,317	311,807	352,855	3,475,662
2024F	354,202	309,899	294,931	253,996	247,433	257,156	292,429	283,302	249,053	267,146	311,631	352,765	3,473,943

2.3 RESIDENTIAL (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Normalized Actuals													
2013	145,263	115,730	114,637	112,100	90,869	85,319	120,666	100,397	73,591	97,867	124,661	171,845	1,352,945
2014	147,191	120,724	129,852	84,813	80,792	77,673	105,443	102,753	73,260	95,314	119,531	159,107	1,296,452
2015	150,230	122,084	120,304	91,957	76,652	84,441	110,145	97,235	73,384	99,324	125,839	146,556	1,298,150
2016	147,429	121,286	113,080	99,963	91,648	85,702	101,212	96,335	77,431	96,417	129,741	135,335	1,295,580
2017	145,663	112,986	118,857	102,166	94,155	86,021	106,392	95,082	82,012	96,745	129,829	150,584	1,320,492
2018	154,740	121,081	119,975	97,261	100,276	86,146	109,349	100,153	70,342	89,942	112,695	150,638	1,312,598
2019	147,714	98,552	116,377	90,039	91,727	81,739	100,157	94,674	87,612	98,618	112,609	146,320	1,266,137
2020	150,634	126,164	117,219	93,211	89,289	91,128	111,958	103,644	86,533	100,913	126,958	149,181	1,346,832
2021	151,923	132,351	117,698	95,324	88,510	89,335	114,977	114,763	58,293	98,449	123,064	145,645	1,330,331
2022	150,247	130,107	119,338	92,786	83,362	90,463	111,776	99,512	80,706	95,008	120,814	146,242	1,320,362
Before-Savings													
2023S	148,630	127,563	116,282	92,342	85,724	88,930	111,180	104,355	74,030	96,625	121,724	144,778	1,312,162
2024F	148,154	127,155	115,910	92,046	85,450	88,645	110,824	104,021	73,793	96,316	121,335	144,314	1,307,962
After-Savings													
2023S	148,150	127,096	115,852	91,964	85,397	88,640	110,904	104,066	73,703	96,247	121,295	144,311	1,307,625
2024F	147,193	126,221	115,051	91,290	84,797	88,068	110,274	103,444	73,140	95,560	120,475	143,379	1,298,891

2.4 COMMERCIAL (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2013	65,750	60,623	56,214	57,036	69,494	61,665	67,834	73,941	72,704	67,185	66,229	69,533	788,208
2014	80,354	73,607	69,309	70,566	73,342	72,255	76,262	75,406	66,710	60,531	66,112	81,292	865,746
2015	80,156	72,259	68,665	64,591	71,392	74,678	72,149	71,980	68,558	62,811	67,227	78,701	853,168
2016	81,888	75,253	71,663	71,537	69,950	67,264	75,224	78,198	68,802	70,075	79,061	92,524	901,438
2017	87,580	76,292	77,390	69,008	70,517	72,425	82,456	81,640	72,344	73,698	77,035	80,003	920,385
2018	85,824	76,573	78,401	70,827	73,372	72,287	81,199	81,422	70,961	73,116	75,837	82,157	921,978
2019	85,718	80,999	80,956	69,682	72,347	72,907	78,731	80,774	73,021	75,361	78,350	85,041	933,887
2020	87,508	79,773	76,660	64,284	65,222	67,351	78,479	81,698	74,157	76,661	80,042	85,339	917,174
2021	87,315	79,792	80,058	71,855	73,925	80,219	85,512	69,286	96,034	76,263	80,232	90,890	971,380
2022	93,663	80,863	81,664	72,557	71,986	71,849	84,690	88,145	74,835	75,357	80,089	93,445	969,143
Before-Savings													
2023S	91,951	82,346	81,646	71,485	72,319	75,155	85,172	81,902	83,920	78,188	82,324	92,357	978,766
2024F	93,611	83,835	83,122	72,779	73,628	76,515	86,710	83,382	85,437	79,602	83,812	94,025	996,458
After-Savings													
2023S	90,995	81,393	80,699	70,545	71,387	74,230	84,248	80,976	82,989	77,249	81,377	91,404	967,494
2024F	91,705	81,937	81,239	70,914	71,779	74,679	84,880	81,551	83,599	77,757	81,960	92,169	974,168

2.5 WHOLESALE (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Normalized Actuals													
2013	103,661	88,423	80,309	42,225	37,653	34,630	44,414	42,889	38,531	44,175	51,637	66,656	675,204
2014	64,115	50,647	51,900	41,917	35,985	34,959	43,081	42,482	38,972	41,116	53,678	68,270	567,123
2015	65,841	58,564	51,584	41,088	41,147	36,029	45,222	43,897	37,441	42,668	51,945	65,059	580,485
2016	64,687	55,006	49,218	43,812	36,262	35,106	48,506	43,480	37,096	43,408	59,685	58,167	574,434
2017	61,637	51,026	51,573	40,753	35,692	35,965	47,044	49,971	39,411	42,639	56,771	61,621	574,101
2018	65,721	51,837	50,293	43,769	41,467	33,766	45,024	47,275	36,478	47,576	54,103	67,407	584,715
2019	61,944	48,097	50,091	42,390	39,513	36,881	47,393	44,924	37,351	44,052	49,804	63,534	565,972
2020	64,233	56,219	48,768	39,333	33,066	35,088	44,642	44,913	39,548	45,075	55,660	62,943	569,488
2021	63,822	56,888	51,016	42,771	35,118	32,874	43,009	44,315	36,150	44,201	57,331	58,330	565,827
2022	64,786	56,887	52,353	41,723	35,185	36,472	44,017	44,848	38,048	41,846	54,139	65,162	575,466
Before-Savings													
2023S	67,256	57,713	51,399	42,651	38,415	37,652	45,051	46,169	40,005	46,783	57,049	64,421	594,563
2024F	67,539	57,947	51,611	42,840	38,640	37,900	45,329	46,428	40,224	47,006	57,281	64,693	597,438
After-Savings													
2023S	66,907	57,368	51,064	42,331	38,109	37,357	44,759	45,873	39,699	46,463	56,714	64,076	590,719
2024F	66,842	57,258	50,944	42,202	38,032	37,313	44,750	45,843	39,618	46,374	56,622	64,014	589,812

2.6 INDUSTRIAL (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2013	19,966	30,774	23,744	24,489	31,517	33,006	29,815	29,726	31,598	32,105	32,500	33,084	352,325
2014	35,943	32,746	26,411	34,532	30,112	32,770	29,719	22,362	30,032	38,104	35,138	33,043	380,912
2015	32,138	33,574	32,797	31,186	36,574	26,261	27,971	34,078	32,395	29,853	27,852	34,997	379,676
2016	32,901	29,835	33,180	28,953	27,588	31,785	31,632	32,805	30,120	33,350	28,559	32,687	373,396
2017	33,109	30,227	32,593	30,117	27,928	31,621	29,477	29,518	28,665	28,831	30,770	29,734	362,590
2018	30,089	33,113	31,062	30,455	32,718	39,030	38,264	35,307	33,245	30,034	33,591	35,836	402,744
2019	40,014	40,563	41,563	37,886	39,198	40,876	38,967	41,784	39,929	49,045	45,695	39,390	494,911
2020	41,115	37,485	36,324	30,596	32,632	32,899	39,933	39,350	35,590	36,265	39,250	39,794	441,233
2021	39,629	38,120	44,021	42,125	34,088	34,473	33,956	35,536	42,333	41,558	42,792	43,684	472,315
2022	46,629	42,908	45,937	46,285	47,294	50,460	43,070	43,215	46,443	44,094	50,708	51,418	558,461
Before-Savings													
2023S	47,521	43,708	46,835	47,439	48,308	51,817	43,854	44,015	47,362	44,605	51,508	52,182	569,155
2024F	48,181	44,325	47,433	48,156	48,954	52,472	44,495	44,665	48,074	45,222	52,168	52,806	576,954
After-Savings													
2023S	46,915	43,102	46,233	46,841	47,721	51,233	43,279	43,436	46,785	44,009	50,910	51,595	562,059
2024F	46,977	43,131	46,259	46,998	47,826	51,360	43,409	43,582	47,004	44,123	51,075	51,743	563,488

2.7 LIGHTING (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2013	1,532	863	1,003	1,112	1,186	1,101	1,151	1,069	1,135	1,132	1,080	1,114	13,479
2014	1,282	1,273	1,251	1,310	1,327	1,331	1,329	1,374	1,257	1,255	1,260	1,382	15,633
2015	1,319	1,339	1,261	1,321	1,372	1,382	1,299	1,347	1,248	1,349	1,295	1,359	15,891
2016	1,245	1,363	1,341	1,362	1,361	1,347	1,404	1,381	1,294	1,191	1,251	1,388	15,930
2017	1,394	1,233	1,390	1,286	1,339	1,301	1,383	1,382	1,289	1,335	1,270	1,330	15,932
2018	1,385	1,178	1,291	1,307	1,198	1,118	1,068	998	988	952	848	894	13,225
2019	907	808	873	943	965	937	917	949	955	947	909	928	11,039
2020	929	892	955	900	914	874	932	949	878	907	863	852	10,846
2021	838	774	836	795	858	787	802	805	770	851	776	791	9,682
2022	820	724	772	760	790	729	784	762	767	800	766	788	9,262
Before-Savings													
2023S	804	743	797	763	796	743	783	782	751	796	748	756	9,262
2024F	804	743	797	763	796	743	783	782	751	796	748	756	9,262
After-Savings													
2023S	796	735	789	756	790	737	776	775	744	788	740	748	9,173
2024F	787	727	781	749	783	730	770	769	737	781	732	739	9,084

2.8 IRRIGATION (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2013	1,557	1,228	759	880	2,480	3,974	4,986	6,729	7,519	4,955	2,970	1,666	39,704
2014	633	549	932	2,227	4,512	7,013	8,146	6,822	4,501	2,578	1,267	847	40,025
2015	790	680	1,089	2,698	5,718	7,925	8,506	7,700	5,192	3,074	1,768	863	46,003
2016	822	834	1,341	3,172	4,888	5,748	7,561	7,778	4,724	2,694	1,739	765	42,065
2017	780	670	772	1,096	3,035	6,160	9,587	9,343	5,898	3,231	719	649	41,939
2018	700	662	761	1,419	4,521	6,271	8,461	8,024	4,348	2,465	681	666	38,979
2019	663	630	650	1,694	5,103	6,429	6,958	7,254	3,381	1,741	835	640	35,978
2020	708	660	662	1,987	3,535	3,752	7,936	8,743	5,588	2,317	709	662	37,260
2021	674	606	641	2,272	5,957	7,621	10,099	7,568	4,242	2,508	701	751	43,640
2022	760	655	718	1,400	3,452	4,028	7,631	8,660	5,441	3,049	965	804	37,563
Before-Savings													
2023S	699	628	660	1,848	4,227	5,029	8,381	8,154	4,987	2,571	776	724	38,684
2024F	699	628	660	1,848	4,227	5,029	8,381	8,154	4,987	2,571	776	724	38,684
After-Savings													
2023S	698	627	659	1,846	4,222	5,018	8,364	8,134	4,970	2,561	771	722	38,592
2024F	698	626	657	1,844	4,217	5,007	8,346	8,113	4,954	2,552	767	720	38,500

2.9 *SYSTEM PEAK (MW)*

System Peak (MW)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Winter	Summer
Historical Normalized Actuals														
2013	720	631	549	493	515	442	600	565	523	502	598	698	698	600
2014	651	580	562	469	403	482	620	605	412	467	572	645	693	620
2015	693	679	568	488	501	523	611	587	437	514	669	631	685	611
2016	685	683	569	540	490	582	587	593	443	480	613	724	755	593
2017	755	673	595	510	597	505	600	605	561	515	594	648	714	605
2018	714	648	583	516	602	533	630	631	429	459	609	659	682	631
2019	678	682	651	514	568	502	626	639	538	562	622	701	732	639
2020	732	680	609	500	482	515	666	665	551	549	631	667	731	666
2021	711	731	555	495	488	653	597	635	486	509	628	675	685	653
2022	685	676	572	490	432	615	681	689	629	480	673	734	734	689
Before-Savings														
2023S	723	701	615	519	494	607	682	676	527	537	655	742	788	700
2024F	728	705	619	522	497	611	687	681	531	541	660	747	793	705
After-Savings														
2023S	719	696	611	515	490	603	678	672	523	533	651	738	783	696
2024F	720	696	611	514	490	603	679	673	523	533	652	739	785	697

Note: The peaks shown in the table above are seasonal peaks. The seasonal winter peak is based on November and December of the current year and January and February of the following year. The seasonal summer peak is based on June, July and August of the current year and includes the June 2021 Heat Dome.

3. CUSTOMER FORECAST

3.1 CUSTOMERS

Customer Count	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	111,862	113,431	114,166	115,772	117,748	120,291	122,465	124,966	126,678	129,131	131,323	133,291
Commercial	13,662	14,363	14,976	15,073	15,398	15,678	15,956	16,165	16,594	16,773	16,930	17,290
Wholesale	6	6	6	6	6	6	6	6	6	6	6	6
Industrial	47	49	50	50	50	52	51	43	42	42	42	42
Lighting	1,644	1,620	1,590	1,559	1,511	1,482	1,467	1,443	1,407	1,380	1,357	1,330
Irrigation	1,097	1,103	1,095	1,090	1,080	1,078	1,082	1,091	1,103	1,103	1,103	1,103
Total Direct	128,318	130,572	131,883	133,550	135,793	138,587	141,027	143,714	145,830	148,435	150,761	153,063

3.2 CUSTOMER ADDITIONS

Customer Additions	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	(433)	1,569	735	1,606	1,976	2,543	2,174	2,501	1,712	2,453	2,192	1,969
Commercial	489	701	613	97	325	280	278	209	429	179	157	360
Wholesale	(1)	-	-	-	-	-	-	-	-	-	-	-
Industrial	(4)	2	1	-	-	2	(1)	(8)	(1)	-	-	-
Lighting	(95)	(24)	(30)	(31)	(48)	(29)	(15)	(24)	(36)	(27)	(23)	(26)
Irrigation	6	6	(8)	(5)	(10)	(2)	4	9	12	-	-	-
Total Direct	(38)	2,254	1,311	1,667	2,243	2,794	2,440	2,687	2,116	2,605	2,326	2,302

4. NORMALIZED AFTER-SAVINGS USE PER CUSTOMER (UPC)

MWh/Customer	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	12.48	11.51	11.41	11.27	11.31	11.03	10.43	10.89	10.57	10.32	10.04	9.82

5. LOAD

5.1 AFTER-SAVINGS LOAD

Energy (GWh)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	1,352.9	1,296.5	1,298.1	1,295.6	1,320.5	1,312.6	1,266.1	1,346.8	1,330.3	1,320.4	1,307.6	1,298.9
Commercial	788.2	865.7	853.2	901.4	920.4	922.0	933.9	917.2	971.4	969.1	967.5	974.2
Wholesale	675.2	567.1	580.5	574.4	574.1	584.7	566.0	569.5	565.8	575.5	590.7	589.8
Industrial	352.3	380.9	379.7	373.4	362.6	402.7	494.9	441.2	472.3	558.5	562.1	563.5
Lighting	13.5	15.6	15.9	15.9	15.9	13.2	11.0	10.8	9.7	9.3	9.2	9.1
Irrigation	39.7	40.0	46.0	42.1	41.9	39.0	36.0	37.3	43.6	37.6	38.6	38.5
Net	3,221.9	3,165.9	3,173.4	3,202.8	3,235.4	3,274.2	3,307.9	3,322.8	3,393.2	3,470.3	3,475.7	3,473.9
Losses & Company Use	278.1	270.1	272.4	273.8	282.3	285.1	286.9	287.9	299.7	314.6	298.9	298.7
Gross	3,500.0	3,436.0	3,445.8	3,476.6	3,517.7	3,559.4	3,594.8	3,610.8	3,692.8	3,784.8	3,774.5	3,772.7
System Peak (MW)												
Winter Peak	698.1	692.6	685.0	754.7	713.6	682.2	732.4	730.8	684.8	734.3	783.4	785.0
Summer Peak	600.4	619.5	611.0	593.0	604.8	630.9	639.4	666.2	652.9	689.1	696.2	697.3

5.2 NORMALIZED AFTER-SAVINGS WHOLESALE LOAD

Wholesale (GWh)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023S	2024F
BCH Lardeau	6.3	6.3	6.5	5.9	8.4	7.8	7.1	6.1	5.9	5.0	6.6	6.5
BCH Kingsgate	4.9	4.6	4.8	4.9	4.6	4.7	4.6	5.0	4.1	4.0	4.6	4.6
City of Grand Forks	41.1	39.5	40.7	40.5	38.7	45.8	36.9	37.5	36.3	37.0	37.5	37.5
City of Nelson	82.7	80.9	83.0	79.6	86.1	88.0	83.8	82.0	85.6	86.0	84.5	83.2
City of Penticton	348.4	341.9	348.4	345.2	338.0	340.0	338.4	340.3	337.0	347.0	357.9	357.9
District of Summerland	97.9	94.0	97.1	98.2	98.2	98.5	95.1	98.5	96.9	96.0	99.7	100.1
City of Kelowna	93.9	-	-	-	-	-	-	-	-	-	-	-
Total	675.2	567.1	580.5	574.4	574.1	584.7	566.0	569.5	565.8	575.0	590.7	589.8

5.3 DSM (GWH) WITHOUT LOSSES

Energy (GWh)	2018	2019	2020	2021	2022	2023S	2024F
Demand Side Management	(31.4)	(25.8)	(26.3)	(30.0)	(35.9)	(26.9)	(52.8)

6. VARIANCES TO FORECAST

6.1 *CUSTOMER COUNT VARIANCE*

Customer Count	2017	2018	2019	2020	2021	2022
Actual						
Residential	117,748	120,291	122,465	124,966	126,678	129,131
Commercial	15,398	15,678	15,956	16,165	16,594	16,773
Wholesale	6	6	6	6	6	6
Industrial	50	52	51	43	42	42
Lighting	1,511	1,482	1,467	1,443	1,407	1,380
Irrigation	1,080	1,078	1,082	1,091	1,103	1,103
Total	135,793	138,587	141,027	143,714	145,830	148,435
Forecast						
Residential	116,031	117,774	120,405	124,076	124,603	128,941
Commercial	15,813	16,122	16,405	16,220	16,579	16,975
Wholesale	6	6	6	6	6	6
Industrial	50	50	51	57	59	43
Lighting	1,590	1,559	1,511	1,425	1,393	1,406
Irrigation	1,095	1,090	1,080	1,082	1,082	1,091
Total	134,585	136,602	139,459	142,865	143,721	148,462
Variance (customers)						
Residential	1,717	2,517	2,060	890	2,075	190
Commercial	(415)	(444)	(449)	(55)	15	(202)
Wholesale	0	0	0	0	0	0
Industrial	0	2	0	(14)	(17)	(1)
Lighting	(79)	(77)	(44)	18	14	(26)
Irrigation	(15)	(12)	2	9	21	12
Total	1,208	1,986	1,569	849	2,109	(27)
Variance (%)						
Residential	1.5%	2.1%	1.7%	0.7%	1.6%	0.1%
Commercial	-2.7%	-2.8%	-2.8%	-0.3%	0.1%	-1.2%
Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Industrial	0.0%	3.8%	0.0%	-32.6%	-40.5%	-2.4%
Lighting	-5.2%	-5.2%	-3.0%	1.3%	1.0%	-1.9%
Irrigation	-1.4%	-1.1%	0.2%	0.8%	1.9%	1.1%
Total	0.9%	1.4%	1.1%	0.6%	1.4%	0.0%

6.2 LOAD VARIANCE, NORMALIZED/HISTORIC ACTUAL TO FORECAST[1]

Energy (GWh)	2017	2018	2019	2020	2021	2022
Historic						
Residential	1,320.5	1,312.6	1,266.1	1,346.8	1,330.3	1,320.4
Commercial	920.4	922.0	933.9	917.2	971.4	969.1
Wholesale	574.1	584.7	566.0	569.5	565.8	575.5
Industrial	362.6	402.7	494.9	441.2	472.3	558.5
Lighting	15.9	13.2	11.0	10.8	9.7	9.3
Irrigation	41.9	39.0	36.0	37.3	43.6	37.6
Net	3,235.4	3,274.2	3,307.9	3,322.8	3,393.2	3,470.3
Gross	3,517.7	3,559.4	3,594.8	3,610.8	3,692.8	3,784.8
Forecast						
Residential	1,353.0	1,280.0	1,349.3	1,325.6	1,255.4	1,283.2
Commercial	879.4	912.0	935.2	901.7	952.3	945.5
Wholesale	587.3	586.0	594.0	567.5	583.5	559.5
Industrial	407.0	379.0	385.0	453.0	536.7	470.4
Lighting	14.4	15.0	13.0	10.6	9.9	10.3
Irrigation	40.3	41.0	42.0	35.3	35.8	37.1
Net	3,282.2	3,213.0	3,318.5	3,293.7	3,373.7	3,306.0
Gross	3,559.0	3,485.0	3,602.0	3,602.0	3,664.0	3,591.0
Variance (GWh)						
Residential	(32.5)	32.6	(83.2)	21.3	74.9	37.1
Commercial	41.0	10.0	(1.3)	15.5	19.1	23.6
Wholesale	(13.2)	(1.3)	(28.0)	2.0	(17.7)	16.0
Industrial	(44.4)	23.7	109.9	(11.8)	(64.3)	88.1
Lighting	1.5	(1.8)	(2.0)	0.2	(0.3)	(1.0)
Irrigation	1.7	(2.0)	(6.0)	2.0	7.8	0.5
Net	(46.8)	61.2	(10.6)	29.2	19.5	164.3
Gross	(41.3)	74.4	(7.2)	8.8	28.9	193.9
Variance (%)						
Residential	-2.5%	2.5%	-6.6%	1.6%	5.6%	2.8%
Commercial	4.4%	1.1%	-0.1%	1.7%	2.0%	2.4%
Wholesale	-2.3%	-0.2%	-5.0%	0.4%	-3.1%	2.8%
Industrial	-12.3%	5.9%	22.2%	-2.7%	-13.6%	15.8%
Lighting	9.4%	-13.4%	-17.8%	2.1%	-2.8%	-10.7%
Irrigation	3.9%	-5.2%	-16.7%	5.3%	17.9%	1.3%
Net	-1.4%	1.9%	-0.3%	0.9%	0.6%	4.7%
Gross	-1.2%	2.1%	-0.2%	0.2%	0.8%	5.1%

[1] Residential and Wholesale historic loads shown are normalized loads. All other rate classes show historic actual loads.

6.3 *NORMALIZED AFTER-SAVINGS ANNUAL PERCENT GROWTH*

Energy (GWh)	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	1,320.5	1,312.6	1,266.1	1,346.8	1,330.3	1,320.4	1,307.6	1,298.9
Commercial	920.4	922.0	933.9	917.2	971.4	969.1	967.5	974.2
Wholesale	574.1	584.7	566.0	569.5	565.8	575.5	590.7	589.8
Industrial	362.6	402.7	494.9	441.2	472.3	558.5	562.1	563.5
Lighting	15.9	13.2	11.0	10.8	9.7	9.3	9.2	9.1
Irrigation	41.9	39.0	36.0	37.3	43.6	37.6	38.6	38.5
Net	3,235.4	3,274.2	3,307.9	3,322.8	3,393.2	3,470.3	3,475.7	3,473.9
Losses & Company Use	282.3	285.1	286.9	287.9	299.7	314.6	298.9	298.7
Gross	3,517.7	3,559.4	3,594.8	3,610.8	3,692.8	3,784.8	3,774.5	3,772.7
System Peak								
Winter Peak (MW)	713.6	682.2	732.4	730.8	684.8	734.3	783.4	785.0
Summer Peak (MW)	604.8	630.9	639.4	666.2	652.9	689.1	696.2	697.3

Growth Year over Year	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	1.9%	-0.6%	-3.5%	6.4%	-1.2%	-0.7%	-1.0%	-0.7%
Commercial	2.1%	0.2%	1.3%	-1.8%	5.9%	-0.2%	-0.2%	0.7%
Wholesale	-0.1%	1.8%	-3.2%	0.6%	-0.6%	1.7%	2.7%	-0.2%
Industrial	-2.9%	11.1%	22.9%	-10.8%	7.0%	18.2%	0.6%	0.3%
Lighting	0.0%	-17.0%	-16.5%	-1.7%	-10.7%	-4.3%	-1.0%	-1.0%
Irrigation	-0.3%	-7.1%	-7.7%	3.6%	17.1%	-13.9%	2.7%	-0.2%
Net	1.0%	1.2%	1.0%	0.5%	2.1%	2.3%	0.2%	0.0%
Losses & Company Use	3.1%	1.0%	0.6%	0.4%	4.1%	5.0%	-5.0%	0.0%
Gross	1.2%	1.2%	1.0%	0.4%	2.3%	2.5%	-0.3%	0.0%
System Peak								
Winter Peak (MW)	-5.4%	-4.4%	7.4%	-0.2%	-6.3%	7.2%	6.7%	0.2%
Summer Peak (MW)	2.0%	4.3%	1.4%	4.2%	-2.0%	5.5%	1.0%	0.1%

Customer Count	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	117,748	120,291	122,465	124,966	126,678	129,131	131,323	133,291
Commercial	15,398	15,678	15,956	16,165	16,594	16,773	16,930	17,290
Wholesale	6	6	6	6	6	6	6	6
Industrial	50	52	51	43	42	42	42	42
Lighting	1,511	1,482	1,467	1,443	1,407	1,380	1,103	1,103
Irrigation	1,080	1,078	1,082	1,091	1,103	1,103	1,357	1,330
Total Direct	135,793	138,587	141,027	143,714	145,830	148,435	150,761	153,063

Growth Year over Year	2017	2018	2019	2020	2021	2022	2023S	2024F
Residential	1.7%	2.2%	1.8%	2.0%	1.4%	1.9%	1.7%	1.5%
Commercial	2.2%	1.8%	1.8%	1.3%	2.7%	1.1%	0.9%	2.1%
Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Industrial	0.0%	4.0%	-1.9%	-15.7%	-2.3%	0.0%	0.0%	0.0%
Lighting	-3.1%	-1.9%	-1.0%	-1.6%	-2.5%	-1.9%	-20.1%	0.0%
Irrigation	-0.9%	-0.2%	0.4%	0.8%	1.1%	0.0%	23.0%	-1.9%
Total Direct	1.7%	2.1%	1.8%	1.9%	1.5%	1.8%	1.6%	1.5%

6.4 RESIDENTIAL UPC, NORMALIZED ACTUAL TO FORECAST

Residential UPC (MWh)	2020	2021	2022
After- Savings Normalized Actual UPC	10.89	10.57	10.32
Forecast	10.75	10.10	10.04
Variance	0.13	0.48	0.29
Variance (%)	1.2%	4.5%	2.8%

6.5 WINTER PEAK, ACTUAL TO FORECAST

Winter Peak (MW)	2020	2021	2022
Actual Peak	725.0	777.0	835.0
Forecast	737.0	748.0	716.5
Variance	(12.0)	29.0	118.5
Variance (%)	-2%	4%	17%

Note: The peaks reflected in this table are the actual seasonal peaks are not normalized.

6.6 SYSTEM LOAD FACTOR

The following table shows annual after-savings gross load, peak load and load factor. The annual load factor is calculated as annual load ÷ peak hourly load x number of hours in a year (8,760).

Year	Energy (MWh)	Peak (MW)	Load Factor
2017	3,517,718	714	0.56
2018	3,559,367	682	0.60
2019	3,594,813	732	0.56
2020	3,610,765	731	0.56
2021	3,692,835	684	0.62
2022	3,784,830	733	0.59
2023S	3,774,539	783	0.55
2024F	3,772,679	785	0.55

Note: The peaks in this table represent annual peaks meaning they happened in the calendar year and are not the seasonal peaks.

Appendix A3

Load Forecast Methods

Table of Contents

1. LOAD FORECAST METHODS

This appendix describes FBC's load forecast methods on which the forecast in Section 3 of the Application is based.

In the figures provided in this appendix, the following three time frames are shown:

- Actual Years: Actual years are those for which actual data exists for the full calendar year[1]. For the 2024 Annual Review the latest calendar year for which full actual data exists is the 2022 calendar year.
- Seed Year: The Seed Year is the year prior to the first forecast year. The Seed Year is forecast based on the latest years of actual data available, and will be different than the original forecast for that year in the previous filing. For example, for this Application the Seed Year is 2023 (2023S) and the Seed Year forecast is based on the latest actual years, including 2022. As such, the 2023 Seed Year forecast in this Application will differ from the 2023 Forecast presented in the Annual Review for 2023 Rates, for which 2022 actual data was not available.
- Forecast Year(s): This is the year or years for which the forecast is being developed. This can be one year (in the case of the Annual Review) or a range of two or more years depending on the filing. In this Application, 2024 is the Forecast Year (2024F).

1.1 *WEATHER NORMALIZATION*

Electricity consumption is impacted by weather, particularly by temperature. For example, load requirements in an extremely cold winter month can be significantly higher than requirements in normal weather conditions in the same month, due to additional heating loads. As the load forecast is made under an assumption of normal weather, it is necessary to remove those extreme weather effects from the historical data. This is the first step in forecasting.

Statistical tests were made to check whether the residential, wholesale, commercial and irrigation loads were sensitive to temperature due to heating and cooling demands and whether the irrigation load was sensitive to the amount of precipitation[2]. The results from the regression for these four rate classes are shown below. The regressions result in high R^2 values for all seasons for the residential and wholesale load classes; therefore these classes are normalized. The commercial class shows a low R^2 value for all seasons and the irrigation class for the winter, summer and fall seasons; therefore, these classes were not normalized.

[1] FBC's load forecast is developed using only full years of historical data. FBC requires the full year of load data in order to validate it, including the review of and potential adjustments to unbilled energy. For this reason partial year data is not used in forecasting.
[2] Industrial and lighting loads are typically insensitive to the weather.

Table A3-1: Residential Regression Table

Residential	Winter	Spring	Summer	Fall
Intercept	35,802	71,302	76,725	70,811
Slope HDD	180	108	-	93
Slope CDD	-	-	250	-
Adjusted R^2	0.77	0.75	0.83	0.78

Table A3-2: Wholesale Regression Table

Wholesale	Winter	Spring	Summer	Fall
Intercept	63,808	60,024	33,068	34,997
Slope HDD	60	49	-	32
Slope CDD	-	-	103	-
Adjusted R^2	0.91	0.95	0.85	0.79

Table A3-3: Commercial Regression Table

Commercial	Winter	Spring	Summer	Fall
Intercept	50,957	49,648	69,253	71,660
Slope HDD	25	18	-	(2)
Slope CDD	-	-	78	-
Adjusted R^2	0.31	0.28	0.36	(0.05)

Table A3-4: Irrigation Regression Table

Irrigation	Winter	Spring	Summer	Fall
Intercept	1,382	5,363	5,017	5,846
Slope HDD	(1)	(12)	-	(11)
Slope CDD	-	-	24	-
Adjusted R^2	0.01	0.78	0.53	0.52

Steps for weather (temperature) normalization are as follows:

1. Calculate monthly Heating Degree Days (HDD)[3] and Cooling Degree Days (CDD)[4] for the Penticton weather station.
2. Calculate 10-year HDD and CDD averages for each month of the year. These are used as the parameters of normal weather.
3. For each of the residential and wholesale classes, regress load on HDD or CDD on a seasonal basis. Four seasons were defined: winter (November to February), spring

[3] Heating degree-days for a given day are the number of Celsius degrees that the mean temperature is below 18 Celsius degrees.
[4] Cooling degree-days for a given day are the number of Celsius degrees that the mean temperature is above 18 Celsius degrees.

(March to May), summer (June to August) and fall (September to October). Thus all monthly load and degree day data for each season is used and four separate regressions are calculated for each class. The City of Kelowna (CoK) Event variables were included in the regressions to recognize the integration of the CoK in 2013 into the FBC direct customer base.

4. To normalize a month, e.g. February 2022:

   (a) obtain the month's HDD (or CDD) information from Environment Canada;

   (b) calculate the deviation from the 10-year average (2013-2022) HDD (CDD) as found in Step 2;

   (c) apply the regression slope obtained in Step 3 to this deviation to come up with a normalization adder; and

   (d) add the normalization adder to the month's load (residential or wholesale).

The general equation to normalize load requirements in month t is shown below.

$$Normalized\ Load_t = Load_t - HDD\ Slope_t \times (HDD_t - Normal\ HDD_t)$$

$$where\ HDD\ is\ Heating\ Degree\ Days\ and\ t = Spring, Fall\ and\ Winter$$

And

$$Normalized\ Load_t = Load_t - CDD\ Slope_t \times (CDD_t - Normal\ CDD_t)$$

$$where\ CDD\ is\ Cooling\ Degree\ Days\ and\ t = Summer$$

1.2 *LOAD FORECAST*

FBC forecasts energy requirements by customer class based on weather normalized historical loads. These are referred to as the "before-savings[5]" loads. DSM savings that are incremental to those embedded in historical loads (up to and including 2022) are also forecast for each customer class and subtracted from the before-savings loads to arrive at the "after-savings" loads. This section discusses the before-savings forecast load requirements for each of FBC's load classes.

1.2.1 Residential

The formula to forecast the expected before-savings residential load in year *t* is:

$$Before\ Savings\ Load_t = UPC_t \times Average\ Customer\ Count_t$$

where UPC (use per customer in MWh per customer per year) is before-savings.

[5] The term "before-savings" is used in the remainder of this section and refers to "before incremental savings after 2022".

The before-savings UPC was based on a 10-year historic trend of annual UPC values from 2013 to 2022.

Table A3-5: Results of UPC Trend Analysis

Regression	UPC
Start Year	2013
End Year	2022
R^2	0.825
Adjusted R^2	0.803
df	9
Intercept	395
Slope UPC	-0.19

Next, average customer count in year *t* is calculated as:

$$Average\ Customer\ Count_t = \frac{(Year\ End\ Count_t + Year\ End\ Count_{t-1})}{2}$$

The year-end customer count was based on the least squares regression model below.

$$Year\ End\ Customer\ Count_t = b_0 + b_1 \times Population_t$$

$Population_t$ is the population data supplied by BC Stats for the Company's direct service area.

Table A3-6: Results of Residential Customer Count Regression

Regression	Residential
Start Year	2017
End Year	2022
R^2	0.996
Adjusted R^2	0.995
df	5
Intercept	(3,342)
Slope Population	0.46

The residential class represented 38.0 percent of the net load in 2022.

1.2.2 Commercial

The expected before-savings commercial load in year *t* is forecast based on the provincial GDP supplied by the CBOC. The relationship was estimated from the following equation.

$$Before\ Savings\ Load_t = (b_0 + b_1 \times GDP_t + b_2 \times CoK\ Event_t) + FBC\ EV\ DC\ Fast\ Chargers$$

The CoK_t is a binary variable for the City of Kelowna integration event in 2013. Coefficients b0, b1 and b2 are obtained from an ordinary least squares (OLS) regression analysis on the 2008 to 2022 data. The FBC EV DCFCs are Electric Vehicle Direct Current Fast Chargers serviced by FBC which are added to the forecast. The commercial class represented 27.9 percent of the net load in 2022.

Table A3-7: Results of Commercial Regression

Regression	Commercial
Start Year	2008
End Year	2022
R^2	0.987
Adjusted R^2	0.985
df	14
Intercept	186,072
Slope GDP	2
Slope CoK Event	136,787

1.2.3 Wholesale

The Company forecasts the wholesale load based on load surveys from the wholesale customers. For this forecast, FBC received surveys from all the wholesale customers. FBC then summed the wholesale customers' forecasts to calculate the before-savings wholesale load forecast. This approach recognizes that in the near to medium term, the wholesale customers themselves are best able to forecast their load growth based on their knowledge of their customer mix, load behaviors, development projects with associated load requirements, etc. The wholesale class represented 16.6 percent of the net load in 2022.

1.2.4 Industrial

The before-savings industrial load is the sum of forecasts supplied by those individual customers who responded to the load survey and, for customers who did not respond, escalation of the customer's load in the preceding year by the CBOC forecast GDP growth rates for the industrial sector the customer is in. 76 percent of FBC's industrial customers responded to the surveys, accounting for 91 percent of 2022 load.

FBC assumes no new industrial customers in the current forecast unless there is a confirmed commitment from an industrial customer. FBC works with key account managers to identify new customers and existing customers with expansion plans that have commited contracts that are being added to the system. The key account managers work with the new customers directly and relay the load requirements to the forecasting group. The industrial class represented 16.1 percent of the net load in 2022.

1.2.5 Irrigation

The before-savings irrigation load forecast uses a five-year average so that the extreme weather events such as those that occurred in 2022 are included in the forecast but do not overly influence it. The irrigation class represented 1.1 percent of the net load in 2022.

1.2.6 Lighting

The before-savings lighting load uses the 2022 actuals due to the variability in the load primarily due to streetlight LED replacement programs which reduced the loads from 2018 to 2022. The lighting class represented 0.3 percent of the net load in 2022.

1.2.7 Demand Side Mangment (DSM) Savings

FBC forecasts load reductions resulting from its DSM programs.

The forecast of DSM savings is consistent with the Company's approved 2019-2022 DSM Plan. DSM measures are grouped into applicable programs that are then added to produce the three primary sector (residential, commercial & industrial) annual plan savings targets. Finally, the annual sector targets beginning with the Seed Year are converted into a cumulative time series, and disaggregated into the customer rate classes and commensurate system loss reductions.

1.3 *PEAK DEMAND FORECAST*

The peak demand forecast is produced by taking the 10-year average (2013-2022) of historical peak data. The historical peak data is escalated by the gross load growth rate before it is averaged to account for the growth of demand on the FBC system. Self-generating customers are removed from the historical load data since the underlying trends that impact other loads do not apply. Seasonal peaks were used for both the winter and the summer. The 12 monthly peaks, as well as the seasonal peaks, were then escalated by the annual load growth rates in the forecast period to produce forecast monthly peaks. The winter peak and the summer peak are assumed to replace monthly peaks in December and July, respectively.

The after DSM peak forecast was calculated by subtracting DSM capacity savings forecast from the before DSM peak forecast for each month in each year.

Appendix B
PRIOR YEAR DIRECTIVES

No.	Decision Page No.	Directive No.	Reference	Description / Details	Status	Section in this Application
G-166-20 – FBC MULTI-YEAR RATE PLAN FOR 2020 THROUGH 2024						
1.	75	24	General Flow-through Deferral Account	The Panel directs [FBC] to provide a detailed analysis of the individual forecast variances recorded in the Flow-through deferral account in each Annual Review.	Ongoing during the MRP term	Section 12.4.2.1
2.	87	32	Efficiency Carry-Over Mechanism	Therefore, the Panel determines the following process for the handling of an ECM application: 1. An ECM can be applied for at any time in the last three years of the MRPs, either in advance or following the action or initiative being undertaken. 2. For proposed activities where identifiable savings are expected to extend beyond the term of the MRP, FortisBC is to file an ECM proposal describing the initiative, its timing, costs and benefits and savings. 3. Parties will have the opportunity to review and comment on the proposal and the BCUC will determine whether to approve the ECM proposal (an Approved ECM Initiative). 4. FortisBC must submit details of continued savings annually under an Approved ECM Initiative as part of the Annual Review process. The net savings will be shared equally between ratepayers and the Utilities will carry forward past the end of the MRP for a maximum period of three years.	No approved ECM initiatives to report on	n/a
3.	99	35	SAIDI and SAIFI major events	The Panel also directs FBC to include a discussion of major events relevant to the SAIDI and SAIFI results in future Annual Review materials.	Ongoing during the MRP term	Section 13
4.	99-100		SQI Informational Indicators	In addition to the SQIs, the Panel approves the following informational indicators for the Utilities: • Customer Satisfaction Index (measures overall customer satisfaction) – FEI and FBC. • Average Speed of Answer (average number of seconds to answer emergency and non-emergency calls) – FEI and FBC. • Generator Forced Outage Rate (percent of time a generating unit is removed from service due to component failure or other events) – FBC only. • Interconnection Utilization (percent of time that an interconnection point was available and providing electrical service to wholesale customers) – FBC only. The Utilities are directed to report on these informational indicators along with the SQIs as part of the Annual Review process.	Ongoing during the MRP term	Section 13

No.	Decision Page No.	Directive No.	Reference	Description / Details	Status	Section in this Application
5.	118	42	System Operations, Integrity and Security Expenditures	The Panel directs FBC to provide the following information related to System Operations, Integrity and Security expenditures in its future revenue requirements applications over the term of the Proposed MRPs: 1. A breakdown and explanation of both annual and cumulative variances between forecast/actual and formula O&M related to System Operations, Integrity and Security expenditures, which quantify the variances attributable to the following areas: • Tree management; • Generation dam safety; • Network operations apprentice program; • Cyber security; • Data analytics; and • Any other significant factors or miscellaneous items. 2. A description of how FBC is prioritizing its System Operations, Integrity and Security expenditures.	Ongoing during the MRP term	Section 6.2.1
G-374-21 – FBC ANNUAL REVIEW FOR 2022 RATES						
6.	32	8	EV Charging Updates	The Panel directs FBC to include in future Annual Review filings an update on its EV DCFC charging stations' costs and revenues for the previous fiscal year along with a forecast of costs and revenues for the test period.	Ongoing	Sections 3.6, 5.8, 6.3.4 and 7.2.2.1
G-14-23 – FBC PRINCETON BRIDGE STREET PROPERTIES DISPOSITION						
7.	n/a	4	Princeton Office Disposition Deferral Account	FBC is directed to provide details of the final balance in the Princeton Office Disposition deferral account in the FBC Annual Review for 2024 Rates.	Complete	Section 7.6.2.1

Appendix C
DRAFT ORDER

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Utilities Commission

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ORDER NUMBER
G-xx-xx

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

and

FortisBC Inc.
Annual Review for 2024 Rates

BEFORE:
[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

A. On June 22, 2020, the British Columbia Utilities Commission (BCUC) issued its Decision and Order G-165-20 for FortisBC Energy Inc. and Order G-166-20 for FortisBC Inc. (FBC) approving a Multi-Year Rate Plan for 2020 through 2024 (MRP Decision). In accordance with the MRP Decision, FBC is to conduct an annual review (Annual Review) process to set rates for each year;

B. By letter dated June 28, 2023, FBC proposed a regulatory timetable for the Annual Review of its 2024 rates;

C. By Order G-191-23, the BCUC established a regulatory timetable for the Annual Review for FBC's 2024 rates, which included FBC filing its Annual Review materials, the deadline for intervener registration, one round of information requests, a workshop, FBC's response to undertakings at the workshop, and written final and reply arguments;

D. On August 4, 2023, FBC submitted its materials for the Annual Review for 2024 Rates Application (Application). In the Application, FBC requests a 4.83 percent rate increase over the 2023 rates, effective January 1, 2024, among other things; and

E. The BCUC has reviewed the Application, evidence and arguments filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, for the reasons stated in the decision issued concurrently with this order, the BCUC orders as follows:

1. FBC is approved to recover the 2024 revenue requirement and resultant rate change on a permanent basis, effective January 1, 2024, as filed in the Application and subject to any adjustments identified by FBC during

the regulatory process and from any directives or determinations made by the BCUC in its decision on the Application.

2. FBC is approved to establish the following rate base deferral accounts:

    a. 2025 Multi-year Rate Plan (MRP) Application deferral account, with the amortization period to be determined in a future proceeding;

    b. 2024 Mandatory Reliability Standards (MRS) Audit deferral account, with an amortization period of three years, commencing January 1, 2024;

    c. PST Rebate on Select Machinery and Equipment deferral account, with an amortization period of one year, commencing January 1, 2024;

    d. BC Cost of Living Credit deferral account, with an amortization period of one year, commencing January 1, 2024; and

    e. Climate Change Operational Adaptation (CCOA) Plan deferral account, with an amortization period of four years, commencing January 1, 2024.

3. FBC is directed to file as a compliance filing, the finalized financial schedules and updated tariff pages within 10 days from the date of the issuance of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner