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September 26, 2023

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

Attention: Leigha Worth, Executive Director

Dear Leigha Worth:

**Re: FortisBC Inc. (FBC)**

**Annual Review for 2024 Rates (Application) – Project No. 1599549**

**Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1**

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On August 4, 2023, FBC filed the Application referenced above. In accordance with the amended regulatory timetable established in BCUC Order G-249-23 for the review of the Application, FBC respectfully submits the attached response to BCOAPO IR No. 1.

For convenience and efficiency, FBC has occasionally provided an internet address for referenced reports instead of attaching lengthy documents to its IR responses. FBC intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Sarah Walsh

Attachments

cc (email only): Commission Secretary  
Registered Interveners



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
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1    **1.0    Reference:    Exhibit B-2, page 3**

2            **Preamble:**    The Application states:

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

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

16            1.1    Please provide a schedule that sets out the calculation of the \$3.7 M in formula  
17                            O&M savings based on approved versus actual 2022 O&M.

18            **Response:**

19                            Please refer to the excerpt below from page 20 of the FBC 2022 Annual Report which shows the  
20                            formula (i.e., Approved) O&M for 2022 compared to the 2022 Actual formula O&M, resulting in  
21                            the O&M savings for 2022 of \$2.7 million. The \$3.7 million described on page 3 of the Application  
22                            represents the total formula O&M savings of \$2.7 million that was subject to earnings sharing,  
23                            plus the \$1.0 million in savings that were approved<sup>1</sup> for exogenous factor treatment due to the  
24                            impact of the COVID-19 pandemic, which is recorded in the table below under Flow-through O&M.  
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<sup>1</sup> Approved as part of the FBC Annual Review for 2023 Rates Decision and Order G-382-22.



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**Table 1: Excerpt from FBC 2022 Annual Report**

		FORTISBC INC		
		OPERATION & MAINTENANCE EXPENSES		
		(\$000)		
Line No.	Particulars	Year Ended 12/31/2022		
		Approved	Actual	Difference
	(1)	(2)	(3)	(4)
1	<b>Inflation Indexed O&amp;M</b>	\$ 66,200	\$ 63,569	\$ (2,631)
2				
3	<b>Flowthrough O&amp;M</b>			
4	Pension/OPEB (O&M Portion)	(1,716)	(1,716)	-
5	Insurance	2,223	2,286	63
6	BCUC Fees	373	373	-
7	MRS	765	468	(297)
8	EV Charging Stations	187	213	26
9	COVID-19 Pandemic (exogenous)	-	(1,030)	(1,030)
10				
11	<b>Total Gross O&amp;M</b>	68,032	64,163	(3,869)
12	Less: Capitalized Overhead	(10,177)	(10,177)	-
13	<b>Net O&amp;M Expense</b>	<u>\$ 57,855</u>	<u>\$ 53,986</u>	<u>\$ (3,869)</u>

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6           1.2     Please provide a breakdown of the \$3.7 M in formula O&M savings as between  
7                   one-time savings and ongoing savings.

8

9     **Response:**

10    Of the approximate \$3.7 million in formula O&M savings realized in 2022, approximately \$3 million  
11    are primarily due to labour savings. The labour savings (i.e., vacancies) are considered one-time  
12    in nature as the positions and related funding are expected to be required in future years and are  
13    important to continuing operations, including connecting new customers, providing high quality  
14    service to existing customers, and ensuring that FBC is meeting environmental and safety  
15    standards and regulations, among other goals.

16    For the remaining \$0.7 million, approximately \$0.1 million is from the Productivity Initiatives which  
17    are expected to be ongoing (recurring) and \$0.6 million is expected to be one-time in nature,  
18    including approximately \$0.1 million for lower employee expenses, \$0.2 million for timing of  
19    generation maintenance which will be completed in 2023, and \$0.3 million related to  
20    miscellaneous and general timing of expenditures.

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1  
2           1.3    What portion of the ongoing savings is due to ongoing savings achieved in  
3                    previous years (relative to the approved formula O&M in previous years)?  
4

5    **Response:**

6    Please refer to the response to BCOAPO IR1 1.2 explaining why the majority of the 2022 savings  
7    are considered one-time in nature, although some of the one-time savings related to labour may  
8    continue in the near term due to vacancies in future years, considering the current labour market.

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1    **2.0    Reference:    Exhibit B-2, pages 3-7**

2                                    **FBC's 2023 Annual Review of 2023 Rates, Exhibit B-6, BCOAPO 3.1**

3                    **Preamble:**    The response to BCOAPO 3.1 states:

4                                    With respect to Field Operations – “The investigations into and review of  
5                                    this initiative are scheduled to be completed in December 21 2022,  
6                                    enabling FBC to avoid the need to hire an incremental FTE at an annual  
7                                    cost of approximately \$146 thousand per year.”

8                                    With respect to the use of UAVs (Drones) – “FBC is continuing its  
9                                    evaluation of drone use. At this time, FBC is deferring a request for pricing  
10                                   to assess the potential efficiencies associated with a conditional  
11                                   assessment program that relies on drone-collected data until 2023 or later  
12                                   in order to understand the benefits of using drones to augment the current  
13                                   manual condition assessment program.”

14                                   With respect to Data Analytics – “The implementation of the Data Analytics  
15                                   initiative will occur over time, with initial usage cases prioritized for those  
16                                   that enable cost savings. The Customer Service and Finance areas will be  
17                                   the near-term focus with work starting in Q4 2022. FBC will be in a better  
18                                   position to provide an update on the results of the work completed and the  
19                                   efficiencies achieved at next year's Annual Review.”

20                    2.1    With respect to BCOAPO 3.1's response regarding Field Operations, please  
21                                   confirm that the investigations were completed in December 2022 and that FBC  
22                                   did avoid the need to hire an incremental FTE at an annual cost of approximately  
23                                   \$146 thousand per year.

24                                   2.1.1    If not, please explain when the investigations were completed, their  
25                                   outcome with regards to the need to hire an incremental FTE.

26  
27    **Response:**

28    FBC completed the investigations and review for the re-engineering project in October 2022.  
29    While the project corrected data flow issues which resulted in more accurate data for outages and  
30    internal operational data, FBC was not able to avoid the need to hire an incremental FTE.

31    Field Operations did a trial period with a reduced FTE in the dispatch operations team post-  
32    project. This resulted in inadequate coverage for sick and vacation time as this critical role  
33    requires significant time to become proficient. An incremental FTE position was accordingly hired  
34    for the dispatch operations team to provide sick and vacation time coverage, manage increased  
35    customer connection workload, provide dedicated and improved storm response, reduce backlog,  
36    and reduce overtime for the workgroup.



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2.2 With respect to the Field Operations activities outlined in the current Application, please indicate: i) the expected reductions in overtime due to the review of meter reading routes; and ii) the reduced the number of manual meter reads required due to the addition of more range extenders in each of 2021 and 2022 as well as those planned for 2023 and 2024.

**Response:**

Please refer to the following table for the requested information.

	2021	2022	2023	2024
Reduced number of manual meter reads	28	16	40	10-25
Approximate hours of work reduced due to reduction of meter reads	120 hrs	201 hrs	150 hrs	Unknown until routes are selected

2.3 With respect BCOAPO 3.1's response regarding the use of UAVs, please outline the current status of FBC's evaluation of drone use and the referenced "request for pricing".

**Response:**

FBC continues to monitor the selective use of drones to support the completion of condition assessment work. Essentially, the drones are being used as another tool to help acquire imagery of difficult to access portions of infrastructure (e.g., pole tops, insulators, cross-arms) and removing the need for a bucket truck or having to climb a structure to capture that imagery.

FBC continues to defer any request for pricing for fully automated drone inspection services for capturing and processing condition assessment imagery and data, as FBC considers this technology too nascent at this time to replace the current approach for performing condition assessment work. FBC considers this to be a prudent approach given the critical importance of the condition assessment program for ensuring infrastructure integrity and reliability. FBC is a member of various utility working groups and continues to monitor developments with respect to utilities' use of drones.



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1  
2           2.4     With respect to Data Analytics, the current Application states that “In 2022, efforts  
3                    focused on developing solutions for three business areas: Customer Service,  
4                    Major Projects, and Energy Supply.” What was the reason for focusing on Major  
5                    Projects, and Energy Supply instead of Finance (as indicated in BCOAPO 3.1)?  
6

7     **Response:**

8     The 2022 focus was adjusted to move Finance related efforts to 2023 because the Finance team  
9     did not have availability to support the initiative until Q3 2023. Early-stage data analytics work is  
10    currently in progress with the Finance team.

11   Customer Service, Major Projects, and Energy Supply are currently in progress with  
12   implementations in Q3 2023. Actual annual savings are not yet confirmed; however, FBC expects  
13   to realize annual O&M savings of approximately \$0.025 million by the end of 2024 and \$0.125  
14   million by the end of 2025.

15   FBC plans to continue implementing use cases that add value for the Company and customers  
16   and use cases are currently being evaluated for implementation in 2024. With each process  
17   implemented, there will be small incremental productivity improvements. However, FBC is not in  
18   a position at this time to provide details on expected benefits or savings achieved until processes  
19   have been fully defined and assessed.

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22           2.5     With respect to Data Analytics the current Application states “FBC plans to  
23                    implement two or three automated reporting solutions in 2023.” In what areas does  
24                    FBC plan to implement automated reporting solutions in 2023 and what are the  
25                    expected annual savings?  
26  
27

28     **Response:**

29    Please refer to the response to BCOAPO IR1 2.4.

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32           2.6     With respect to Data Analytics, what are FBC’s plans for 2024?  
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35     **Response:**

36    Please refer to the response to BCOAPO IR1 2.4.



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2.7 With respect to Robotics Process Automation (RPA), the current Application states: "FBC expects to realize total O&M savings of approximately \$0.025 million by the end of 2024." Are the \$0.025 M in O&M savings, annual savings? If not, what do these savings represent and what are the annual ongoing savings by the end of 2024?

**Response:**

Yes, the \$0.025 million in O&M savings are expected to be annual ongoing savings.

2.7.1 The Application (page 5) describes the areas FBC will be considering for RPA in 2023. Please outline the areas that FBC will be considering for RPA in 2024 and whether they are expected to create additional annual savings.

**Response:**

Please refer to the response to BCOAPO IR1 2.4.

2.8 With respect to paperless billing, please indicate the increase in number of customers using this option in each of 2020, 2021 and 2022.

**Response:**

Please see the table below showing the increase (the row titled Paperless Additions) in the number of customers choosing paperless billing as well as the total annual number of customers who received their bill in a paperless format.







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1    **3.0    Reference:    Exhibit B-2, pages 11-12**

2            **Preamble:**    The Application states:

3                            “The supporting Statistics Canada tables are provided in Appendix A1. The  
4                            latest available month of April 2023 for AWE-BC has been used as a  
5                            placeholder, as results to June 2023 have not been released by Statistics  
6                            Canada. Once results for these periods are available, this placeholder will  
7                            be replaced with actuals and included in an Evidentiary Update or  
8                            Compliance Filing.

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

13            3.1    Please provide the derivation of the actual 2022 labour weighting of 57% and  
14                            explain why the value has decreased from the 60% using in the Annual Review of  
15                            2023 Rates.

16  
17    **Response:**

18    The following table provides the numbers for the calculation of the 2022 Actual labour to non-  
19    labour ratio of 57 percent to 43 percent. Please refer to the response in BCUC IR1 1.1 for an  
20    explanation of the change in weightings in 2022.

<b>2022 Labour / Non-Labour Operating Expenses</b>		
<b>\$000's</b>		
Labour	36,637	57%
Non-Labour	27,524	43%
<b>Gross O&amp;M</b>	<b>64,161</b>	<b>100%</b>

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25            3.2    If AWE-BC data is now available for any of the months after April 2023, please  
26                            update Table 2-1 accordingly.

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28    **Response:**

29    Please refer to the following revised Table 2-1 which includes actual AWE-BC data to June 2023.  
30    FBC will include this updated Inflation Factor as part of its Evidentiary Update.

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Line No.	Date	<i>Table: 18-10-0004-01</i>		<i>Table: 14-10-0223-01</i>		<u>12 Mth Average</u>		<u>Last Completed Year</u>		I-Factor %	MRP Year
		BC CPI index	BC AWE \$	CPI index	AWE \$	CPI %	AWE %	Non Labour %	Labour %		
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	1,203.43								
23	May-2023	151.0	1,207.06								
24	Jun-2023	151.6	1,203.72	148.8	1,180.96	6.031%	2.731%	43%	57%	4.150%	2024

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**Response:**

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The equivalent of Table 2-1 used for the purposes of setting approved 2023 rates is included below.

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3.3 Please provide the equivalent of Table 2-1 as used for purposes of setting the approved 2023 rates (i.e. with values from July 2020 to June 2022).



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Line No.	Date	<i>Table: 18-10-0004-01</i>		<i>Table: 14-10-0223-01</i>		<u>12 Mth Average</u>		<u>Last Completed Year</u>		I-Factor %	MRP Year
		BC CPI index	BC AWE \$	CPI index	AWE \$	CPI %	AWE %	Non Labour %	Labour %		
1	Jul-2020	132.6	1,093.72								
2	Aug-2020	132.4	1,089.35								
3	Sep-2020	132.5	1,093.75								
4	Oct-2020	132.9	1,095.32								
5	Nov-2020	133.3	1,102.95								
6	Dec-2020	132.8	1,110.36								
7	Jan-2021	133.6	1,113.22								
8	Feb-2021	134.1	1,114.21								
9	Mar-2021	134.9	1,107.66								
10	Apr-2021	135.2	1,112.04								
11	May-2021	135.1	1,118.59								
12	Jun-2021	135.8	1,115.40	133.8	1,105.55						
13	Jul-2021	136.7	1,140.52								
14	Aug-2021	137.0	1,142.40								
15	Sep-2021	137.2	1,139.64								
16	Oct-2021	137.9	1,136.85								
17	Nov-2021	138.1	1,132.25								
18	Dec-2021	138.0	1,134.84								
19	Jan-2022	139.4	1,157.19								
20	Feb-2022	140.4	1,153.88								
21	Mar-2022	143.0	1,161.22								
22	Apr-2022	144.2	1,164.49								
23	May-2022	146.1	1,159.92								
24	Jun-2022	146.5	1,166.65	140.4	1,149.15	4.940%	3.944%	40%	60%	4.342%	2023

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3.3.1 Please identify any changes in the values used for July 2021 to June 2022 for purposes of setting the approved 2023 rates versus those used in the current Application.

**Response:**

A table comparing the data used for setting 2023 rates to the revised data published by Statistics Canada (as included in the Application) is provided below. The monthly AWE-BC results from July 2021 to June 2022 have changed because Statistics Canada periodically revises their AWE-BC results. FBC uses the most current set of AWE-BC results in each year's Annual Review filing.



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**2023 Approved Rates**

**Revised**

**Variance**

Date	<i>Table: 18-10-0004-01</i> <i>Table: 14-10-0223-01</i>		<u>12 Mth Average</u>	
	BC CPI index	BC AWE \$	CPI index	AWE \$
Jul-2021	136.7	1,140.52		
Aug-2021	137.0	1,142.40		
Sep-2021	137.2	1,139.64		
Oct-2021	137.9	1,136.85		
Nov-2021	138.1	1,132.25		
Dec-2021	138.0	1,134.84		
Jan-2022	139.4	1,157.19		
Feb-2022	140.4	1,153.88		
Mar-2022	143.0	1,161.22		
Apr-2022	144.2	1,164.49		
May-2022	146.1	1,159.92		
Jun-2022	146.5	1,166.65	140.4	1,149.15

Date	<i>Table: 18-10-0004-01</i> <i>Table: 14-10-0223-01</i>		<u>12 Mth Average</u>	
	BC CPI index	BC AWE \$	CPI index	AWE \$
Jul-2021	136.7	1,143.76		
Aug-2021	137.0	1,143.96		
Sep-2021	137.2	1,142.37		
Oct-2021	137.9	1,140.94		
Nov-2021	138.1	1,129.51		
Dec-2021	138.0	1,132.93		
Jan-2022	139.4	1,155.32		
Feb-2022	140.4	1,153.57		
Mar-2022	143.0	1,161.00		
Apr-2022	144.2	1,164.51		
May-2022	146.1	1,159.89		
Jun-2022	146.5	1,167.14	140.4	1,149.58

<u>Changes</u>	
CPI index	AWE \$
0.0	(3.24)
0.0	(1.56)
0.0	(2.73)
0.0	(4.09)
0.0	2.74
0.0	1.91
0.0	1.87
0.0	0.31
0.0	0.22
0.0	(0.02)
0.0	0.03
0.0	(0.49)

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1    **4.0    Reference:    Exhibit B-2, pages 12-13**

2            4.1    With respect to Table 2-2 are values for actual customer additions for any of the  
3                    months in 2023 currently available?

4                    4.1.1    If yes, please provide the values and comment on whether they are  
5                                    consistent with the 2023 projections used in the Application.

6  
7    **Response:**

8    The 2023 Projected customer additions in Table 2-2 of the Application show the actuals up to and  
9    including June 2023, which was the most recent data available at the time when FBC was  
10   developing the forecasts for this Application. As at the end of August 2023, the actual cumulative  
11   customer additions are 1,403 and the actuals continue to trend towards the total projected  
12   additions of 2,326 shown in Table 2-2. Having two more months of actual customer additions in  
13   2023 would not change FBC's year-end forecast of customers, and would not result in any  
14   material changes to the formula O&M calculations.

15   Consistent with the previous years' annual reviews, FBC will not be updating the 2023 Projected  
16   average customer count in Table 2-2 to include additional months of actual customer additions  
17   as part of this proceeding (i.e., either in an Evidentiary Update or in the Compliance Filing). As  
18   approved by Order G-166-20, any variances between the actual and forecast average customer  
19   counts and the resulting impact to FBC's formula O&M will be true-up in subsequent years.<sup>2</sup>  
20   Lines 31 to 33 of Table 2-2 of the Application show the true-up calculation for the average  
21   customers and Table 6-2 shows the true-up calculations for O&M.

22

---

<sup>2</sup> The true-up of formula O&M is based on the actual average customer counts from two years prior (i.e., the full-year actual average customer count is not available for 2023 at the time of this Annual Review, thus the true-up for 2023 will occur in 2025).



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

2            **Preamble:**    The Application states:

3                            “Statistical tests were made to check whether the residential, wholesale,  
4                            commercial and irrigation loads were sensitive to temperature due to  
5                            heating and cooling demands and whether the irrigation load was sensitive  
6                            to the amount of precipitation. The results from the regression for these  
7                            four rate classes are shown below. The regressions result in high R2 values  
8                            for all seasons for the residential and wholesale load classes; therefore  
9                            these classes are normalized. The commercial class shows a low R2 value  
10                            for all seasons and the irrigation class for the winter, summer and fall  
11                            seasons; therefore, these classes were not normalized.”

12            5.1    Please confirm that for the current Application the same classes (residential and  
13                            wholesale) were weather normalized as in the Application for 2023 rates.

14  
15    **Response:**

16    Confirmed.

17







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1 **Response:**

2 The requested schedule is provided below.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential Normalized Load (MWh)	1,398,932	1,296,452	1,298,150	1,295,580	1,320,492	1,312,598	1,266,137	1,346,832	1,330,331	1,320,362
Average Annual Customer Count	112,079	112,647	113,799	114,969	116,760	119,020	121,378	123,716	125,822	127,905
UPC (MWh)	12.48	11.51	11.41	11.27	11.31	11.03	10.43	10.89	10.57	10.32

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6.4 With respect to Exhibit B-2, Appendix A3, Table A3-5, is there a material change (>10%) in either the intercept value or the slope UPC value from that used in the Annual Review of 2023 rates?

8

9

10

6.4.1 If yes, what would have been the forecast 2024 UPC (before savings) using the equation from the Annual Review of 2023 Rates?

11

12

13 **Response:**

14 There is no material change (>10%) in either the UPC slope or the intercept when compared to  
15 the Annual Review for 2023 Rates UPC Trend Analysis. The 2023 and 2024 Annual Review UPC  
16 slope and intercept values are presented in the table below.

17 **Table 1: UPC Slope and Intercept Values used in 2024 and 2023 Annual Reviews<sup>3</sup>**

	2023	2022	Variance
Intercept	395	414	-4.6%
Slope	(0.19)	(0.20)	-5.0%

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6.5 With respect to Exhibit B-2, Appendix A3, Table A3-6, is there a material change (>10%) in either the intercept value or the slope population value versus those used in the Annual Review of 2023 Rates?

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24

25

6.5.1 If yes, what would have been the forecast 2024 year-end Residential customer count and resulting average 2024 Residential customer count using the equation from the Annual Review of 2023 Rates?

26

27

28

<sup>3</sup> The 2023 Intercept and Slope values of 395 and (0.19), respectively, are used in the current Application (see Table A3-5 of Appendix A3), and the 2022 Intercept and Slope values of 414 and (0.20), respectively, were used in the Annual Review for 2023 Rates application (see Table A3-5 of Appendix A3 from the 2023 Annual Review).



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1 **Response:**

2 While there is a material change in the slope and intercept (slope increased while the intercept  
3 decreased), the overall calculation did not result in a material change to the forecast residential  
4 customer count.

5 This forecast method relies on a custom population report from BC Stats that is refreshed each  
6 year. FBC notes that BC Stats adjusted some of the historical population values in their population  
7 report. To be responsive to this question, FBC recalculated last year's regression using the  
8 updated BC Stats data to enable a meaningful comparison.

9 There is a material change (>10%) in the intercept for the population values, which is presented  
10 below.

	Annual Review for 2023 Rates using Updated BC Stats Population Data	Annual Review for 2024 Rates using Updated BC Stats Population Data	Ratio
Slope	0.42	0.46	9.5%
Intercept	7,867	(3,342)	-142%

11

12 Using the regression from the Annual Review for 2023 Rates application but with updated BC  
13 Stats population data, the 2024 forecast year-end residential customer count and the average  
14 2024 residential customer count would have been 132,822 and 131,922 respectively. The  
15 difference for both is only approximately 0.35 percent when compared to the 2024 Forecast as  
16 filed in this Application.

17

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19

20 6.6 Please provide a schedule that provides: i) the weather normalized UPC values  
21 for 2013-2022; ii) the predicted UPC values for 2013-2022 using the results of  
22 FBC's trend analysis; and iii) the predicted (before 2023 and 2024 DSM savings)  
23 UPC values for 2023 and 2024 using the results of FBC's trend analysis.

24

25 **Response:**

26 The requested schedule is presented below.



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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	iii) Before DSM Savings	
											2023S	2024F
i) Weather Normalized FBC UPC (MWh)	12.48	11.51	11.41	11.27	11.31	11.03	10.43	10.89	10.57	10.32		
ii) UPC Using the FBC 2024 Annual Review UPC Trend Results	11.98	11.79	11.41	11.41	11.22	11.03	10.84	10.65	10.46	10.27	10.08	9.89

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1           7.2     Please clarify, in Table 5.3, what the projected/forecast values for 2023 and 2024  
2                     represent (e.g. do they represent – i) the incremental DSM savings expected to be  
3                     achieved in each of these years or ii) the cumulative savings for each year over  
4                     and above those included in the actual 2022 load?).

5  
6     **Response:**

7     In Table 5.3, the projected value for 2023 represents the incremental DSM savings expected to  
8     be achieved that year.

9     The forecast value for 2024 represents the cumulative DSM savings expected in both 2023 and  
10    2024. The incremental DSM savings forecast for 2024 is 25.9 GWh.

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14           7.3     Please provide a version of Table 5.3 that includes the years 2013-2024.

15  
16     **Response:**

17     Please refer to the expanded version of Table 5.3 below which includes the years 2013-2024. As  
18     discussed in the response to BCOAPO IR1 7.2, the 2024F is inclusive of the 2023S savings of  
19     26.9 GWh and 2024F savings of 25.9 GWh.

Year	DSM Savings (GWh) without Losses
2013	(29.5)
2014	(14.6)
2015	(15.1)
2016	(24.8)
2017	(33.2)
2018	(31.4)
2019	(25.8)
2020	(26.3)
2021	(30.0)
2022	(35.9)
2023S	(26.9)
2024F	(52.9)

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1           7.4     Please provide a schedule that, based on Table 2.2, sets out for 2023 and 2024:  
2                    i) the annual before savings projection/forecast; ii) the annual after savings  
3                    projection/forecast; and iii) the difference between (i) and (ii).  
4

5     **Response:**

6     The requested schedule is provided below. The 2024 DSM values include the cumulative DSM  
7     from 2023 and 2024 since the DSM from 2023 has not been realized.

	Net Before Savings Forecast (GWh)	Net After Savings Forecast (GWh)	Variance (GWh)
2023	3,503	3,476	27
2024	3,527	3,474	53

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12           7.4.1    Please confirm that the differences (i.e., item (iii) from question 7.4  
13                    above) are the same as the values in Table 5.3 for the respective years.  
14                    If not the same, please reconcile.  
15

16     **Response:**

17     Confirmed.

18

19

20

21           7.5     Based on the preceding responses please provide a schedule that sets out, for the  
22                    years 2013 to 2024, the incremental DSM savings in each year (from a base of  
23                    2012) and the cumulative DSM savings in each year (from a base of 2012). Please  
24                    clarify whether the values provided include any loss in persistence of achieved  
25                    DSM savings in subsequent years.  
26

27     **Response:**

28     FBC provides below the requested schedule showing the estimated annual incremental and  
29     cumulative DSM savings for 2013 to 2024. The cumulative DSM savings values include FBC's  
30     estimated losses in persistence of DSM savings as a result of DSM measures from previous years  
31     reaching the end of their measure life. FBC notes that actual losses in persistence will be reflected  
32     in the actual load each year, so that it is only necessary to forecast the incremental DSM savings.



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Year	Incremental DSM Savings (GWh)	Cumulative DSM Savings (GWh)
2013	(29.5)	(29.5)
2014	(14.6)	(44.1)
2015	(15.1)	(59.2)
2016	(24.8)	(84.0)
2017	(33.2)	(117.3)
2018	(31.4)	(142.2)
2019	(25.8)	(162.2)
2020	(26.3)	(188.1)
2021	(30.0)	(216.6)
2022	(35.9)	(251.9)
2023S	(26.9)	(274.3)
2024F	(25.9)	(300.1)

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7.6 With respect to Table 5.3 (Appendix A2), please provide a schedule that breaks the total DSM savings for 2023 and 2024 down by the customer classes used in the load forecast.

**Response:**

Please refer to the response to BCUC IR1 2.2.

7.6.1 Please confirm whether, for each customer class, these values correspond to the difference between the annual before and after savings values for 2023 and 2024 as set in Appendix A2, Tables 2.2 to 2.8. If not confirmed, please reconcile.

**Response:**

Confirmed.



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1           7.7     With respect to Table 3-1 (Exhibit B-2, page 17), please clarify what the DSM  
2           savings values for 2024 represent (e.g., do they represent: i) the total cumulative  
3           savings achieved in 2023 and 2024 that are incremental to the savings  
4           incorporated in the 2022 actual load or ii) the incremental savings assumed to be  
5           achieved in 2024?).

6  
7     **Response:**

8     Table 3-1 presents DSM savings that are incremental to the savings already embedded in  
9     historical loads up to and including 2022. This means that the 2024 savings in Table 3-1, when  
10    compared to 2022 actual, would include the projected DSM savings for 2023 and the forecast  
11    DSM savings for 2024.

12  
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15           7.8     Please provide a revised version of Table 3-1 that sets out: i) the incremental DSM  
16           savings assumed to be achieved in 2023 over and above those included in the  
17           actual 2022 values; ii) the incremental DSM savings assumed to be achieved in  
18           2024 over and above those achieved in 2023 and previous years; and iii) the  
19           cumulative incremental savings assumed to be achieved by 2024 over and above  
20           those included in the 2022 actual load.

21  
22     **Response:**

23     Please refer to Table 1 in the response to BCUC IR1 2.2 which provides the breakdown of  
24     incremental energy savings projected and forecast in 2023 and 2024, respectively. Additional  
25     clarification of the DSM savings is provided below:

26           i)     The incremental DSM savings assumed to be achieved in 2023 over and above those  
27           included in the actual 2022 values is 26.9 GWh (net; not including losses).

28           ii)    The incremental DSM savings assumed to be achieved in 2024 over and above those  
29           achieved in 2023 and previous years is 25.9 GWh (net; not including losses).

30           iii)   The cumulative incremental savings assumed to be achieved by 2024 over and above  
31           those included in the 2022 actual load is 52.9 GWh (net; not including losses). No  
32           measures included in the forecast contain a one-year measure life so all incremental  
33           savings from 2023 will persist into 2024. FBC performs regular evaluations on all  
34           measures, including measure lifetimes, to inform program design and ensure that  
35           measure assumptions are kept up to date.

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1  
2           7.9     Please provide a schedule that compares the annual 2023 and 2024 DSM savings  
3                    (by customer class) as approved by the BCUC in Order G-371-22 with the DSM  
4                    savings for 2023 and 2024 (by customer class) as assumed in the current  
5                    application.

6                    7.9.1     Please explain any material (>10%) differences.

7  
8     **Response:**

9     As FBC has explained in previous Annual Review proceedings, the DSM savings estimates  
10    provided in Table 3-1 of the Application and the FBC 2023-2027 DSM Expenditures Plan are not  
11    directly comparable. However, the forecast shown in Table 3-1 of the Application is based on,  
12    and consistent with, the DSM Expenditures Plan savings. The difference is a result of the way  
13    that the DSM Plan savings are presented, attributed, and disaggregated in the Application's load  
14    forecast.

15    The main reason for the difference is that the load forecast in Table 3-1 of the Application presents  
16    the DSM savings cumulatively, starting in the first year (the prior years' DSM savings are  
17    embedded in the consecutive years), whereas the DSM Plan shows the savings for each plan  
18    year separately. For example, the DSM savings are incremental to the savings that are already  
19    embedded in historical loads up to and including 2022. This means that the 2024 DSM savings,  
20    when compared to the 2022 actual, would include the projected DSM savings for 2023 and the  
21    forecast DSM savings for 2024.

22    Furthermore, the DSM Plan represents annual incremental energy savings for the DSM projects  
23    planned for that calendar year. The DSM forecast presented in the Application factors in the timing  
24    of DSM projects: a portion of the savings from the DSM projects occur in the plan year, with the  
25    remainder attributed to the following year. For example, if a project with 12 MWh of savings was  
26    completed in December, the DSM Plan shows all of those savings in that year. In contrast, the  
27    Application forecast numbers include only 1 MWh (1/12) of the savings with the remaining 11/12  
28    of the project's savings falling into the following year (11 MWh of savings from January to  
29    November). As a result of the pro-rating, some of the DSM Plan incremental energy savings are  
30    forecast to be realized in the following year.

31    Finally, in the Application, FBC disaggregated a number of sub-categories of DSM for forecasting  
32    purposes, which are not shown in the DSM Plan savings. For example, "Residential" savings in  
33    the DSM Plan includes both FBC direct customers and the residential portion of the "Wholesale"  
34    savings (for the City of Penticton and other municipal electric utilities), which are presented  
35    separately in the Application load forecast. Similarly, the "Commercial" program area of the DSM  
36    Plan savings includes FBC's direct customers, the commercial customers in Wholesale, and the  
37    "[Street] Lighting" and "Irrigation" rate class values, which are shown separately in the load  
38    forecast.



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1   **8.0   Reference:   Exhibit B-2, page 17**  
2                           **Exhibit B-2, Appendix A2, Tables 2.2 to 2.8 and 6.2**  
3                           **FBC's Annual Review of 2023 Rates**

4           **Preamble:**   The Application (page 17) states:  
5                           “FBC’s total load consists of the weather normalized residential and  
6                           wholesale load and the actual commercial, industrial, lighting and irrigation  
7                           load. In aggregate, the absolute load forecast variance in 2022 was 4.7  
8                           percent, which was primarily due to higher industrial loads and more  
9                           residential customers coming onto the system than forecast. As shown in  
10                          Figure 3-1 below, the total load, net of losses, is forecast to be 3,473.9  
11                          GWh in 2024F, which is 1.8 GWh less than 2023S and 1.4 GWh less than  
12                          2023 Approved.”

13           8.1   Please confirm that Table 6.2 (Appendix A2) compares the load forecast by  
14                          customer class for 2022 as approved per FBC’s Annual Review of 2023 Rates  
15                          versus the actual 2022 weather normalized loads for each customer class. If not  
16                          confirmed, please provide such a table.

17  
18   **Response:**

19   Not confirmed. First, the Annual Review for 2023 Rates application provided the 2023 Forecast  
20   for approval (i.e., 2023 Approved), not the 2022 forecast for approval. In the Annual Review for  
21   2023 Rates application, FBC provided the 2022 Seed year forecast, which was different from the  
22   2022 Approved forecast provided in the Annual Review for 2022 Rates.

23   Table 6.2 of this Application (i.e., the Annual Review for 2024 Rates Application) compares the  
24   load forecast by customer class for 2022 as approved in FBC’s Annual Review for 2022 Rates  
25   versus the actual 2022 weather normalized loads for each customer class.

26   The following table compares the 2022 Actual load to the 2022 Seed forecast included in the  
27   Annual Review for 2023 Rates application.



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1

**Table 1: Variance in 2022 Actual Load vs 2022 Seed Forecast Load**

Energy (GWh)	2022
<b>Historic</b>	
Residential	1,320.4
Commercial	969.1
Wholesale	575.5
Industrial	558.5
Lighting	9.3
Irrigation	37.6
Net	3,470.3
Gross	3,784.8
<b>Forecast</b>	
Residential	1,304.0
Commercial	962.3
Wholesale	578.7
Industrial	578.8
Lighting	9.5
Irrigation	39.5
Net	3,472.8
Gross	3,771.4
<b>Variance (GWh)</b>	
Residential	16.4
Commercial	6.8
Wholesale	(3.3)
Industrial	(20.3)
Lighting	(0.2)
Irrigation	(1.9)
Net	(2.5)
Gross	13.4
<b>Variance (%)</b>	
Residential	1.2%
Commercial	0.7%
Wholesale	-0.6%
Industrial	-3.6%
Lighting	-2.7%
Irrigation	-5.1%
Net	-0.1%
Gross	0.4%

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1  
2 8.1.1 Please provide an explanation of the 2022 variance (between actual  
3 weather normalized load and the 2022 forecast included in the Annual  
4 Review of 2023 Rates) for the Residential class, separating out the  
5 impact of: i) customer count; ii) forecast versus actual UPC before 2022  
6 DSM savings; and iii) forecast versus actual 2022 DSM savings.

7  
8 **Response:**

9 As explained in the response to BCOAPO IR1 8.1, the 2022 forecast included in the Annual  
10 Review for 2023 Rates application was the Seed year forecast and is thus different than the 2022  
11 Forecast provided in the Annual Review for 2022 Rates application.

12 There is a 16.4 GWh increase in actual 2022 residential load when comparing the 2022 seed year  
13 forecast from the Annual Review for 2023 Rates application. The variance is due to an increased  
14 UPC forecast which is somewhat offset by a decreased customer count forecast and increased  
15 DSM forecast. The requested variance impacts are provided below.

Residential Impacts	GWh
i) Customer Count	-1.0
ii) UPC	18.6
iii) DSM	-1.2
Total	16.4

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19  
20 8.2 Please provide a schedule that compares the load forecast (by customer class) for  
21 2023 as approved per FBC's Annual Review of 2023 Rates versus the forecast  
22 2023 loads for each customer class in the current Application.

23  
24 **Response:**

25 Please refer to the following table.



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1

**Table 1: Comparison of 2023 Approved Forecast and 2023 Seed Forecast**

	2023F from 2023 Annual Review	2023S from 2024 Annual Review	Variance
Residential	1,301	1,308	7
Commercial	973	967	-6
Wholesale	578	591	12
Industrial	575	562	-13
Lighting	9	9	0
Irrigation	39	39	-1
Net	3,476	3,476	0
Losses & Company Use	299	299	0
Gross	3,775	3,775	0

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8.2.1 Please provide an explanation of the variance for the Residential class, separating out the impact of: i) customer count; ii) the current UPC forecast prior savings from 2023 DSM programs versus the forecast UPC for 2023 (inclusive of 2022 but not 2023 DSM savings) from the Annual Review of 2023 Rates; and iii) forecast incremental 2023 DSM savings per the Annual Review of 2023 Rates versus the current Application.

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**Response:**

14

There is a 7 GWh increase in 2023 when comparing the Annual Review for 2023 Rates to the Annual Review for 2024 Rates. The variance is due to an increased UPC forecast which is somewhat offset by a decreased customer count forecast. The incremental DSM is approximately the same for 2023 for both applications and therefore does not impact the variance. Please see the following breakdown.

15

16

17

18

19

**Table 1: Residential Impacts between 2023F and 2023S (GWh)**

Customer Count	-4
UPC	11
DSM	0
Total	7

20

21

22

23



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1           8.3       With respect to Table 2.3 (Appendix A2), please provide an explanation of the  
2                           change between the Residential forecast for 2023 versus 2024 separating out the  
3                           impact of: i) customer count; ii) UPC prior to incremental 2024 DSM savings; and  
4                           iii) incremental 2024 DSM savings.

5  
6       **Response:**

7       There is a 9 GWh decrease when comparing the Residential forecast for 2023 versus 2024. The  
8       variance is due to a decreased UPC forecast and incremental 2024 DSM which is somewhat  
9       offset by an increased customer count forecast. The requested variance impacts are presented  
10      below.

11                           **Table 1: Residential Impacts between 2023S and 2024F (GWh)**

i) Customer Count	21
ii) UPC	-25
iii) DSM	-5
Total	-9

12  
13



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1  
2           9.2     Please provide a schedule that sets out for the years 2013 to 2022: i) the actual  
3           normalized UPC value; ii) the cumulative DSM savings per customer (per the  
4           previous question 9.1); and iii) the normalized UPC assuming no DSM savings  
5           after the 2012 base year (i.e., the sum of (i) and (ii)).  
6

7     **Response:**

8     The requested schedule is presented in the table below.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
i) Residential Normalized UPC (MWh)	12.48	11.51	11.41	11.27	11.31	11.03	10.43	10.89	10.57	10.32
ii) Cumulative Savings Per Customer (MWh)	0.13	0.27	0.35	0.40	0.51	0.59	0.65	0.71	0.77	0.81
iii) UPC Assuming No Cumulative DSM Savings	12.61	11.78	11.76	11.67	11.82	11.62	11.08	11.60	11.34	11.14

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13           9.3     Please provide the results (similar to Exhibit B-2, Appendix A3, Table A3-6) based  
14           on a trend analysis of the result from previous question 9.2, part (iii).  
15

16     **Response:**

17     Please refer to Table 1 below for the requested trend results using the residential UPC that  
18     exclude all cumulative DSM savings from 2013 to 2022 as shown in item iii) in the response to  
19     BCOAPO IR1 9.2. Based on this trend analysis, the 2023 and 2024 before all DSM savings UPC  
20     values would be 11.00 MWh and 10.89 MWh, respectively.

21                   **Table 1: Residential UPC Trend Analysis based on BCOAPO IR1 9.2**

Regression	UPC
Start Year	2013
End Year	2022
R <sup>2</sup>	0.665
Adjusted R <sup>2</sup>	0.624
df	9
Intercept	245
Slope UPC	-0.12

22  
23     As noted above, the 2023 and 2024 UPC forecasts using the residential UPC trend in Table 1  
24     above (i.e., based on item iii) from BCOAPO IR1 9.2) do not include any historical DSM savings  
25     as well as any loss to persistency from all years since 2013. As such, in order to account for DSM  
26     savings and to compare against FBC's after-savings forecasts, FBC subtracted the cumulative  
27     DSM savings per residential customer from the response to BCOAPO IR1 9.1 for 2023 and 2024





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1 as shown in Table 2 below. The difference compared to the residential after-savings UPC using  
 2 FBC's forecasting method as shown in Section 4 of Appendix A2 of the Application is small, at  
 3 0.11 MWh and 0.19 MWh for 2023S and 2024F, respectively.

4 **Table 2: Comparison of Residential After-Savings UPC between FBC's Forecasting Method and**  
 5 **BCOAPO IR1 9.3**

	2023S	2024F
UPC forecast <i>without all DSM Savings</i> from 2013 to 2022 (BCOAPO IR1 9.2, item iii)	11.00	10.89
Less: Cumulative DSM savings (BCOAPO IR1 9.1, item iv)	<u>(0.85)</u>	<u>(0.88)</u>
<b>UPC forecast with Cumulative DSM Savings since 2013</b>	<b>10.15</b>	<b>10.01</b>
<b>FBC's Methods - Section 4 of Appendix A2 (As-Filed)</b>	<b>10.04</b>	<b>9.82</b>
Difference	+0.11	+0.19

6  
 7 FBC's observations on this alternative forecasting approach suggested by BCOAPO are the same  
 8 as discussed in the response to BCOAPO IR1 9.4 from the Annual Review for 2023 Rates  
 9 proceeding:

- 10 • The regression based on the approach suggested in BCOAPO IR1 9.1 to 9.3 has a worse  
 11  $R^2$  value at 0.665 than the regression in FBC's approach, which has an  $R^2$  value of 0.825  
 12 as shown in Table A3-5 of Appendix A3.
- 13 • In order to accounting for DSM savings based on a regression without all cumulative DSM  
 14 savings, the DSM savings will have to be added back later instead. This would require an  
 15 assumption that there is no change related to those DSM savings in all years since 2013.  
 16 For instance, if certain DSM measures were implemented in 2013 such as new LED light  
 17 bulbs, it is entirely possible that the LED light bulbs could have been removed or replaced  
 18 with newer LED light bulbs over the years. If the regression is completed before the DSM  
 19 savings, then any changes to the DSM savings would not have been captured in the  
 20 regression. On the other hand, FBC's approach would be a regression on all historical  
 21 load, which would capture all changes embedded in the historical load, including any  
 22 changes related to the DSM savings, e.g., due to persistent losses.

23 Regardless, the variances between actual and forecast use rates are captured in the Flow-  
 24 through deferral account.

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 27





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1    **10.0 Reference: Exhibit B-2, Appendix A2, pages 3 &7 and Appendix A3, pages 4-5**  
 2                                    **FBC's Annual Review of 2023 Rates, Exhibit B-2, Appendix A3, page**  
 3                                    **5**

4            10.1 Please provide a schedule that for the Commercial class compares: i) the forecast  
 5            GDP value for 2022 used in the Annual Review of 2023 Rates versus the actual  
 6            2022 GDP; ii) the forecast 2022 load for FBC EV DC Fast Chargers used in the  
 7            Annual Review of 2023 Rates versus the actual 2022 load for FBC EV DC Fast  
 8            Chargers.  
 9

10    **Response:**

11    FBC interprets this IR to be looking for a breakdown of the 2022 Seed forecast (from the Annual  
 12    Review for 2023 Rates) and Actual commercial load in GWh that was forecast based on the  
 13    provincial GDP data as discussed in Appendix A3 of the Application, and to compare these values  
 14    against 2022 Seed and Actual EV DCFC load in GWh, instead of comparing the GDP value in  
 15    dollars against the 2022 Projected and Actual EV DCFC load in GWh. Accordingly, please refer  
 16    to Table 1 below which provides:

- 17            • The 2022 Seed and Actual GDP values at basic prices (2012\$ millions) as provided by  
 18            CBOC;
- 19            • The 2022 Seed commercial load in GWh that was forecast based on the provincial GDP  
 20            value and the equivalent 2022 Actual; and
- 21            • The 2022 Seed (from the 2023 Annual Review) and the 2022 Actual for the EV DCFC load  
 22            in GWh.

23    **Table 1: 2022 Projected and Actual GDP Values, Commercial Load Forecast using GDP, and the**  
 24    **EV DCFC Load**

	2022 Seed (From 2023 Annual Review)	2022 Actual
BC GDP at Basic Prices (2012\$ millions)	267,678	272,009
FBC Commercial Load Forecast Based on GDP (GWh)	962	969
FBC EV DCFC Load (GWh)	0.5	0.4

25    Table 1 above shows that the EV DCFC load represents only approximately 0.05 percent of the  
 26    commercial load that is forecast based on the provincial GDP value.

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1           10.2 Please provide a schedule that, for the Commercial class, compares the  
2 incremental DSM savings for 2022 assumed in the Annual Review of 2023 Rates  
3 with the actual incremental Commercial DSM savings for 2022.  
4

5 **Response:**

6 The requested information is presented in the table below.

Commercial Rate Class	2023 Annual Review - Seed Year Value	Actual
2022 Incremental DSM (GWh)	11.4	9.0

7  
8 As explained in Section 3.2 of the Application (page 16, Lines 7 through 13), the Seed Year  
9 provides a bridge between the actual years and the forecast year and is therefore not the year  
10 under review in this annual review.

11  
12

13  
14           10.3 What are the major factors contributing to the difference between the 2022 forecast  
15 (after savings) Commercial load used in the Annual Review of 2023 Rates and the  
16 actual 2022 Commercial load?  
17

18 **Response:**

19 For the reasons explained in the response to CEC IR1 3.18, FBC is not able to identify the specific  
20 major contributing factors to the 7 GWh variance (as shown in the response to BCOAPO IR1  
21 10.1), which is equivalent to a variance of only 0.7 percent, when comparing the 2022 Seed Year  
22 value from the Annual Review for 2023 Rates to the 2022 Actual commercial load.

23  
24

25  
26           10.4 Please provide a schedule that for the Commercial class compares: i) the forecast  
27 GDP value for 2023 used in the Annual Review of 2023 Rates versus the forecast  
28 GDP value for 2023 used in the current Application; ii) the forecast 2023 load for  
29 FBC EV DC Fast Chargers used in the Annual Review of 2023 Rates versus the  
30 forecast 2023 load for FBC EV DC Fast Chargers used in the current Application.  
31



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1 **Response:**

2 FBC interprets this IR to be looking for a breakdown between the 2023 Approved forecast (from  
3 the Annual Review for 2023 Rates) and Seed forecast (from this Application) for the commercial  
4 load in GWh that was forecast based on the provincial GDP data as discussed in Appendix A3 of  
5 the Application, and to compare these values against the 2023 Approved and 2023 Seed EV  
6 DCFC load in GWh, instead of comparing the GDP value in dollars against the 2023 Approved  
7 and 2023 Seed EV DCFC load in GWh.

8 Accordingly, please refer to Table 1 below which provides:

- 9 • The 2023 Seed and Actual GDP values at basic prices (2012\$ millions) as provided by  
10 the CBOC;
- 11 • The 2023 Approved commercial load in GWh that was forecast based on the provincial  
12 GDP value and the equivalent 2023 Seed forecast from this Application; and
- 13 • The 2023 Approved and the 2023 Seed forecast for the EV DCFC load in GWh.

14 **Table 1: 2023 Projected and Actual GDP Values, Commercial Load Forecast using GDP, and the**  
15 **EV DCFC Load**

	2023 Approved (From 2023 Annual Review)	2023 Seed (From 2024 Annual Review)
BC GDP at Basic Prices (2012\$ millions)	275,817	270,073
FBC Commercial Load Forecasted based on GDP (GWh)	973	968
FBC EV DCFC Load (GWh)	0.6	0.6

16  
17 Table 1 above shows that the EV DCFC load represents only approximately 0.06 percent of the  
18 commercial load that is forecast based on the provincial GDP value.

19  
20  
21  
22 10.5 Please provide the (before savings) Commercial load forecast for 2023 based: i)  
23 on the current GDP forecast for 2023 in conjunction with the Commercial class  
24 forecast equation used in the Annual Review of 2023 Rates; and ii) the current  
25 forecast 2023 load for FBC EV DC Fast Chargers.

26  
27 **Response:**

28 Based on the GDP forecast for 2023 from CBOC used in the Annual Review for 2023 Rates, FBC  
29 calculates that the before savings Commercial load forecast for 2023 would be 977 GWh, which



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1 includes the forecast of 0.6 GWh for FBC EV DC Fast Chargers. FBC notes the difference when  
 2 compared to the 2023 Seed forecast from the 2024 Annual Review (using the GDP forecast in  
 3 the 2024 Annual Review) is approximately 9 GWh, which is equivalent to a variance of only  
 4 approximately 0.9 percent.

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8 10.6 Please provide a schedule that for the Commercial class compares: i) the  
 9 cumulative incremental DSM savings for 2022 and 2023 assumed in the Annual  
 10 Review of 2023 Rates versus ii) the sum of the actual 2022 incremental DSM  
 11 savings and the forecast incremental 2023 DSM savings as used in the current  
 12 Application.

13

14 **Response:**

15 The requested information is presented in the table below.

Commercial DSM Savings	2022	2023	Total
i) Annual Review of 2023 Rates Forecast (GWh)	11.4	11.1	22.5
ii) Annual Review of 2024 Rates Forecast and 2022 Actuals (GWh)	9.0	11.3	20.3

16

17

18

19

20 10.7 With respect to Appendix A2, Tables 3.1 and 3.2, how was the Commercial  
 21 customer count for forecast for 2023 and 2024 determined?

22

23 **Response:**

24 Please refer to the formula below for the calculation of the expected commercial customer count,  
 25 which is forecast based on the provincial GDP supplied by the CBOC.

26 
$$\text{Commercial Customer Count}_t = b_0 + b_1 \times \text{GDP}_t$$

27 Coefficients' b0 and b1 are obtained from an ordinary least squares (OLS) regression analysis on  
 28 the 2013 to 2022 actual customer count data. The regression results are shown in Table 1.

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1

**Table 1: Results of Commercial Customer Count Regression**

Regression	Commercial
Start Year	2013
End Year	2022
R <sup>2</sup>	0.97
Adjusted R <sup>2</sup>	0.94
df	9
Intercept	3,457
Slope GDP	0.05

2

3

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6

10.8 What are the major factors contributing to the difference between the 2023 (after savings) forecast Commercial load used in the Annual Review of 2023 Rates and the 2023 (after savings) forecast for Commercial load in the current Application?

7

8

9

10 **Response:**

11 The following factors contributed to the difference in forecast results:

- 12 • The inclusion of the 2022 actuals in the forecast of the current Application which were not
- 13 available in the Annual Review for 2023 Rates; and
- 14 • An updated CBOC GDP forecast which incorporates the latest market data that was not
- 15 available in the Annual Review for 2023 Rates.

16 However, there is only a 5.6 GWh (0.58 percent) difference between the 2023 Commercial load

17 forecast from the Annual Review for 2023 Rates application and the current Application.

18

19

20

21

10.9 With respect to Appendix A2, Table 2.4, please provide explanations for: i) the decrease in actual Commercial load in 2022 versus 2021; and ii) the decrease in Commercial load between 2022 (actual) and 2023 (after savings forecast).

22

23

24

25 **Response:**

26 For the reasons explained in the response to CEC IR1 3.18, FBC is not able to identify the specific

27 contributing factors to the variances between 2021 and 2022, and between 2022 and 2023.



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1 However, FBC notes that the difference between the 2021 and 2022 Actual results is  
2 approximately 2.3 GWh, which represents a decrease of only 0.2 percent from 2021. Further, the  
3 difference between 2022 Actuals and the 2023 Seed forecast from this Application is  
4 approximately 1.6 GWh, which represents a decrease of 0.16 percent. FBC considers year-over-  
5 year variances of this magnitude to be expected and reasonable.

6





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1 **11.0 Reference: Exhibit B-2, Appendix A2, page 4 and Appendix A3, page 5**

2 11.1 Please provide a schedule that, for the Wholesale class, compares the incremental  
3 DSM savings for 2022 assumed in the Annual Review of 2023 Rates with the  
4 actual incremental Wholesale DSM savings for 2022.

5  
6 **Response:**

7 The requested schedule is presented below.

	Forecast	Actual
2022 Incremental DSM (GWh)	-3.9	-3.6

8  
9  
10

11  
12 11.2 Please provide a schedule that for the Wholesale class compares: i) the  
13 cumulative incremental DSM savings for 2022 and 2023 assumed in the Annual  
14 Review of 2023 Rates versus ii) the sum of the actual 2022 incremental DSM  
15 savings and the forecast incremental 2023 DSM savings as used in the current  
16 Application.

17  
18 **Response:**

19 The requested schedule is presented below.

Wholesale DSM	2022 Incremental DSM Savings	2023 Incremental DSM Savings	2022 and 2023 Cumulative DSM Savings
i) Annual Review of 2023 Rates 2022 Seed and 2023 Forecast (GWh)	-3.9	-3.8	-7.7
ii) Annual Review of 2024 Rates 2022 Actual and 2023 Seed (GWh)	-3.6	-3.8	-7.5

20  
21  
22

23  
24 11.3 What are the major factors contributing to the difference between the 2022 forecast  
25 (after savings) Wholesale load used in the Annual Review of 2023 Rates and the  
26 actual 2022 Wholesale Load?

27  
28 **Response:**

29 Variations in load are expected to occur from year to year. There are many contributing factors  
30 such as, but not limited to, employment trends, interest rates, GDP and other market factors which  
31 cannot be isolated and quantified from the metered load data that FBC receives.



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1 Further, FBC's wholesale customers are municipalities that own and operate their electrical  
2 distribution systems. The wholesale customer loads include a combination of residential,  
3 commercial, industrial, and lighting. FBC does not meter the individual customers that are served  
4 by each municipality. As such, FBC is unable to isolate any variances in the actuals since many  
5 contributing factors impact the wholesale loads which cannot be isolated from the metered data.

6 As such, FBC cannot identify any major factors contributing to the relatively minor variations in  
7 load, such as the negative 3 GWh (i.e., negative 0.6 percent) difference between the 2022 Seed  
8 forecast used in the Annual Review for 2023 Rates and the actual 2022 Wholesale load.

9  
10

11

12 11.4 What are the major factors contributing to the difference between the 2023 (after  
13 savings) forecast Wholesale load used in the Annual Review of 2023 Rates and  
14 the 2023 (after savings) forecast for Wholesale load in the current Application?

15

16 **Response:**

17 Please refer to the response to BCOAPO IR1 11.3.

18

19

20

21 11.5 With respect to Appendix A2, Table 2.5, please provide explanations for: the  
22 decrease in Wholesale load between the 2023 (after savings forecast) and 2024  
23 (after savings forecast).

24

25 **Response:**

26 As explained in Appendix A3 of the Application, the wholesale load forecast is based on the load  
27 surveys completed by each wholesale customer. The wholesale customers themselves are best  
28 able to forecast their load growth based on their knowledge of their customer mix, load behaviors,  
29 development projects with associated load requirements, etc. As noted in the response to  
30 BCOAPO IR1 11.3, FBC is unable to isolate any variances in the actuals since many contributing  
31 factors impact the wholesale loads which cannot be isolated from the metered data.

32



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1 **12.0 Reference: Exhibit B-2, Appendix A2, page 4 and Appendix A3, page 5**

2 12.1 Please provide a schedule that, for the Industrial class, compares the incremental  
3 DSM savings for 2022 assumed in the Annual Review of 2023 Rates with the  
4 actual incremental Industrial DSM savings for 2022.

5  
6 **Response:**

7 The requested schedule is presented below.

	Forecast	Actual
2022 Incremental DSM (GWh)	-8.5	-17.5

8  
9 For further information regarding the increase in the 2022 Actual DSM savings compared to  
10 forecast, please refer to the response to BCUC IR1 2.3.

11  
12

13  
14 12.2 Please provide a schedule that for the Industrial class compares: i) the cumulative  
15 incremental DSM savings for 2022 and 2023 assumed in the Annual Review of  
16 2023 Rates versus ii) the sum of the actual 2022 incremental DSM savings and  
17 the forecast incremental 2023 DSM savings as used in the current Application.

18  
19 **Response:**

20 The requested schedule is presented below.

Industrial DSM	2022 Incremental DSM Savings	2023 Incremental DSM Savings	2022 and 2023 Cumulative DSM Savings
i) Annual Review of 2023 Rates 2022 Seed and 2023 Forecast (GWh)	-8.5	-7.6	-16.1
ii) Annual Review of 2024 Rates 2022 Actual and 2023 Seed (GWh)	-17.5	-7.1	-24.6

21  
22  
23

24  
25 12.3 What are the major factors contributing to the difference between the 2022 forecast  
26 (after savings) Industrial load used in the Annual Review of 2023 Rates and the  
27 actual 2022 Industrial Load?

28



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1 **Response:**

2 The major contributing factor to the 20 GWh difference between the 2022 Seed year after savings  
3 Industrial forecast provided in the Annual Review for 2023 Rates application and the 2022 Actual  
4 Industrial load was lower than forecast loads from customers in the data mining, manufacturing,  
5 and forestry sectors.

6  
7

8

9 12.4 What are the major factors contributing to the difference between the 2023 (after  
10 savings) forecast Industrial load used in the Annual Review of 2023 Rates and the  
11 2023 (after savings) forecast for Industrial load in the current Application?

12

13 **Response:**

14 The major contributing factor to the 13 GWh difference between the 2023 Forecast after-savings  
15 Industrial load forecast in the Annual Review for 2023 Rates application and the 2023 Seed year  
16 forecast after-savings Industrial load in the current Application is lower than anticipated loads from  
17 customers in the data mining and manufacturing sectors.

18

19

20

21 12.5 With respect to Appendix A2, Table 2.5, please provide explanations for: the  
22 decrease in Industrial load between the 2023 (after savings forecast) and 2024  
23 (after savings forecast).

24

25 **Response:**

26 FBC assumes that this question is referring to the variance in Industrial load; however, FBC notes  
27 that Table 2.5 of Appendix A2 of the Application provides information on the Wholesale load, not  
28 the Industrial load. Further, as shown in Table 2.6 of Appendix A2, the 2024 Forecast after savings  
29 Industrial load has increased (not decreased) compared to the 2023 Seed forecast.

30 FBC has explained the basis for the 2024 Forecast Industrial load forecast in the Application and  
31 notes that the difference between the 2024 Forecast and 2023 Seed forecast is only 1.4 GWh or  
32 0.3 percent. FBC does not have any additional explanation for this increase.

33



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1 **13.0 Reference: Exhibit B-2, pages 34 – 35 and 37**

2 13.1 Please provide a revised version of Table 4-1 that includes the Approved and  
 3 Actual amounts for 2022.

4  
 5 **Response:**

6 Please see the following requested table.

7 **Expanded Table 4-1: Power Supply Cost (\$ millions)**

Line No.	Description	Approved 2022	Actual 2022	Approved 2023	Projected 2023	Forecast 2024
1	Power Purchase Expense	\$ 143.779	\$ 153.457	\$ 163.575	\$ 170.873	\$ 173.694
2	Wheeling Expense	6.093	\$ 6.898	\$ 6.987	\$ 7.294	\$ 7.324
3	Water Fees	11.958	\$ 11.838	\$ 11.543	\$ 12.433	\$ 12.513
4	Total Power Supply Cost	<u>\$ 161.830</u>	<u>\$ 172.193</u>	<u>\$ 182.105</u>	<u>\$ 190.600</u>	<u>\$ 193.532</u>
5						
6	Gross Load (GWh)	3,591	3,864	3,775	3,813	3,773

8  
 9  
 10  
 11  
 12 13.2 Please provide a table similar to Table 4-2 that sets out the Approved and Actual  
 13 Power Purchase expense for 2022. In doing so please expand the table to also  
 14 show the energy (kWh) associated with each source (adding a row for FBC's own  
 15 generation) and the average cost per kWh.

16  
 17 **Response:**

18 Please refer to the response to BCUC IR1 9.6.

19  
 20  
 21  
 22 13.2.1 Please explain the variance between 2022 Approved and 2022 Actual  
 23 PPA purchases (kWh and cost) and how much of the variance is due to  
 24 FBC having been able to replace the PPA energy purchases with  
 25 additional market purchases.

26  
 27 **Response:**

28 The total variance between the 2022 Approved and 2022 Actual BC Hydro PPA expense is an  
 29 increase of \$9.433 million. Overall, actual gross load was higher than approved by 271 GWh, and  
 30 in order to meet this additional load, FBC increased its BC Hydro PPA purchases by 103 GWh,



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1 which contributed \$5.907 million to the variance. This increase was partially offset by a decrease  
2 in the average BC Hydro PPA rates which contributed a net decrease of \$0.474 million. The  
3 remaining variance is due to lower than forecast market savings of \$4.000 million.

4 To meet load in 2022, FBC also increased market purchases by 194 GWh. Since FBC needed  
5 both additional PPA and market purchases to meet increased gross load, none of the variance is  
6 due to FBC being able to replace PPA energy purchases with additional market purchases.

7  
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10 13.2.2 How much of the variance (volume and costs) between 2022 Approved  
11 versus 2022 Actual Market and Contract Purchases is due to FBC having  
12 been able to replace the PPA energy purchases with additional market  
13 purchases?  
14

15 **Response:**

16 The total variance between 2022 Approved and 2022 Actual Market and Contracted Purchases  
17 is an increase of \$9.573 million. In order to meet load, FBC increased market purchases by 194  
18 GWh compared to 2022 Approved, which contributed an increase of \$6.483 million to the  
19 variance. The remainder of the variance is due to increased purchase rates for market power  
20 which contributed \$3.090 million to the variance. As discussed in the response to BCOAPO IR1  
21 13.2.1, both additional PPA and market purchases were required to meet load in 2022; therefore,  
22 none of the market purchases were made to replace PPA purchases.

23  
24

25  
26 13.3 What was FBC's annual energy nomination under the PPA for the 2021/2022  
27 contract period and what was the actual amount of PPA used during this period?

28 13.3.1 If the amount used was greater than 75% of the nomination, please  
29 explain why FBC did not increase its market purchases for the period.  
30

31 **Response:**

32 FBC's annual PPA energy nomination for the 2021/22 contract period was 645.000 GWh. The  
33 actual amount of PPA energy used in the contract period was 648.342 GWh.

34 During the 2021/22 contract year, actual gross load exceeded the forecast, and market prices  
35 were higher than the BC Hydro PPA price more often than in previous years. As a result, FBC



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1 needed more energy overall and there were fewer opportunities to economically displace PPA  
2 energy with market purchases.

3  
4

5  
6 13.4 Sections 4.2 and 4.3 of the Application outline FBC's Power Supply Resources.  
7 Have there been any changes relative the power supply resources as used in the  
8 Annual Review of 2023 Rates?

9 13.4.1 If yes, please outline what the changes are.

10

11 **Response:**

12 There have been no changes to the power supply resources used between the current Application  
13 and the Annual Review for 2023 Rates. However, please refer to the response to BCOAPO IR1  
14 19.2 for a discussion on changing market costs in 2024 compared to 2023.

15

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1 **14.0 Reference: Exhibit B-2, page 36**

2 **Preamble:** The Application states:

3 "The AECF also outlines FBC's load and resource balance over the  
4 following four years, and FBC's plan for optimizing its portfolio over that  
5 period. FBC's forecasts of PPE for the remainder of 2023 and for 2024 are  
6 based on the plan detailed in the 2023/24 AECF, which was accepted by  
7 the BCUC on June 1, 2023, by Letter L-24-23.

8 The AECF identified FBC's intention to make its annual energy nomination  
9 under the PPA for the 2023/24 contract year equal to 929 GWh, less any  
10 firm market contracts that FBC could enter, as described in Section 5 of the  
11 2023/24 AECF. Prior to the June 30, 2023 nomination deadline, FBC  
12 updated its forecast load and resource balance for the 2023/24 contract  
13 year and submitted a nomination of 929 GWh."

14 14.1 Please provide a copy of the four year load and resource balance included in the  
15 AECF (per the first paragraph of the Preamble).

16 **Response:**

17 The requested table is provided below.

(GWh)	2023/24	2024/25	2025/26	2026/27
FBC Gross Load Forecast [A]	3,764	3,761	3,752	3,769
<b>FBC Resources</b>				
FBC Owned Resources	1,599	1,599	1,599	1,599
Brilliant PPA	922	922	922	922
BRX	79	79	79	79
IPP and Other	12	12	12	12
Contracted Market	-	-	-	-
Required Market Purchases	1	1	0	-
Estimated Purchases for RS 37	15	15	15	15
PPA Tranche 1	1,041	1,041	1,041	1,041
PPA Tranche 2	711	711	711	711
<b>Total FBC Energy Resources</b>	<b>4,379</b>	<b>4,379</b>	<b>4,379</b>	<b>4,379</b>
<b>Total Resources Excluding PPA [B]</b>	<b>2,627</b>	<b>2,627</b>	<b>2,627</b>	<b>2,627</b>
<b>Incremental Energy Requirement [C]= [A]-[B]</b>	<b>1,137</b>	<b>1,133</b>	<b>1,125</b>	<b>1,142</b>

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1           14.2 Please provide the updated forecast load and resource balance referenced in the  
2                           second paragraph of the Preamble.

3  
4           **Response:**

5 Please refer to the following table with the updated load and resource balance.

(GWh)	2023/24	2024/25	2025/26	2026/27
FBC Gross Load Forecast [A]	3,773	3,774	3,772	3,769
FBC Resources				
FBC Owned Resource	1,594	1,601	1,601	1,601
Brilliant PPA	910	920	920	920
BRX	79	79	79	79
IPP and Other	16	16	16	16
Contracted Market Purchases	48	-	-	-
Required Market Purchases	-	1	0	-
Estimated Purchases for RS 37	15	15	16	17
PPA Tranche 1 Energy	1,041	1,041	1,041	1,041
PPA Tranche 2 Energy	711	711	711	711
<b>Total FBC Resources</b>	<b>4,414</b>	<b>4,384</b>	<b>4,384</b>	<b>4,385</b>
Total Resources Excluding PPA [B]	2,662	2,632	2,632	2,633
Total Incremental Energy Requirement [C] = [A]-[B]	1,111	1,143	1,140	1,136

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10           14.3 Per the Preamble, it appears that FBC did not enter into any firm market contracts  
11                           between the time the AECP was prepared and FBC finalized its 929 GWh  
12                           nomination for the 2023/24 contract period. Why was this the case?

13  
14           **Response:**

15 FBC entered into 48 GWh of firm market contracts between the time the AECP was prepared and  
16 the PPA nomination was submitted for the 2023/24 contract period. After FBC updated its load  
17 resource balance and purchased the additional market contracts, its incremental energy  
18 requirements<sup>4</sup> still exceeded 929 GWh. Therefore, FBC elected to submit a 929 GWh PPA  
19 nomination which was the maximum allowable based on the prior year's nomination.

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<sup>4</sup> As shown in the response to BCOAPO IR1 14.2, incremental energy requirements are those that must be served by either PPA energy or market energy.



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1    **15.0 Reference: Exhibit B-2, pages 36 – 38**

2           **Preamble:**    The Application states:

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

9                            A majority of the increase in volume and cost was due to FBC purchasing  
10                           wholesale market power from the spot market, at rates economic to the  
11                           PPA during the first six months of the year to reduce required purchases  
12                           above the BC Hydro PPA Nomination” (pages 36-37)

13                           “2023 Approved included \$7.000 million in potential real-time opportunities,  
14                           including \$3.500 million forecast for the first six months. FBC was able to  
15                           exceed the \$3.500 million during the first six months of 2023 but does not  
16                           expect any further savings for the remainder of 2023.” (page 37, Footnote  
17                           17)

18                           “While forecast market savings included in the 2023 Approved did  
19                           materialize during the first six months of the year, FBC has not included  
20                           any forecast savings for the remainder of 2023 within the Projected PPE.  
21                           This is due to the current forward market price premium compared to rates  
22                           for PPA purchases for the remainder of 2023.” (page 37)

23           15.1    Please provide a table similar to Table 4-2 that sets out the 2023 Approved and  
24                   current Projected Power Purchase expense for 2023 but expands the table to also  
25                   show the energy (kWh) associated with each source (adding a row for FBC’s own  
26                   generation) and average cost per kWh.

27  
28    **Response:**

29    Please refer to the following table which shows: (i) the breakdown of the 2023 Approved and  
30    Projected power purchase expense (\$ millions); (ii) the energy associated with each resource (in  
31    GWh), including FBC’s own generation; and (iii) the average cost of each energy source (\$ per  
32    MWh).



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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
5	Independent Power Producers	\$ 0.062	\$ 0.195	\$ 0.133
6	Self-Generators	-	\$ 0.044	\$ 0.044
7	CPA Balancing Pool	\$ (0.000)	\$ (1.570)	\$ (1.570)
8	Transmission Service Loss Recoveries	-	-	-
9	Special and Accounting Adjustments	-	\$ 0.479	\$ 0.479
10	Total	<u>\$ 163.575</u>	<u>\$ 170.873</u>	<u>\$ 7.298</u>
11				
12	Gross Load (GWh)	3,775	3,813	38
13				
14	Total Volume			
15	FBC Resources	1599	1592	-7
16	Brilliant	922	909	-13
17	BC Hydro PPA	1100	975	-125
18	Waneta Expansion	0	0	0
19	Market and Contracted Purchases	141	351	210
20	Independent Power Producers	1	3	3
21	Self-Generators	0	1	1
22	CPA Balancing Pool	0	-31	-31
23	Transmission Service Loss Recoveries	12	12	1
24	Special and Accounting Adjustments	0	0	0
25	Total	<u>3775</u>	<u>3813</u>	<u>38</u>
26				
27	Average Cost			
28	FBC Resources	N/A	N/A	N/A
29	Brilliant	\$ 47.75	\$ 48.46	\$ 0.71
30	BC Hydro PPA	\$ 64.82	\$ 72.49	\$ 7.66
31	Waneta Expansion	N/A	N/A	N/A
32	Market and Contracted Purchases	\$ 44.76	\$ 53.03	\$ 8.27
33	Independent Power Producers	\$ 81.34	\$ 56.54	\$ (24.80)
34	Self-Generators	\$ -	\$ 51.05	\$ 51.05
35	CPA Balancing Pool	\$ -	\$ 50.83	\$ 50.83
36	Transmission Service Loss Recoveries	N/A	N/A	N/A
37	Special and Accounting Adjustments	N/A	N/A	N/A
38	Total	<u>\$ 43.33</u>	<u>\$ 44.81</u>	<u>\$ 1.48</u>



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15.1.1 Please explain the variance between 2023 Approved and 2023 (current) Projected PPA purchases (kWh and cost) and how much of the variance was i) due to FBC having or expecting to be able to replace the PPA energy purchases with additional market purchases versus; and ii) offset by 2023 gross load now forecast to be higher than the 2023 Approved value.

**Response:**

12 The 2023 Projected BC Hydro PPA purchases are 125 GWh less than 2023 Approved, and the  
13 2023 Projected expense is \$0.600 million lower than 2023 Approved. However, the 2023  
14 Approved PPA expense includes a reduction of \$7.000 million to account for forecast savings,  
15 which must be removed in order accurately calculate the variance between 2023 Projected and  
16 2023 Approved. Excluding the forecast savings, the 2023 Projected PPA expense is \$7.600  
17 million less than 2023 Approved.

18 Of the \$7.600 million variance, \$0.468 million is a result of a decreased purchase rate and \$7.132  
19 million is a result of reduced volume.

20 2023 Projected Market and Contracted purchases increased by 210 GWh compared to 2023  
21 Approved. This increase is greater than the decreased PPA purchase volume and increased load  
22 requirements (+38 GWh) combined. Therefore, of the \$7.132 million reduction in Projected PPA  
23 expense (i.e., the reduction related to the reduced volume), 100 percent is attributable to  
24 increased Market and Contracted Purchases.

25  
26  
27

15.1.2 How much of the variance (volume and costs) between 2023 Approved vs 2023 Projected Actual Market and Contract Purchases is due to: i) FBC having/expecting to be able to replace the PPA energy purchases with additional market purchases; and ii) 2023 gross load now forecast to be higher than the Approved value?

**Response:**

35 2023 Projected Market and Contracted purchases increased by 210 GWh and \$12.297 million  
36 compared to 2023 Approved. Of the \$12.297 million increase, \$4.771 million was due to increased  
37 rates and \$7.526 million was due to increased volume.



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1 As shown in the response to BCOAPO IR1 15.1, the 2023 Projected PPA purchase volume is  
2 125 GWh less than 2023 Approved. Therefore, of the \$7.526 million increase in 2023 Projected  
3 Market and Contracted purchases due to volume, 60 percent (125 GWh/210 GWh) or \$4.516  
4 million is due to the replacement of PPA purchase volume. Gross load requirements increased  
5 by 38 GWh; therefore, of the \$7.526 million increase due to volume, 18 percent (38 GWh/210  
6 GWh) or \$1.355 million was due to increased gross load requirements.

7  
8

9  
10 15.1.3 The text in the Preamble indicates that the rise in Projected PPE is due  
11 to gross load now forecasted to be higher than the 2023 Approved value.  
12 However, the increase in gross load is roughly 1% while the increase in  
13 PPE expense is more than 4%. Please explain the reason for the  
14 difference.

15  
16 **Response:**

17 As stated in the preamble to this IR, the rise in 2023 Projected PPE is primarily due to an increase  
18 in Market and Contracted Purchase expenses as a result of increased volumes and rates.  
19 Therefore, this increase is the result of both increased gross load and increased market rates.

20  
21

22  
23 15.2 What was FBC's annual energy nomination under the PPA for the 2022/2023  
24 contract period and what was the actual amount of PPA used during this period?

25  
26 **Response:**

27 FBC's annual energy nomination under the PPA was 774 GWh for the 2022/23 contract year  
28 which spans October 1, 2022 through September 30, 2023. Through the end of August 2023,  
29 FBC has used 898 GWh of PPA energy, or 116 percent of the annual nomination.

30  
31

32  
33 15.2.1 If the amount used was greater than 75% of the nomination, please  
34 explain why FBC did not increase its market purchases for the period.

35



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1 **Response:**

2 Similar to the 2021/22 contract year, in the 2022/23 contract year, actual gross load exceeded  
3 the forecast, and market prices were higher than the BC Hydro PPA price more often than in  
4 previous years. As a result, FBC needed more energy overall, and there were fewer opportunities  
5 to economically displace PPA energy with market purchases.

6  
7

8

9 15.3 The Application states:

10 "FBC has not included any forecast savings for the remainder of 2023  
11 within the Projected PPE. This is due to the current forward market price  
12 premium compared to rates for PPA purchases for the remainder of 2023."  
13 (page 37)

14 "FBC is increasingly reliant on energy supplied by BC Hydro as it is  
15 generally more cost effective than the market during most times of the year  
16 (2024)." (page 37)

17 Please describe the current (i.e., 2023) difference between market prices and the  
18 rates for PPA purchases and how this difference: i) has changed from that  
19 experienced in previous years; and ii) whether/how this difference is expected to  
20 change in 2024.

21

22 **Response:**

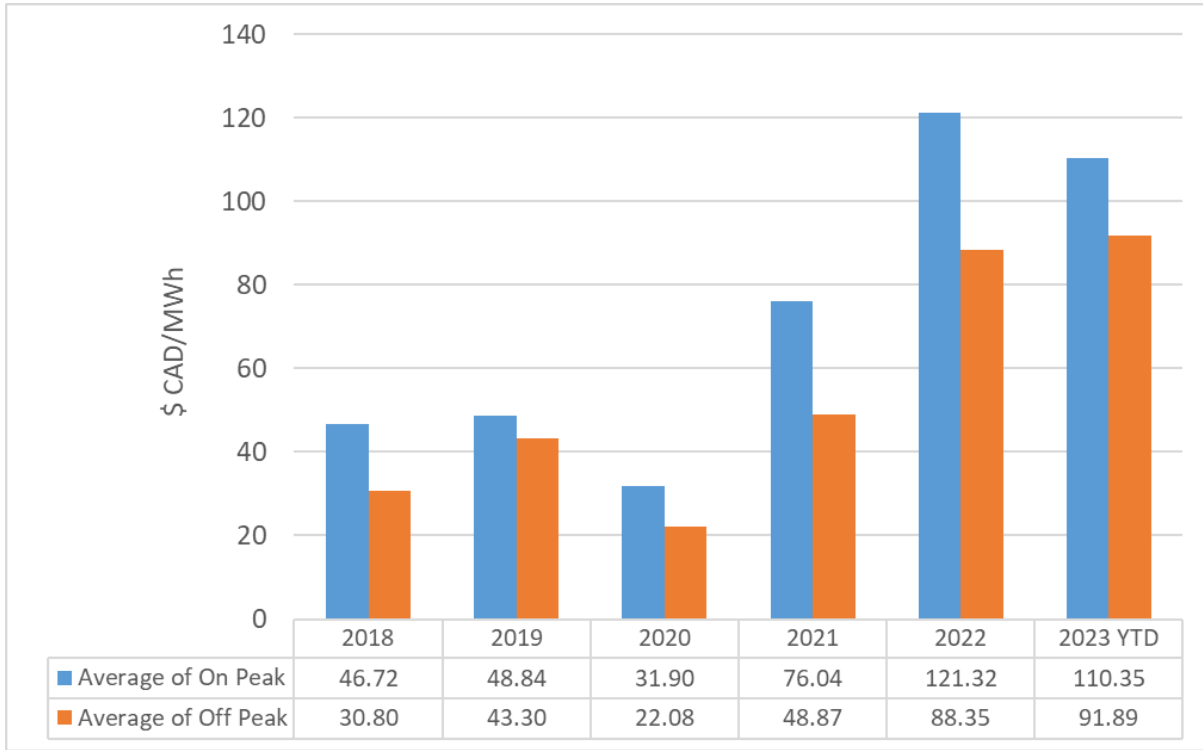
23 As shown in the response to BCUC IR1 9.4, in the 2022/23 contract year, market prices have  
24 exceeded the Tranche 1 energy price during much of the year. Through to August 2023, there  
25 have only been 55 days where the Off-Peak Day Ahead Mid C prices were lower than the Tranche  
26 1 Energy price in the 2022/23 contract year.<sup>5</sup> To further illustrate the change, the figure below  
27 shows the average Day Ahead Mid C Index price for both the on and off-peak blocks from 2018  
28 to 2023 YTD.<sup>6</sup>

<sup>5</sup> This includes October, November and December 2022.

<sup>6</sup> Through August 2023. Prices are converted to CAD\$ using an FX rate of 1.3 CAD/USD.



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1

2 Over this period, the Tranche 1 energy price has typically been close to \$50/MWh while the  
 3 Tranche 2 price has been close to \$95/MWh. Prior to 2021, the average day ahead prices were  
 4 below or near \$50/MWh for both on-peak and off-peak hours. In 2021, the on-peak average price  
 5 jumped above \$75/MWh. In 2022, the average price in both blocks jumped considerably and the  
 6 off-peak average far exceeded the Tranche 1 energy price, and the on-peak average price  
 7 exceeded the Tranche 2 energy price. So far in 2023, prices have remained in this elevated state.  
 8 Looking to 2024, FBC anticipates that prices will remain higher than the Tranche 1 energy and  
 9 that there will be limited opportunities to displace PPA energy at the Tranche 1 rate. Actual prices  
 10 will depend on the system and market conditions across the west and FBC will attempt to displace  
 11 planned PPA energy when it is economic to do so.

12

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1 **16.0 Reference: Exhibit B-2, pages 37 - 38**

2 16.1 Please provide a table similar to Table 4-3 that sets out the 2023 Approved and  
3 the 2024 Forecast Power Purchase expense but expands the table to also show  
4 the energy (kWh) associated with each source (adding a row for FBC's own  
5 generation) and average cost per kWh.  
6

7 **Response:**

8 Please refer to the following table which shows: (i) the breakdown of the 2023 Approved and 2024  
9 Forecast power purchase expense (\$ millions); (ii) the energy associated with each resource (in  
10 GWh), including FBC's own generation; and (iii) the average cost of each energy source (\$ per  
11 MWh).

Line No.	Description	Approved 2023	Forecast 2024	Difference
1	Brilliant	\$ 44.050	\$ 44.433	\$ 0.383
2	BC Hydro PPA	\$ 71.302	\$ 71.680	\$ 0.378
3	Waneta Expansion	\$ 41.834	\$ 40.365	\$ (1.469)
4	Market and Contracted Purchases	\$ 6.326	\$ 16.972	\$ 10.646
5	Independent Power Producers	\$ 0.062	\$ 0.245	\$ 0.183
6	Self-Generators	-	-	-
7	CPA Balancing Pool	\$ (0.000)	\$ 0.000	\$ 0.000
8	Transmission Service Loss Recoveries	-	-	-
9	Special and Accounting Adjustments	-	-	-
10	Total	<u>\$ 163.575</u>	<u>\$ 173.694</u>	<u>\$ 10.119</u>
11				
12	Gross Load (GWh)	3,775	3,773	(2)
13				
14	Total Volume			
15	FBC Resources	1599	1594	-5
16	Brilliant	922	910	-13
17	BC Hydro PPA	1100	1037	-62
18	Waneta Expansion	0	0	0
19	Market and Contracted Purchases	141	216	74
20	Independent Power Producers	1	4	4
21	Self-Generators	0	0	0
22	CPA Balancing Pool	0	0	0
23	Transmission Service Loss Recoveries	12	12	0
24	Special and Accounting Adjustments	0	0	0
25	Total	<u>3775</u>	<u>3773</u>	<u>-2</u>
26				
27	Average Cost			
28	FBC Resources	N/A	N/A	N/A
29	Brilliant	\$ 47.75	\$ 48.84	\$ 1.09
30	BC Hydro PPA	\$ 64.82	\$ 69.09	\$ 4.27
31	Waneta Expansion	N/A	N/A	N/A
32	Market and Contracted Purchases	\$ 44.76	\$ 78.72	\$ 33.96
33	Independent Power Producers	\$ 81.34	\$ 55.87	\$ (25.47)
34	Self-Generators	\$ -	\$ -	\$ -
35	CPA Balancing Pool	\$ -	\$ -	\$ -
36	Transmission Service Loss Recoveries	N/A	N/A	N/A
37	Special and Accounting Adjustments	N/A	N/A	N/A
38	Total	<u>\$ 43.33</u>	<u>\$ 46.04</u>	<u>\$ 2.71</u>





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1 **17.0 Reference: Exhibit B-2, pages 38-39**

2 **Preamble:** The Application states:

3 "BC Hydro PPA expense is forecast to increase in 2024 by \$0.978 million  
4 compared to the 2023 Projected expense. The drivers of the variance are  
5 a higher purchased volume (62 GWh), which increases the expense by  
6 \$4.046 million, offset by a lower average purchase rate for BC Hydro PPA,  
7 which accounts for a decrease of \$0.068 million, for a total increase of  
8 \$3.978 million."

9 (Footnote 18) "A higher PPA nomination for the 2023/24 contract year  
10 results in less penalty charges from energy taken over and above the PPA  
11 nomination and a lower average BC Hydro PPA purchase rate."

12 (Footnote 19) "\$0.978 million is calculated as follows: Total increase of  
13 \$3.978 million less the \$3.000 million 2024 Forecast real time  
14 opportunities."

15 17.1 What has FBC assumed be the nominated PPA amount for the 2024/25 contract  
16 period for purposes of the Application?

17 **Response:**

18 FBC has not assumed a nominated PPA amount for the 2024/25 contract year in the Application.  
19 However, FBC considers it likely that the 2024/25 BC Hydro PPA contract nomination will be the  
20 full Tranche 1 availability of 1,041 GWh if current market prices continue.  
21

22  
23

24  
25 17.2 With respect to Footnote #18, do the Projected 2023 PPA expenses include  
26 "penalty charges"?

27 17.2.1 If yes, what is the dollar value and how was it determined?

28 17.2.2 If yes, did any of the 2022 Approved, 2022 Actual or 2023 Approved PPA  
29 expenses include penalty charges? If yes, please indicate the amount  
30 and why they were incurred.  
31

32 **Response:**

33 Yes, the 2023 Projected PPA expense includes surcharges or "penalty charges" for energy taken  
34 above the Nomination in 2023. The forecast volume of Tranche 1 Energy taken above the  
35 Nomination is equal to 164 GWh, at a total cost of \$12.520 million. This is based on the actual



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1 volume taken under the BC Hydro PPA through June 2023, as well as the forecast volume  
2 required for the remainder of the contract year based on forecast gross load and resources. The  
3 2023 Approved PPA expense included 202 GWh of forecast Tranche 1 Energy taken above the  
4 Nomination, valued at \$15.435 million, partially offset by forecast savings of \$7.000 million to  
5 account for potential real-time opportunities to displace a portion of this energy.

6 The 2022 Approved PPA expense did not include any volume of Tranche 1 Energy taken above  
7 the Nomination, as there was none forecast to be required at the time. However, FBC purchased  
8 approximately 3 GWh of PPA energy above the nomination during 2022, valued at \$0.250 million,  
9 which was included in the 2022 Actual PPA expense.

10  
11

12

13 17.3 How did FBC determine that \$3.0 M was the appropriate amount to reduce its 2024  
14 Forecast of PPA expense by in order to account for potential real-time  
15 opportunities to displace PPA purchases with lower cost market purchases?  
16

17 **Response:**

18 Please refer to the response to BCUC IR1 9.3.

19



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1    **18.0 Reference: Exhibit B-2, page 39**

2            **Preamble:**    The Application states:

3                            “The \$2.014 million increase in Waneta Expansion expense is due to the  
4                            2.1 percent annual fixed escalation of WAX CAPA rates, and a \$0.549  
5                            million decrease in forecast surplus sales revenue under the RCA and  
6                            CEPSA. ... CEPSA revenue is forecast using the average monthly sales  
7                            revenue from the past three years. The forecast of surplus capacity sales  
8                            revenue in 2024, which is included in Line 3 of Table 4-3, is approximately  
9                            \$13.636 million.”

10            18.1    Please provide the forecast CEPSA revenue for 2023 included in the Waneta  
11                            Expansion expense for 2023 and the basis on which it was determined.

12  
13    **Response:**

14    The forecast CEPSA revenue included in the 2023 Projected Waneta Expansion expense is equal  
15    to \$9.042 million. This includes actual CEPSA sales revenue from January through June 2023,  
16    and forecast sales revenue for July through December. July through December sales revenue  
17    was forecast using an average of monthly sales from 2020, 2021, and 2022.

18    The forecast of surplus capacity sales of \$13.636 million in 2024 includes both sales revenue  
19    under the RCA and CEPSA. The 2024 Forecast CEPSA revenue is equal to \$8.338 million, and  
20    the forecast RCA sales revenue is equal to \$5.298 million. The CEPSA sales revenue was equal  
21    to \$4.002 million in 2020, \$8.365 million in 2021, and \$12.646 million in 2022, the average of  
22    which is equal to \$8.338 million.

23  
24

25  
26            18.2    Please provide the CEPSA revenue for each of the three years used to forecast  
27                            the 2024 revenues of \$13.636 M.

28  
29    **Response:**

30    Please refer to the response to BCOAPO IR1 18.1.

31



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1 **19.0 Reference: Exhibit B-2, page 39**

2 **Preamble:** The Application states:

3 "The \$1.652 million decrease in Market and Contracted Purchases forecast  
4 for 2024 is a result of reduced volume when compared to 2023 Projected."

5 19.1 How much of the reduction in Market and Contracted Purchases volumes in 2024  
6 (relative to 2023) is due to: i) the reduction in total gross load requirements versus  
7 ii) an increase in PPA purchases (and supply from other sources)?  
8

9 **Response:**

10 Please refer to the "Difference" column in the table below for the increases/decreases in GWh for  
11 each of the supply sources as they relate to the 2024 Forecast compared to 2023 Projected.  
12 Generally, a reduction in Market and Contracted Purchase volumes will correspond with  
13 increased PPA take, as the PPA is FBC's marginal resource from an energy planning perspective.  
14 For 2024, supply from all sources other than the market increased by 96 GWh. Combined with a  
15 40 GWh expected decrease in load requirements, this results in a decrease of 136 GWh from  
16 Market and Contracted Purchases.

Line No.	Description	Projected 2023	Forecast 2024	Difference
1	FBC Resources	1592	1594	2
2	Brilliant	909	910	1
3	BC Hydro PPA	975	1037	62
4	Waneta Expansion	0	0	0
5	Market and Contracted Purchases	351	216	-136
7	Independent Power Producers	3	4	1
8	Self-Generators	1	0	-1
9	CPA Balancing Pool	-31	0	31
10	Transmission Service Loss Recoveries	12	12	0
11	Special and Accounting Adjustments	0	0	0
12	Total	3813	3773	-40

17 14 Gross Load (GWh) 3,813 3,773 (40)

18  
19

20  
21 19.2 Is there a change in the forecast cost per kWh of Market and Contract Purchases  
22 for 2024 (versus 2023) that also contributes to the change in expenses for Market  
23 and Contract Purchases?





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- 1 forecast RS 37 purchases, forecast/executed summer capacity block purchases, and all other
- 2 term energy purchases.

Line no.	Market and Contracted Purchases (GWh)	Approved 2023	Projected 2023	Forecast 2024
1	Real Time Purchases	0	115	0
2	Forecast RS 37 Purchases	15	11	15
3	Forecast/Executed Summer Capacity Purchases	1	21	45
4	Other Energy Purchases	126	204	156
5	<b>Total</b>	<b>141</b>	<b>351</b>	<b>216</b>
6	<b>Market and Contracted Purchases (\$ millions)</b>			
7	Real Time Purchases	\$ -	\$ 4.744	\$ -
8	Forecast RS 37 Purchases	\$ 1.280	\$ 1.002	\$ 1.280
9	Forecast/Executed Summer Capacity Purchases	\$ 0.041	\$ 1.714	\$ 5.029
10	Other Energy Purchases	\$ 5.006	\$ 11.163	\$ 10.663
11	<b>Total</b>	<b>\$ 6.326</b>	<b>\$ 18.624</b>	<b>\$ 16.972</b>

3  
4





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1    **21.0 Reference: Exhibit B-2, pages 47 and 81**

2            21.1 Table 6-2 and page 81 both reference FBC's 2022 Annual Report. Please provide  
3            a copy of this report and indicate which pages contain the information referenced  
4            in Table 6-2 and on page 81.

5

6    **Response:**

7    A redacted copy of FBC's 2022 Annual Report to the BCUC is provided in Attachment 21.1.

8    The 2022 actual total average customer count of 147,112, as referenced in Table 6-2, can be  
9    found on page 17, line 28, column 4 of the Annual Report.

10   The actual 2022 MRP Earnings Sharing deferral account after-tax credit addition of \$1.749 million  
11   referenced on page 81 of the Application can be found on page 12.2, line 15, column 7 of the  
12   Annual Report.

13





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1    **22.0 Reference: Exhibit B-2, page 48**

2           22.1 With respect to Table 6-3, please confirm that the amounts shown for each  
3           spending category are related to the incremental O&M funding provided for each  
4           area in the Decision regarding FBC's Multi-Year Rate Plan for 2020-2024 (and not  
5           the total funding provided for in each area).

6           22.1.1 If confirmed, please provide a schedule that for 2022 sets out: i) the total  
7           approved formula amounts for each category (based on escalating the  
8           total base 2019 funding inclusive of the incremental O&M by the annual  
9           PBR escalation factors); and ii) the actual 2022 spending for each  
10          category.

11  
12    **Response:**

13 FBC confirms that the amounts shown in Table 6-3 are the new/incremental funding for System  
14 Operations, Integrity and Security approved as part of the MRP Decision, not the entire formula  
15 O&M amount that is included in the indexed-based O&M for System Operations, Integrity and  
16 Security.

17 FBC declines to provide the requested information for the total approved formula and actual O&M  
18 amounts for each category. As part of the approved MRP, FBC's indexed-based O&M is approved  
19 as an envelope of spending, and FBC manages this envelope of spending, less the 0.5 percent  
20 Productivity Improvement Factor (PIF), each year. FBC is therefore not required to provide  
21 detailed line-item variances between approved and actual formula O&M spending. Rather, the  
22 reason that FBC reports on the specific categories in Table 6-3 in each annual review is to comply  
23 with the BCUC direction in the MRP Decision and Order G-166-20 to provide the annual and  
24 cumulative variances between formula and actual amounts related to the new/incremental System  
25 Operations, Integrity and Security funding.

26  
27

28  
29           22.2 The Application states:

30                           “For generation dam safety, FBC spent \$0.145 million less than the formula  
31                           amount primarily due to the completion of dam safety review activities in  
32                           2021. As explained in Section 6.2.1 of the Annual Review of 2023 Rates,  
33                           FBC spent \$0.199 million more than the formula amount in 2021 due to the  
34                           continuation of dam safety review activities.”

35                           Does this mean that, as of 2022, FBC has completed its planned dam safety review  
36                           activities for the 2020 to 2024 period?

37



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1 **Response:**

2 FBC confirms that it has completed its planned dam safety review activities as of 2022 for the  
3 2020 to 2024 MRP period. The funding spent on dam safety reviews is only part of the overall  
4 funding approved for the MRP to enable FBC to better meet requirements under the BC Dam  
5 Safety Regulation. Other related dam safety activities that may be funded over the remaining  
6 MRP period include dam vegetation removal, dam stability analysis, dam concrete inspections,  
7 and other dam safety-related studies, assessments and surveys.

8

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1 **23.0 Reference: Exhibit B-2, page 49**

2 **Preamble:** The Application states:

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

10 23.1 Please expand Table 6-4 to include 2022 Approved and 2022 Actuals.

11  
12 **Response:**  
13 Please refer to Table 1 below for an expanded version of Table 6-4 which includes the 2022  
14 Approved and 2022 Actuals.

15 **Table 1: FBC Forecast O&M for 2022 Approved and Actual, 2023 Approved and Projected, and**  
16 **2024 Forecast (\$ millions)**

Line No.	Description	Approved 2022	Actual 2022	Approved 2023	Projected 2023	Forecast 2024
1	Pension/OPEB (O&M Portion)	\$ (1.716)	\$ (1.716)	\$ (1.297)	\$ (1.297)	\$ (2.532)
2	Insurance Premiums	2.223	2.286	2.457	2.507	2.678
3	BCUC Levies	0.373	0.373	0.385	0.385	0.458
4	Clean Growth Initiative - EV DCFC Stations	0.187	0.213	0.219	0.181	0.310
5	Exogenous Factor - MRS	0.765	0.468	0.585	0.585	0.585
6	<b>Total Forecast O&amp;M</b>	<b>\$ 1.832</b>	<b>\$ 1.624</b>	<b>\$ 2.349</b>	<b>\$ 2.361</b>	<b>\$ 1.499</b>

17  
18  
19  
20  
21 23.2 Does the referenced statement in the preamble mean that for all of the items in  
22 Table 6-4 any variances between forecast and actual values are eventually  
23 refunded to/recovered from customers?

24 23.2.1 If not, for which cost items does refund/recovery not apply?

25  
26 **Response:**  
27 Yes, any variances between forecast and actual values for all forecast O&M items in Table 6-4  
28 are refunded to or recovered from customers.



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1 **24.0 Reference: Exhibit B-2, page 49**

2 24.1 With respect to Table 6-5, please explain why the O&M portion of Pension and  
3 OPEB expense is negative while the capital portion is positive.

4  
5 **Response:**

6 The pension and OPEB expense is comprised of different components that are actuarially  
7 determined (current service costs, interest costs, expected return on pension assets, and  
8 amortization of actuarial gains/losses). With respect to how the components of pension and OPEB  
9 expense are included in O&M, the current service cost is allocated between O&M and capital  
10 based on US GAAP accounting standard update ASU 2017-07 issued in 2017, and explained in  
11 the FBC Annual Review for 2018 Rates application.<sup>7</sup> The rest of the components are allocated to  
12 O&M.

13 The negative 2024 pension and OPEB expense results from the expected return on assets, which  
14 is a credit, being larger than the total cost of other components. Since the expected return on  
15 assets component is allocated to O&M, it represents a net deduction in the O&M portion of  
16 pension and OPEB expense.

17 Conversely, the current service costs are allocated to both O&M and capital. As a result, the  
18 capital portion is positive.

19

---

<sup>7</sup> Exhibit B-2, Section 12.3.1.2, pp. 110-111.



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1   **25.0 Reference: Exhibit B-2, pages 49-50**

2           25.1 With respect to the 2024 Forecast O&M expenses for FBC's EV DCFC service,  
3           please explain the purpose of the new inspection agreement and why it leads to  
4           an increase in costs.

5  
6    **Response:**

7    As a result of FBC's operating experience with DCFC infrastructure, FBC has entered into a new  
8    inspection agreement to increase the scope and frequency of site and station inspections, which  
9    is needed to reasonably maintain the site and stations and has resulted in higher costs than  
10   initially forecast.

11

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1    **26.0 Reference: Exhibit B-2, pages 54, 55 and 58**

2            **Preamble:**    The Application states:

3                            “Further, as part of FBC’s 2023 Annual Review Decision and Order G-382-  
4                            22, and Reconsideration Decision and Order G-87-23, FBC received  
5                            approval of its forecasts of regular capital expenditures for the years 2023  
6                            and 2024.” (page 54)

7                            “FBC notes that, pursuant to Order G-135-23, FBC is directed to file a  
8                            CPCN application for the Fruitvale Substation Project prior to the start of  
9                            construction. This project was included in the approved regular capital  
10                            expenditure forecasts for 2023 and 2024. As the Fruitvale Substation  
11                            Project now requires a CPCN, FBC has removed the capital expenditures  
12                            from the 2023 Approved, 2023 Projected, and 2024 Forecast regular  
13                            capital amounts shown in Tables 7-1 and 7-2 (forecast regular capital of  
14                            \$1.087 million in 2023 and \$7.021 million in 2024).” (page 55)

15                            “As discussed in Section 7.2, FBC has removed the 2023 and 2024 capital  
16                            expenditures related to the Fruitvale Substation Project from regular  
17                            capital, as the expenditures will now be treated in the same manner as  
18                            FBC’s other CPCN and Major Project capital expenditures. FBC expects to  
19                            file an application for a CPCN for the Fruitvale Substation Project before  
20                            the end of 2023.” (page 58)

21            26.1    Please provide a schedule that sets out: i) the approved capital expenditures for  
22                            2023 and 2024 (with references as to where in the 2023 Annual Review record the  
23                            values can be found); ii) the projected 2023 and 2024 capital expenditures related  
24                            to the Fruitvale Substation Project; and iii) the resulting regular capital expenditure  
25                            forecasts for 2023 and 2024.

26  
27    **Response:**

28    FBC interprets this IR as looking for the approved regular capital expenditures for 2023 and 2024  
29    before the removal of the Fruitvale Substation for item i), and the resulting approved regular  
30    capital expenditure for 2023 and 2024 after the removal of the Fruitvale Substation for item iii).  
31    Please refer to Table 1 below for items i), ii), and iii) as requested.

32    **Table 1: Summary of FBC Approved Regular Capital Expenditures before and after the Removal**  
33    **of the Fruitvale Substation Capital Expenditures**

	2023	2024	Reference
i) Approved Regular Capital (With Fruitvale)	93.527	100.454	See note 1
ii) Less: Fruitvale Substation Capital	<u>(1.087)</u>	<u>(7.021)</u>	See note 2
34    iii) Final Approved Regular Capital (Without Fruitvale)	92.440	93.433	See note 3



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1 Notes to Table:

2 <sup>1</sup> *The 2023 and 2024 Regular Capital Expenditures were approved as part of the FBC Annual Review for*  
3 *2023 Rates Decision and Orders G-382-22 and G-87-23. The 2023 and 2024 amounts provided in Table*  
4 *7-10 of the Annual Review for 2023 Rates Application were \$94.428 million and \$100.454 million,*  
5 *respectively. However, as a result of an error identified for the 2023 amount in response to BCOAPO*  
6 *IR1 29.8 in the 2023 Annual Review which related to the DG Bell Feeder 4 Addition project (also*  
7 *highlighted in Table 1, page 5 of Decision and Order G-382-22), a total of \$0.901 million was removed*  
8 *from the 2023 amount, resulting in the final approved 2023 regular capital expenditure amount of*  
9 *\$93.527 million. There was no change to the 2024 approved amount of \$100.454 million related to DG*  
10 *Bell.*

11 <sup>2</sup> *The Fruitvale Substation Project was part of the approved 2023 and 2024 regular capital expenditures.*  
12 *The project expenditures were reviewed and approved as part of the Annual Review for 2023 Rates*  
13 *proceeding. However, subsequent to the conclusion of the 2023 Annual Review, and in response to*  
14 *certain customer complaints regarding the Fruitvale Substation Project, the BCUC issued Order G-135-*  
15 *23 directing FBC to file a CPCN for the project. As FBC is now required to file a CPCN for the project,*  
16 *FBC has removed the 2023 and 2024 approved regular capital expenditures from its regular capital*  
17 *forecasts for 2023 and 2024. The original forecasts for the Fruitvale Substation Project (as approved in*  
18 *the 2023 Annual Review) were \$1.087 million in 2023 and \$7.021 million in 2024. These amounts can*  
19 *be found in Appendix C2, Table C2-10, page 9 of the 2023 Annual Review Application. FBC notes that*  
20 *it is expecting to file a CPCN application for the Fruitvale Substation Project before the end of 2023. The*  
21 *revised forecasted expenditures for the project will be presented as part of the CPCN application.*

22 <sup>3</sup> *After removal of the Fruitvale Substation Project expenditures from the regular capital forecasts, the new*  
23 *2023 and 2024 Approved regular capital expenditures are \$92.440 million and \$93.433 million,*  
24 *respectively, as shown in Table 7-2 of this Application.*

25  
26

27

28 26.2 Have the forecast 2023 and 2024 capital expenditures related to the Fruitvale  
29 Substation Project been filed previously with the BCUC? If yes, please provide the  
30 relevant reference.

31

32 **Response:**

33 Please refer to the response to BCOAPO IR1 26.1.

34



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1    **27.0 Reference: Exhibit B-2, pages 57-58**

2            **Preamble:**    The Application states:

3                            “For 2024, FBC is not forecasting any capital expenditures related to Major  
4                            Projects.” (page 57)

5                            “As discussed in Section 7.2, FBC has removed the 2023 and 2024 capital  
6                            expenditures related to the Fruitvale Substation Project from regular  
7                            capital, as the expenditures will now be treated in the same manner as  
8                            FBC’s other CPCN and Major Project capital expenditures.” (page 58)

9            27.1    Based on the statement on page 58 that the Fruitvale Substation Project is now  
10                            considered a Major Project, is the statement on page 57 that there are no 2024  
11                            forecast capital expenditures related to Major Projects correct?

12  
13    **Response:**

14    The statement on page 57 is correct, as it is referring to Major Projects that are already approved.  
15    This is consistent with the presentation in Table 7-4 of the Application which shows that there are  
16    no forecast capital expenditures for 2024 for approved Major Projects (also see Footnote 38 on  
17    page 58 of the Application).

18    As noted in the response to BCOAPO IR1 26.1, FBC is expecting to file a CPCN for the Fruitvale  
19    Substation Project before the end of 2023.

20





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1   **28.0 Reference: Exhibit B-2, page 59 and Section 11, Schedule 11 (line 8)**  
2                           **FBC's Annual Review of 2023 Rates, Exhibit B-2, Section 11,**  
3                           **Schedule 11**  
4                           **FBC's 2023 to 2027 DSM Expenditures Plan Application, Decision**  
5                           **and Order G-371-22**

6           **Preamble:**   The Application states:  
7    "The 2024 Forecast mid-year balance of unamortized deferred charges in  
8    rate base for FBC is a debit of \$51.287 million."

9           28.1   Please provide a schedule similar to Schedule 11 in Section 11 but based on the  
10   current projection for the year ending December 31, 2023.

11  
12   **Response:**

13   Please refer to Attachment 28.1.

14  
15

16  
17           28.1.1   Please provide a schedule that for each of the rate base deferral  
18   accounts compares the gross additions for 2023 as between: i) those  
19   forecast at the time of the Annual Review of 2023 Rates; and ii) the  
20   currently projected gross additions per the current Application. Please  
21   explain any material variances.

22  
23   **Response:**

24   Please refer to the schedule below.



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	2023 Projected per 2024 Annual Review <sup>1</sup>	2023 Forecasted per 2023 Annual Review <sup>2</sup>	Variance
	Amounts (in 000s)		
<b>1. Forecasting Variance Accounts</b>			
BCUC Levies Variance Account	55	-	55
<b>2. Rate Smoothing Accounts</b>			
<b>3. Benefits Matching Accounts</b>			
Preliminary and Investigative Charges	925	(439)	1,364 Note [1]
Demand Side Management	14,455	14,455	-
Deferred Debt Issue Costs	600	600	-
2025 Multi-year Rate Plan Application	350	-	350 Note [2]
2023 - 2027 DSM Expenditure Schedule	55	-	55
Mandatory Reliability Standards 2024 Audit	-	-	-
Joint Pole Use Audit 2023	575	435	140
2021 Generic Cost of Capital Proceeding	350	450	(100)
Annual Reviews for 2020-2024 Rates	195	200	(5)
2021 Long Term Electric Resource Plan	345	250	95
BCUC Initiated Inquiry Costs	3	100	(97)
EV Fleet & Workplace Charging Funding Account	-	-	-
Mandatory Reliability Standards 2021 Audit	-	-	-
<b>4. Retroactive Expense Accounts</b>			
<b>5. Other Accounts</b>			
Pension and OPEB Liability	5,253	4,664	589 Note [3]
COVID-19 Customer Recovery Fund	(1)	-	(1)
Climate Change Operational Adaptation (CCOA)	225	-	225
BC Cost of Living Credit	(507)	-	(507) Note [2]
Princeton Office Disposition	-	-	-
PST Rebate on Select Machinery and Equipment	(590)	-	(590) Note [2]
Indigenous Relations Agreement (Huth Substation)	-	-	-
<b>Total</b>	<b>22,288</b>	<b>20,715</b>	<b>1,573</b>

<sup>1</sup> Response to BCOAPO IR 28.1 – Schedule 11, Column 4

<sup>2</sup> Annual Review of 2023 Rates Application – Schedule 11, Column 4

1

2 Notes to Table:

3 <sup>1</sup> Due to an increase in forecast preliminary and investigative costs.

4 <sup>2</sup> Account not known at the time of filing the Annual Review for 2023 Rates application.

5 <sup>3</sup> Due to lower Pension/OPEB expenses resulting from a higher discount rate.

6

7



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1  
2 28.2 Please provide a schedule that set outs: i) FBC's 2023 DSM Expenditures (per  
3 the Annual Review of 2023 Rates); ii) FBC's current projection for 2023 DSM  
4 expenditures; iii) FBC's 2024 forecast DSM expenditures; and iv) FBC's approved  
5 DSM expenditures for 2023 and 2024 per G-371-22.

6 28.2.1 Please explain any variance between the current projection for  
7 2023/current forecast for 2024 and the approved spending per G-371-22.

8  
9 **Response:**

10 Please refer to the schedule below. There are no variances in the DSM Expenditures. The 2023  
11 DSM expenditures accepted by Order G-371-22 are consistent with both the 2023 Forecast in the  
12 Annual Review for 2023 Rates and the 2023 Projected in the current Application. The 2024 DSM  
13 expenditures accepted by Order G-371-22 are consistent with the 2024 Forecast in the current  
14 Application.

DSM Expenditures (\$ millions)				
2023 Approved per G-371-22	2023 Forecasted per 2023 Annual Review of Rates	2023 Projected per 2024 Annual Review of Rates	2024 Approved per G-371-22	2024 Forecasted per 2024 Annual Review of Rates
14.455	14.455	14.455	15.436	15.436

15  
16

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1 **29.0 Reference: Exhibit B-2, page 60**

2 **Preamble:** FBC is seeking approval to create five new rate base deferral accounts in  
3 this Application.

4 29.1 What are the criteria for determining whether a deferral account is to be a "rate  
5 base deferral account" or a "non-rate base deferral account"?

6 29.1.1 Please indicate how each of these five new deferral accounts meet the  
7 criteria to be a rate base deferral account.

8  
9 **Response:**

10 Generally, FBC will only request non-rate base deferral accounts for accounts where:

- 11 i) a different form of financing other than the weighted average cost of capital (WACC) is  
12 required;
- 13 ii) the deferral account's inclusion in rate base would result in a circular calculation of rate  
14 base and earned return; or
- 15 iii) when rates for the current year have already been set (e.g., when seeking approval for  
16 deferral costs for a CPCN where costs are expected to be incurred in the current year but  
17 rates for the current year are already set).

18 However, each deferral account FBC requests is considered on its own and whether the account  
19 is more appropriately included in rate base or non-rate base, so there may be other instances  
20 where FBC decides a non-rate base deferral is more appropriate.

21 FBC also notes that rate base deferral accounts are included in rate base and therefore are  
22 implicitly financed using WACC. If FBC were to propose costs be recorded in a non-rate base  
23 deferral account, FBC would request that the account be financed with a WACC return. Therefore,  
24 there would be no difference in the proposed financing costs between a rate base and non-rate  
25 base deferral account.

26 The costs/credits FBC is forecasting in the five deferral accounts (i.e., the 2025 MRP Application  
27 costs, the 2024 MRS Audit, the PST Rebate on Select Machinery and Equipment, the BC Cost of  
28 Living Credit, and the CCOA Plan) will all be financed at the same rate as they are financed by  
29 the utility. As such, and as stated by the BCUC in the FBC Annual Review for 2020-2021 Decision  
30 and Order G-42-21 (page 22), rate base deferral accounts are the appropriate treatment for all  
31 five proposed deferral accounts.

32



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1   **30.0 Reference: Exhibit B-2, page 70**

2           **Preamble:** The Application states:

3                           “On November 18, 2022, the Province of BC issued OIC 571/202242 for a  
4                           one-time cost-of-living credit to all eligible residential and commercial  
5                           electricity customers through a BC Hydro bill credit, including those who  
6                           receive their electricity service from FBC or a municipal utility.”

7                           “The total credits applied to eligible customers as of June 10, 2023 are  
8                           therefore \$23.309 million, with \$0.507 million (\$0.370 million after-tax) of  
9                           residual credits which FBC proposes to include as a credit amortization  
10                          (i.e., return to all customers) in 2024 rates.”

11           30.1   Given that the OIC was related to a one-time cost-of-living credit to all eligible  
12                          residential and commercial customer, why is it appropriate to use the residual to  
13                          reduce the 2024 rates for all customer as opposed to using the residual to reduce  
14                          the 2024 rates for just residential and commercial customers?

15  
16   **Response:**

17   FBC considers the proposed approach reasonable, efficient and consistent with Order G-341-22  
18   regarding the customer account credits, as well as consistent with how FBC was approved to  
19   recover the balance in the COVID-19 Customer Recovery Fund Deferral Account<sup>8</sup>.

20   FBC has complied with Order G-341-22 regarding the customer account credits, and there is no  
21   direction in either Order G-341-22 or OIC 517 regarding how FBC is to treat any residual balance  
22   after issuing the customer account credits. Further, as explained in the Application, FBC  
23   confirmed its proposed treatment of returning the residual credits to all customers with EMLI.

24   As part of the Annual Review for 2023 Rates Decision and Order G-382-22, FBC was approved  
25   to recover the balance in the COVID-19 Customer Recovery Fund Deferral Account through  
26   amortization to all customers, despite the customer payment deferral component of the program  
27   being applicable only to residential and commercial customers. In that case, the balance in the  
28   deferral account was a cost to be recovered from customers; in the case of the proposed BC Cost  
29   of Living Credit deferral account, the balance is a credit that will be returned to customers.

30   Further, FBC notes that the difference in bill impact between whether FBC amortizes the residual  
31   credit to all customers or to residential and commercial customers only would be negligible (i.e.,  
32   26 cents difference for 2024<sup>9</sup>). From an administrative standpoint, it is more efficient to amortize  
33   the credit balance to all customers as the deferral account amortization simply forms part of the

<sup>8</sup> Approved as part of the Annual Review for 2023 Rates Decision and Order G-382-22.

<sup>9</sup> Removing the \$370 thousand of after-tax residual credit amortization to all customers will increase the proposed 2024 rate increase from 4.83 percent to 4.91 percent which will then be offset with a credit rider of approximately \$0.0002 per kWh for residential and commercial customers only.



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1 overall amortization expense for 2024 which contributes to the revenue requirement and resulting  
2 rates. On the other hand, in order to apply the residual credit to residential and commercial  
3 customers only, FBC would have to set up a credit rate rider which would require changes to its  
4 billing system and tariff pages. Given the quantum of the difference in treatment between  
5 amortization expense and a rate rider, and the fact that that the credit balance is proposed to be  
6 returned all in one year (and therefore the rate rider would need to be removed subsequent to the  
7 balance being fully returned to customers), FBC considers its proposed approach to be the most  
8 reasonable and appropriate.

9



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1    **31.0 Reference: Exhibit B-2, page 69**

2            **Preamble:**    The Application states:

3                            “FBC is eligible to claim a BC PST Rebate on Select Machinery and  
4                            Equipment on capital purchases of software and equipment and has filed  
5                            for these rebates for the qualifying periods as set out by the Province of  
6                            BC. To date, FBC has received \$0.029 million (\$0.021 million after-tax) in  
7                            rebates and expects additional rebates of approximately \$0.562 million  
8                            (\$0.410 million after-tax) to be received by December 31, 2023.”

9            31.1    Is there any uncertainty regarding the amount of additional rebates (\$0.562 M)  
10                            FBC is expecting to receive by December 31, 2023?

11  
12    **Response:**

13    Please refer to the response to BCUC IR1 15.9.

14



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1   **32.0 Reference: Exhibit B-2, pages 69 and 71**

2           32.1 For at least two of the new rate base deferral accounts FBC has forecast gross  
3           additions for 2024 while proposing that the amortization start January 1, 2024. For  
4           each of these accounts, if the actual gross additions in 2024 are not as currently  
5           forecast, when/how will the amortization of the account balances be adjusted?  
6

7    **Response:**

8    For all deferral accounts, current year actual additions to the deferral account are reflected in  
9    FBC's next annual review, with the variances in amortization between actual and forecast trued-  
10   up in the following years' rate setting applications. As such, customers will only pay for the actual  
11   costs or revenues recorded in each of the deferral accounts via amortization into customer rates.

12





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1    **33.0    Reference:    Exhibit B-2, page 72 and Section 11, Schedule 14**

2            33.1    With respect to Schedule 14, where they exist, please provide cross-references as  
3                            to where the 2024 forecast values for each of the revenue and expense items can  
4                            be found in Section 11.

5  
6    **Response:**

7    Please refer to Attachment 33.1 for Schedule 14 updated with cross-references for revenue and  
8    expense line items where available.

9



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1    **34.0 Reference: Exhibit B-2, pages 74 and 116**

2            **Preamble:**    The Application states:

3                            “Any variances from interest rates used to set rates, and any variances in  
4                            interest resulting from items subject to flow-through in the Flow-through  
5                            deferral account, will be flowed through to customers. All other differences  
6                            in interest expense will affect the achieved ROE and be subject to earnings  
7                            sharing.” (page 74)

8            34.1    What are the sources/causes for the “other differences in interest expense” that  
9                            will affect achieved ROE and be subject to earnings sharing?

10

11    **Response:**

12    The “other differences in interest expense” quoted in the preamble to this question solely refers  
13    to the interest expense used to finance the differences between projected and actual rate base.  
14    The interest portion of the financing of this difference is the amount subject to earnings sharing  
15    referenced in Section 8 in the Application.

16



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1    **35.0 Reference: Exhibit B-2, pages 74 – 75**

2            **Preamble:**    The Application states:

3                            “FBC is both a private and public issuer of long-term debt. FBC plans to  
4                            issue additional long-term debt of approximately \$100 million in April 2024  
5                            and will use the funds to repay existing indebtedness and finance the  
6                            Company’s capital expenditure program. The 2024 debt issuance is  
7                            reflected in the financial schedules at a rate of 4.90 percent.”

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

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

16                    35.1    Please provide a schedule that sets out the derivation of the 4.90% rate for 2024  
17                    long-term debt issuances, including the sources for the inputs used.

18  
19    **Response:**

20    FBC used economic forecasts received from five major Canadian banks (TD Bank, Royal Bank  
21    of Canada, Scotiabank, Bank of Montreal and CIBC) to forecast the long-term debt rate for 2024.  
22    Please see the following calculation:

FBC's Long-Term Debt Rate	2024
30-year GOC Benchmark Bond Yield	3.10%
Indicative Credit Spread	1.80%
<b>FBC's Long-Term Debt Rate</b>	<b>4.90%</b>

23  
24



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1   **36.0 Reference: Exhibit B-2, page 119**

2           **Preamble:**   The Application states:

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

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

11                          • The increase in power purchase expense of \$0.293 million was due to  
12                          several factors including increased load, increased market purchases, and  
13                          increased reliance on the BC Hydro PPA. Increased load and PPA  
14                          purchases were primarily a result of prolonged cold weather at the end of  
15                          2022. This increase was partially offset by increased surplus capacity sales  
16                          under the Capacity and Energy Purchase and Sale Agreement (CEPSA).”

17           36.1   It is noted that the revenue variance (actual over projected) is 2.75% while the  
18                   purchased power variance (actual over projected) is only 0.2%. For each of  
19                   revenue and purchased power, please indicate: i) what portion of the variance is  
20                   due to an increase in load; and ii) what other factors contribute to each variance  
21                   such that the results are so different.

22  
23    **Response:**

24    The variance in revenue between 2022 Actual and 2022 Projected was due to an overall increase  
25    in load. As explained on page 119 of the Application, the increase in revenue of \$11.397 million  
26    of 2.75 percent was primarily due to higher than projected residential, industrial, and wholesale  
27    load, which was partially offset by reduced load from commercial, irrigation, and lighting  
28    customers.

29    For power purchases, not all expenses vary directly with load; therefore, the resulting variance in  
30    power purchases expense may not align with the variance in revenue. As explained on page 119  
31    of the Application, the increased load led to higher purchases under the BC Hydro PPA and from  
32    the market when compared to 2022 Projected. However, this is offset by the increase in surplus  
33    capacity sales from the Waneta Expansion under the CEPSA which would not be related to the  
34    load increases discussed above. Further, variances in projected and actual Brilliant expenses as  
35    well as the CPA Balancing Pool are not related to load increases or decreases.



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1 **37.0 Reference: Exhibit B-2, page 121**

2 37.1 Please update the 2023 results in Table 13-1 to include all months for which data  
3 is currently available.

4  
5 **Response:**

6 Table 13-1 below has been updated for August 2023 YTD results from the June 2023 YTD results  
7 included in the Application.

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

Performance Measure	Description	Benchmark	Threshold	2022 Results	August 2023 YTD Results
<b>Safety SQIs</b>					
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	1.98
<b>Responsiveness to Customer Needs SQIs</b>					
First Contact Resolution	Percent of customers who achieved call resolution in one call	>=78%	74%	77%	79%
Billing Index	Measure of customer bills produced meeting performance criteria	<=3.0	5.0	0.14	2.08
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%	71%
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	64
<b>Reliability SQIs</b>					
System Average Interruption Duration Index (SAIDI) – Normalized	Annual SAIDI (average of cumulative customer outage time)	3.22 <sup>10</sup>	4.52	2.42	3.25 <sup>11</sup>

<sup>10</sup> 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.

<sup>11</sup> The year-to-date result for SAIDI is a year-end forecast where the year-to-date result has been annualized to provide an appropriate comparison to the benchmark and threshold which are annualized numbers.



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1	Page 85

Performance Measure	Description	Benchmark	Threshold	2022 Results	August 2023 YTD Results
System Average Interruption Frequency Index (SAIFI) - Normalized	Annual SAIFI (average customer outage)	1.57	2.19	1.52	1.64 <sup>12</sup>
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%	0.61%
Interconnection Utilization	Informational indicator – percent of time that an interconnection point was available and providing electrical service to wholesale customers.	-	-	99.94%	99.99%

1

<sup>12</sup> The year-to-date result for SAIFI is a year-end forecast where the year-to-date result has been annualized to provide an appropriate comparison to the benchmark and threshold which are annualized numbers.



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1	Page 86

1   **38.0 Reference: Exhibit B-2, page 124**

2                                   **Annual Review of 2023 Rates, Exhibit B-2, Table 13-3**

3           38.1   It is noted that as of June 2022 the AIFR results were 1.25 (per Table 13-3 from  
4                   the Annual Review of 2023 Rates). However, the annual result for 2022 reported  
5                   in the current Application is 2.54 (more than double). Please explain the reasons  
6                   for the increase.

7  
8    **Response:**

9    Please refer to the response to BCUC IR1 23.1.

10  
11

12  
13           38.2   It is noted that, for AIFR, both the annual 2022 results and the June 2023 results  
14                   are above the threshold value. Are the reasons for the high June 2023 value  
15                   similar to those for the high annual 2022 value?

16                   38.2.1   If yes, what is FBC doing to address the underlying issues?

17  
18    **Response:**

19    The statement in this IR regarding the performance of the AIFR is incorrect.

20    For the purpose of assessing the AIFR SQI performance against the Benchmark and Threshold,  
21    the approved metric is the three-year rolling average result. The 2022 annual result was 2.60 and  
22    the 2022 three-year rolling average result was 1.42. Accordingly, for 2022, the AIFR of 1.42  
23    performed better than the Benchmark. With regard to June 2023 YTD, as explained on page 124  
24    of the Application, the three-year rolling average result (June 2023 YTD) is 1.76, which is better  
25    than the threshold.

26



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1	Page 87

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

2 **Preamble:** The Application states:

3 "The reduction in FCR for 2022 as compared to previous years, as shown  
4 in Table 13-4 below, is largely attributable to the increased volume of high  
5 bill inquiries."

6 39.1 To what does FBC attribute the increase in high bill inquiries in 2022?

7

8 **Response:**

9 FBC largely attributes the increase in high bill inquiries to the colder weather experienced at the  
10 start and end of 2022.

11

12

13

14 39.2 It is noted that the FCR results for June 2023 are less than those for the period  
15 2017 to 2021. To what does FBC attribute the lower performance in 2023 (to date)  
16 relative to these earlier years?

17

18 **Response:**

19 Although FBC's year-to-date 2023 FCR performance is lower when compared to the 2017-2021  
20 period, it has remained at or above the threshold in each month of 2023. Further, as at August  
21 YTD, FCR is 79 percent, which is better than the benchmark. Customer satisfaction also  
22 continues to remain high as indicated by the Customer Satisfaction Index results. Thus, FBC does  
23 not consider this to represent lower performance, but rather normal variability in results. While  
24 there are many factors that influence the FCR SQI, FBC believes that this variability is most likely  
25 attributable to a larger volume of high bill inquiries as well as an employee mix that continues to  
26 progress in their training and experience.

27

28

29

30 39.3 Given the results for 2022 and year-to-date 2023, what actions (if any) has FBC  
31 taken to improve its FCR performance?

32

33 **Response:**

34 FBC considers its FCR performance for 2022 and 2023 YTD to be strong, despite being slightly  
35 lower than in recent years. For 2022, the FCR was only slightly below the benchmark and well  
36 above the threshold. For 2023, and as at August YTD FCR is above the benchmark at 79 percent.





FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1	Page 88

- 1 FBC continues to recognize the importance of FCR and its impact on overall customer
- 2 experience.
- 3



FortisBC Inc. (FBC or the Company) Annual Review for 2024 Rates (Application)	Submission Date: September 26, 2023
Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1	Page 89

1 **40.0 Reference: Exhibit B-2, page 126**

2 40.1 Please provide a schedule similar to Table 13-5 that sets out the calculation of the  
3 Billing Index results shown for June 2023.

4  
5 **Response:**

6 Please see the table below for the calculation of the Billing Index results as of June 2023:

Billing Sub-Measure	Percent Achieved (PA)	Formula	Result	
<b>Billing Accuracy</b> (Percent of bills without a Production Issue, based on input data); Target: 99.9%	99.68%	If (PA ≥ 99.9%, 5000 * (1 - PA), 100 * (1.05 - PA))	=100 * (1.05 - 99.68%)	5.32
<b>Billing Timeliness</b> (Percent of invoices delivered to Canada Post within 2 days of file creation); Target: 95%	99.27%	(100% - PA) * 100	=(100% - 99.27%) * 100	0.73
<b>Billing Completion</b> (Percent of accounts billed within 2 days of the billing due date); Target: 95%	99.46%	(100% - PA) * 100	=(100% - 99.46%) * 100	0.54
<b>Billing Service Quality Indicator; Target &lt; 3.0</b>		(Accuracy PA + Timeliness PA + Completion PA) / 3	=(5.32 + 0.73 + 0.54) / 3	2.20

7  
8  
9

10 40.2 To what does FBC attribute the decline in performance with respect to the Billing  
11 Index results for June 2023 as compared to the annual results for 2020 to 2022?

12  
13 **Response:**

14 The design of the Billing Index is such that one or two minor billing related issues can have a  
15 large impact on the result and, as such, performance within the range of the threshold of 5.0 and  
16 the benchmark of 3.0 is considered acceptable. As such, FBC does not consider the 2023 YTD  
17 Index results to be a decline in performance and further notes that the performance continues to  
18 remain better than the threshold of 3.0. As explained on page 125 of the Application, the June  
19 2023 year-to-date result is attributable to a technical issue experienced in February which resulted  
20 in a timing delay between the creation of the bills and those bills being sent to the print vendor.  
21 The technical issue has been corrected.

22

**Attachment 21.1**

---



**Sarah Walsh**  
Director, Regulatory Affairs

**Gas Regulatory Affairs Correspondence**  
Email: [gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

**Electric Regulatory Affairs Correspondence**  
Email: [electricity.regulatory.affairs@fortisbc.com](mailto:electricity.regulatory.affairs@fortisbc.com)

**FortisBC**  
16705 Fraser Highway  
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Cell: (604) 230-7874  
Fax: (604) 576-7074

[www.fortisbc.com](http://www.fortisbc.com)

April 28, 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)**  
**2022 Annual Report to the British Columbia Utilities Commission (BCUC)**

---

Please find attached, for BCUC review, the FBC 2022 Annual Report of actual results (the Annual Report). This Annual Report is being filed electronically only and hardcopies will be provided upon request.

FBC has also attached a redacted public version of the 2022 FBC Annual Report. Pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-72-23, FBC has redacted certain information which is confidential and should not be publicly disclosed, in perpetuity. The basis for requesting confidentiality of the redacted information is to protect two categories of information.

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

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

The following table identifies the specific redactions in the 2022 FBC Annual Report and the reason for redacting the information based on the two categories of confidential information identified above.

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

FBC hereby provides the redacted version of the 2022 Annual Report. FBC requests that the BCUC keep the redacted information confidential for the reasons discussed above.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Sarah Walsh

Attachment

ELECTRIC UTILITIES

ANNUAL REPORT

OF

FORTISBC INC.

FortisBC Inc.

---

(Exact Legal Name of Utility)

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

---

(Address of Principal Business Office)

TO THE

BRITISH COLUMBIA UTILITIES COMMISSION

For the Period January 1, 2022 To December 31, 2022

Annual Report Summary Information Page- L-8-22 Attachment

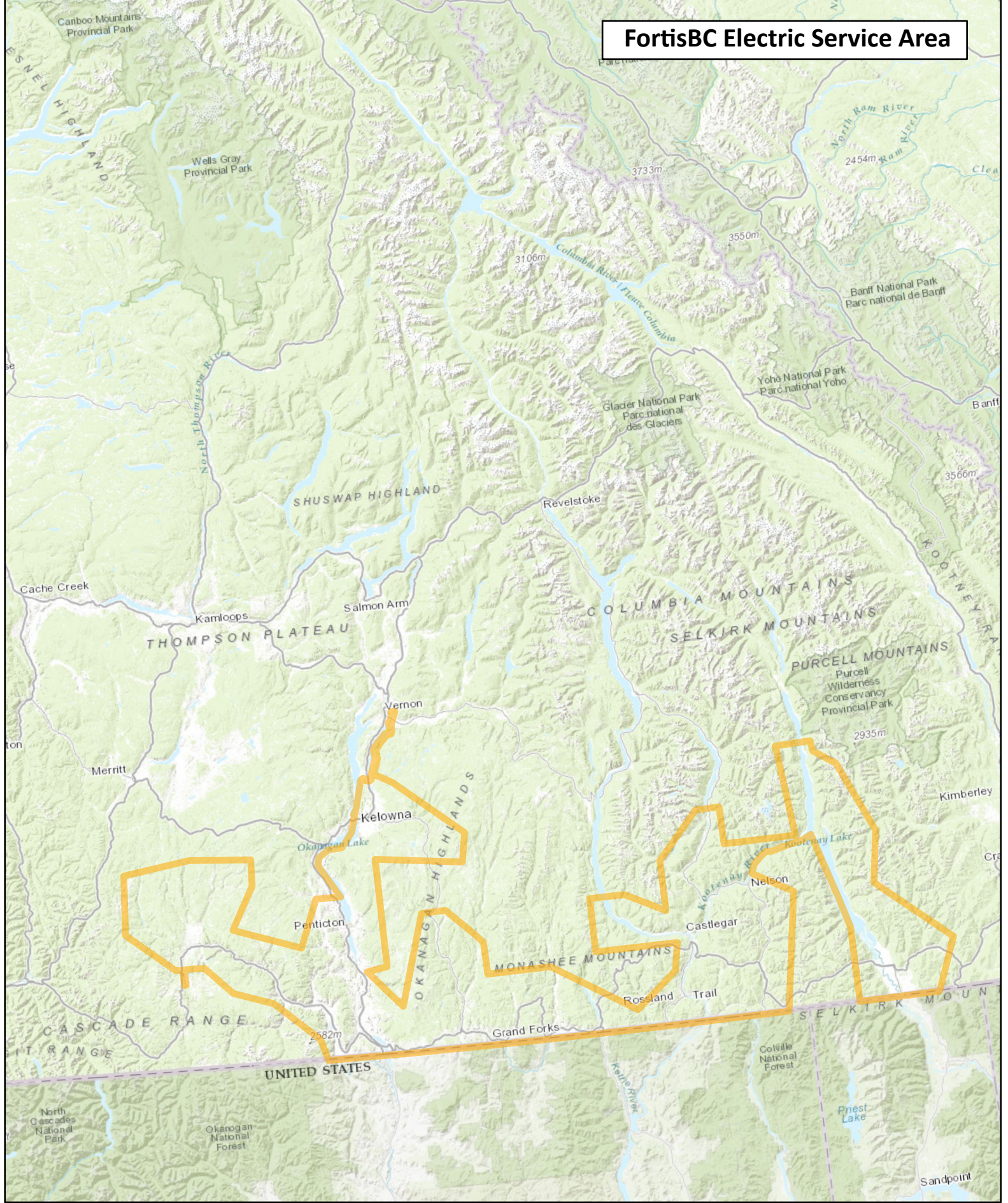
**Public Utility Reporting Template Instructions:** Please complete this document and submit with your annual report (in electronic format). Where possible, please include a copy of a high level map of the province with approximate locations marked where you provide regulated service. Please contact Commission Secretary if you have questions or require assistance.

**Complete the following information for the Utility:**

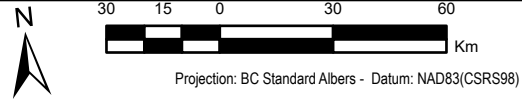
Entity Name:	FortisBC Inc.
Reporting/Fiscal Period End Date	December 31, 2022
Entity Website	<a href="http://www.fortisbc.com">www.fortisbc.com</a>
Type of Energy Provided (Electricity, Natural Gas, Propane, etc)	Electricity
Sales Revenue (\$)	\$425,782,000
Fixed Assets/Rate Base (\$) (Total Utility Assets-public)	\$1,578,977,000
Total Capital Additions	\$127,479,000
Total Expenses	\$53,986,000
Repairs and Maintenance Expenses	\$4,926,000
Net Utility Income (loss)	\$59,540,000
Net Utility Equity (Deficit)	\$631,591,000
Return on Equity	9.43%
Cost of Capital	5.80%
System Average Interruption Frequency Index (SAIFI)	1.52
System Average Interruption Duration Index (SAIDI)	2.42
Number of Pipeline Outages caused by Third Party	N/A
Mileage in km - Pipeline distribution	N/A
Mileage in km - Pipeline transmission	N/A
Mileage in km- Electrical system distribution	6,100
Energy Delivered (GJ/MWh)	3,542,000 MWh
Number of Customers	147,112
Number of New Customer Connections	3,852
Major Customer Types (Residential, Commercial, Industrial)	Residential, Commercial, Wholesale, Industrial



# FortisBC Electric Service Area



Locations of electric features shown on this map are approximate only. Accuracy, completeness, correctness, and currency are not guaranteed. Persons utilizing the map agree and accept that their use of any information contained therein is entirely at their own risk. FortisBC will not accept responsibility for any errors or omissions. You are required to call BC OneCall at 1-800-474-6886 prior to commencing any excavation.



Scale: 1:2,000,000



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FORTISBC INC.  
UTILITY RATE BASE  
(\$000)

Line No.	Description (1)	Reference (2)	Approved 2022 (3)	Year Ended 12/31/2022			Difference (7)	Reasons for Difference (8)
				Actual (4)	Normalization (5)	Normal (6)		
1	Gross Plant in service, Beginning	#6.1	\$ 2,279,658	\$ 2,258,774	\$ -	\$ 2,258,774	\$ (20,884)	- See Page 2.1.1
2	Opening Balance Adjustment <sup>1</sup>	#6.1	4,512	4,285	-	4,285	(227)	- See Page 2.1.1
3	CPCN's	#6.1	32,362	27,424	-	27,424	(4,938)	- See Page 2.1.1
4								
5	Additions	#6.1	93,531	100,055	-	100,055	6,524	- See Page 2.1.1
6	Disposals/Retirements	#6.1	(20,883)	(17,132)	-	(17,132)	3,751	- See Page 2.1.1
7	Gross Plant in service, Ending	#6.1	2,389,180	2,373,406	-	2,373,406	(15,774)	
8								
9	Accumulated Depreciation Beginning - Plant	#7.1	(659,517)	(647,572)	-	(647,572)	11,945	
10	Opening Balance Adjustment <sup>1</sup>	#7.1	(569)	(445)	-	(445)	124	
11	Accumulated Depreciation Ending - Plant	#7.1	(693,743)	(690,744)	-	(690,744)	2,999	- See Page 2.1.2
12								
13	Contributions in aid of construction, Beginning	#9	(232,291)	(223,260)	-	(223,260)	9,031	
14	Opening Balance Adjustment <sup>1</sup>	#9	(2,523)	(2,132)	-	(2,132)	391	
15	Contributions in aid of construction, Ending	#9	(246,526)	(233,936)	-	(233,936)	12,590	- See Page 2.1.2
16								
17	Accumulated Amortization Beginning - CIAC	#9	84,284	82,745	-	82,745	(1,539)	
18	Opening Balance Adjustment <sup>1</sup>	#9	212	296	-	296	84	
19	Accumulated Amortization Ending - CIAC	#9	89,353	87,051	-	87,051	(2,302)	- See Page 2.1.2
20								
21	Net plant in service, Mid-year		\$ 1,506,015	\$ 1,504,234	-	\$ 1,504,234	\$ (1,781)	
22	Adjustment for timing of Capital additions	#6.2	16,181	7,438	-	7,438	(8,743)	- See Page 2.1.2
23	Capital Work in Progress, No AFUDC	#6.3	19,332	25,574	-	25,574	6,242	- See Page 2.1.2
24								
25	Sub-total		1,541,528	1,537,246	-	1,537,246	(4,282)	
26								
27	Unamortized Deferred Charges	#11	30,372	30,658	-	30,658	286	- See Page 11 / 2.1.2
28	Working Capital	#13	6,258	6,324	(111)	6,213	(45)	- See Page 2.1.3
29	Utility Plant Acquisition Adjustment		4,749	4,749	-	4,749	-	
30	<b>Mid-Year Utility Rate Base</b>		<u>\$ 1,582,907</u>	<u>\$ 1,578,977</u>	<u>\$ (111)</u>	<u>\$ 1,578,866</u>	<u>\$ (4,041)</u>	

31  
32 # Indicates Annual Report Reference Page No.

33  
34 Notes:

35 <sup>1</sup> Pursuant to Order G-9-18, the costs of FBC's Electric Vehicle DCFC stations were excluded from rate base until the Commission directed otherwise.  
36 FBC subsequently received Order G-341-21 allowing FBC to include these amounts in rate base effective January 1, 2022. As such, amounts  
37 related to Electric Vehicle DCFC stations are included in the 2022 actual rate base amounts in this report.

FORTISBC INC.

2022 RATE BASE

- EXPLANATION OF VARIANCES FROM 2022 APPROVED

<u>Page</u>	<u>Particulars</u>
2.1.1	Plant in Service, Beginning
2.1.1	Plant Additions
2.1.1	Plant Disposals / Retirements
2.1.2	Contributions in Aid of Construction
2.1.2	Accumulated Depreciation/Amortization
2.1.2	Adjustment to 13-Month Average / Work in Progress, no AFUDC
2.1.2	Unamortized Deferred Charges
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2.1.3	Other Working Capital

FORTISBC INC.  
 UTILITY RATE BASE  
 COMPARISON OF 2022 APPROVED TO 2022 NORMALIZED RESULTS

(\$ MILLIONS)

Particulars	2022 Approved	2022 Normal	Variance	Reasons for Difference
PLANT IN SERVICE, BEGINNING	<u>\$ 2,279.7</u>	<u>\$ 2,258.8</u>	<u>\$ (20.9)</u>	The Normal 2022 balance was lower than Approved due to differences in the timing of when projects were placed into service, with the majority of the variance related to the Grand Forks terminal station CPCN project.
ADDITIONS TO ELECTRIC PLANT IN SERVICE				
Additions/Transfers/Adjustments	<u>\$ 130.4</u>	<u>\$ 131.8</u>	<u>\$ 1.4</u>	Additions were higher than approved mainly due to timing of project completions.
Disposals/Retirements	<u>\$ (20.9)</u>	<u>\$ (17.1)</u>	<u>\$ 3.8</u>	Retirements were lower than approved mainly due to lower retirement activity in the General Plant category in 2022.

FORTISBC INC.  
UTILITY RATE BASE  
COMPARISON OF 2022 APPROVED TO 2022 NORMALIZED RESULTS  
(\$ MILLIONS)

Particulars	2022 Approved	2022 Normal	Variance	Reasons for Difference
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ (246.5)	\$ (233.9)	\$ 12.6	Lower total contributions received in the prior years and in the current year than forecasted.
ACCUMULATED DEPRECIATION/CIAC AMORTIZATION	<u>\$ (604.4)</u>	<u>\$ (603.7)</u>	<u>\$ 0.7</u>	
ADJUSTMENT TO 13-MONTH AVERAGE	<u>\$ 16.2</u>	<u>\$ 7.4</u>	<u>\$ (8.8)</u>	Variance due to timing differences.
WORK IN PROGRESS, NO AFUDC	<u>\$ 19.3</u>	<u>\$ 25.6</u>	<u>\$ 6.3</u>	Variance due to timing differences.
UNAMORTIZED DEFERRED CHARGES	<u>\$ 30.4</u>	<u>\$ 30.7</u>	<u>\$ 0.3</u>	See Page 11 for details.

FORTISBC INC.  
 UTILITY RATE BASE  
 COMPARISON OF 2022 APPROVED TO 2022 NORMALIZED RESULTS

(\$ MILLIONS)

Particulars	2022 Approved	2022 Normal	Variance	Reasons for Difference
<b><u>CASH WORKING CAPITAL</u></b>				
Cash Required for Operating Expenses	\$ 7.1	\$ 7.1	\$ -	
Less – Funds Available:				
Customer Loans	0.3	0.3	-	
Employee Loans	0.4	0.5	0.1	
Withholdings From Employees	<u>(2.2)</u>	<u>(2.5)</u>	<u>(0.3)</u>	
<b>Average</b>	<u>\$ 5.6</u>	<u>\$ 5.4</u>	<u>\$ (0.2)</u>	
<b><u>OTHER WORKING CAPITAL</u></b>				
Inventories	\$ 0.6	\$ 0.8	\$ 0.2	

**SCHEDULE NOT APPLICABLE**



FORTISBC INC.  
CAPITAL EXPENDITURES  
(\$000)

Line No.	Particulars (1)	2022 Approved Total CapEx (2)	2022 Actual Total CapEx (3)	Difference (4)	Cross Reference (5)
1	<b>Forecast Capital Expenditures</b>				
2	Growth Capital	\$ 24,339	\$ 30,013	\$ 5,674	
3	Sustainment Capital	43,110	41,632	(1,478)	
4	Other Capital	14,756	16,921	2,165	
5	Total Forecast Capex	<u>\$ 82,205</u>	<u>\$ 88,565</u>	<u>\$ 6,360</u>	
6					
7	<b>Flowthrough Capital Expenditures</b>				
8	MRS Capital	935	882	(53)	
9	EV Charging Stations	-	1,226	1,226	
10					
11	<b>Total Capital Expenditures Before CIAC</b>	<u>\$ 83,140</u>	<u>\$ 90,673</u>	<u>\$ 7,533</u>	
12	Add: AFUDC	214	521	307	
13	<b>Total Capital Expenditures Before CIAC and including AFUDC</b>	<u><u>\$ 83,354</u></u>	<u><u>\$ 91,194</u></u>	<u><u>\$ 7,840</u></u>	
14					

Page 5, Line 16

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

Line No.	Particulars (1)	Approved 2022 (2)	Actual 2022 (3)	Difference Increase (Decrease) (4)
1	<u>CPCNs and Special Projects</u>			
2				
3	Opening Work in Progress	\$ 64,046	\$ 50,579	\$ (13,467)
4				
5	Add - Capital Expenditures (including AFUDC)	21,559	19,699	(1,860)
6				
7	Less - Closing Work in Progress	<u>(53,243)</u>	<u>(42,855)</u>	<u>10,388</u>
8				
9	Total Plant Additions - CPCNs and Special Projects	<u>\$ 32,362</u>	<u>\$ 27,424</u>	<u>\$ (4,938)</u>
10				
11				
12	<u>Non-CPCNs</u>			
13				
14	Opening Work in Progress	\$ 10,658	\$ 13,352	\$ 2,695
15				
16	Add - Capital Expenditures (including AFUDC)	83,354	91,194	7,840
17				
18	Less - Closing Work in Progress	<u>(10,658)</u>	<u>(14,667)</u>	<u>(4,010)</u>
19				
20	Non-CPCN Additions to Plant in Service	83,354	89,878	6,524
21				
22	Add: Capitalized Overheads	<u>10,177</u>	<u>10,177</u>	<u>-</u>
23				
24	Total Plant Additions - Non-CPCNs	<u>\$ 93,531</u>	<u>\$ 100,055</u>	<u>\$ 6,524</u>

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

Line No.	Particulars (1)	Actual 2021 (2)	Actual 2022 (3)	Difference Increase (Decrease) (4)
1	Significant Projects - CPCNs and Special Projects			
2				
3	Opening WIP			
4	Corra Linn Spillway Gate Replacement	\$ 35,725	\$ 25,221	\$ (10,504)
5	Grand Forks Terminal Station	4,803	7,053	2,249
6	Upper Bonnington Old Units Refurbishment	6,890	1,713	(5,177)
7	Playmor Substation Rebuild Project	656	7,169	6,513
8	Kelowna Bulk Transformer Capacity Addition	-	9,424	9,424
9				
10	Sub-Total	<u>48,074</u>	<u>50,579</u>	<u>2,505</u>
11				
12	Add: Capital Expenditures (excluding AFUDC)			
13	Corra Linn Spillway Gate Replacement	9,504	6,440	(3,065)
14	Grand Forks Terminal Station	1,909	-	(1,909)
15	Upper Bonnington Old Units Refurbishment	1,652	(22)	(1,674)
16	Playmor Substation Rebuild Project	6,309	1,202	(5,107)
17	Kelowna Bulk Transformer Capacity Addition	9,242	10,162	920
18				
19	Sub-Total	<u>28,618</u>	<u>17,783</u>	<u>(10,835)</u>
20				
21	Add: AFUDC			
22	Corra Linn Spillway Gate Replacement	1,239	630	(609)
23	Grand Forks Terminal Station	340	-	(340)
24	Upper Bonnington Old Units Refurbishment	39	-	(39)
25	Playmor Substation Rebuild Project	204	453	249
26	Kelowna Bulk Transformer Capacity Addition	181	833	652
27				
28	Sub-Total	<u>2,003</u>	<u>1,917</u>	<u>(87)</u>
29				
30	Less: Closing WIP			
31	Corra Linn Spillway Gate Replacement	25,221	13,611	(11,610)
32	Grand Forks Terminal Station	7,053	-	(7,053)
33	Upper Bonnington Old Units Refurbishment	1,713	-	(1,713)
34	Playmor Substation Rebuild Project	7,169	8,825	1,656
35	Kelowna Bulk Transformer Capacity Addition	9,424	20,419	10,995
36				
37	Sub-Total	<u>50,579</u>	<u>42,855</u>	<u>(7,724)</u>
38				
39	Additions to Electric Plant in Service			
40	Corra Linn Spillway Gate Replacement	21,248	18,680	(2,568)
41	Grand Forks Terminal Station	-	7,053	7,053
42	Upper Bonnington Old Units Refurbishment	6,868	1,691	(5,177)
43	Playmor Substation Rebuild Project	-	-	-
44	Kelowna Bulk Transformer Capacity Addition	-	-	-
45				
46	Total CPCN and Special Projects Additions	<u>\$ 28,116</u>	<u>\$ 27,424</u>	<u>\$ (692)</u>

FORTISBC INC.  
PLANT IN SERVICE  
(\$000)

Line No.	B.C.U.C. Account (1)	2022							Balance 12/31/2022 (9)
		Approved Ending 2022 (2)	Balance 12/31/2021 (3)	2022 CPCN's (4)	Capitalized Overhead (5)	Additions (6)	Retirements (7)	Other Adjustments (8)	
1	<b>HYDRAULIC PRODUCTION PLANT</b>								
2	330 Land Rights	\$ 962	\$ 962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 962
3	331 Structures and Improvements	21,275	20,134	788	9	78	(2)	-	21,008
4	332 Reservoirs, Dams & Waterways	103,757	81,385	18,685	273	2,440	(112)	-	102,672
5	333 Water Wheels, Turbines and Gen.	124,317	121,049	465	77	683	(3)	-	122,271
6	334 Accessory Equipment	54,420	50,585	433	81	721	(96)	-	51,724
7	335 Other Power Plant Equipment	48,595	45,994	-	0	0	-	-	45,994
8	336 Roads, Railways and Bridges	1,287	1,287	-	-	-	-	-	1,287
9	<b>TOTAL HYDRAULIC PRODUCTION PLANT</b>	<u>354,613</u>	<u>321,397</u>	<u>20,371</u>	<u>440</u>	<u>3,923</u>	<u>(213)</u>	<u>-</u>	<u>345,918</u>
10									
11	<b>TRANSMISSION PLANT</b>								
12	350 Land Rights - R/W	\$ 10,773	\$ 9,191	\$ -	\$ 3	\$ 25	\$ -	\$ -	\$ 9,219
13	350.1 Land Rights - Clearing	9,998	8,417	-	3	29	-	-	8,449
14	353 Station Equipment	255,178	245,873	5,031	456	3,130	(58)	-	254,432
15	355 Poles, Towers & Fixtures	127,247	124,586	-	537	4,226	(56)	-	129,294
16	356 Conductors and Devices	122,499	122,392	-	537	4,226	(82)	-	127,074
17	359 Roads and Trails	1,121	1,121	-	-	-	-	-	1,121
18	<b>TOTAL TRANSMISSION PLANT</b>	<u>526,816</u>	<u>511,581</u>	<u>5,031</u>	<u>1,537</u>	<u>11,636</u>	<u>(196)</u>	<u>-</u>	<u>529,590</u>
19									
20	<b>DISTRIBUTION PLANT</b>								
21	360 Land Rights - R/W	\$ 7,185	\$ 8,448	\$ -	\$ 44	\$ 397	\$ -	\$ -	\$ 8,889
22	360.1 Land Rights - Clearing	11,630	12,094	-	47	417	-	-	12,557
23	362 Station Equipment	304,552	275,607	-	959	8,275	(2,202)	-	282,640
24	364 Poles, Towers & Fixtures	258,389	249,149	627	1,280	11,540	(147)	-	262,448
25	365 Conductors and Devices	437,522	401,333	1,011	2,012	18,135	(550)	-	421,941
26	368 Line Transformers	193,186	197,758	384	1,308	11,857	(1,602)	-	209,706
27	369 Services	9,521	3,431	-	-	-	-	-	3,431
28	370.1 AMI Meters	41,460	41,431	-	171	1,559	(1,189)	-	41,972
29	371 Installation on Customers' Premises	938	1	-	-	-	-	-	1
30	373 Street Lighting and Signal System	14,178	14,003	-	4	38	(24)	-	14,021
31	372 EV Stations Kiosks & Charger Connectors	3,816	-	-	101	919	(23)	4,285	5,281
32	<b>TOTAL DISTRIBUTION PLANT</b>	<u>1,282,377</u>	<u>1,203,254</u>	<u>2,022</u>	<u>5,925</u>	<u>53,136</u>	<u>(5,736)</u>	<u>4,285</u>	<u>1,262,885</u>





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

Line No.	Particulars (1)	Approved 2022 (2)	Actual 2022		Difference (5)
			Total C.W.I.P. (115/116) (3)	C.W.I.P. Not Earning AFUDC (4)	
1	Balance December 31, 2021		\$ 75,363	\$ 17,820	
2					
3	Adjustment for January 1, 2022 CPCN Additions		(27,424)	-	
4					
5	Balance January 1, 2022		47,939	17,820	
6	January 31		51,323	18,511	
7	February 28		55,478	20,485	
8	March 31		59,383	21,778	
9	April 30		63,613	23,302	
10	May 31		67,783	24,749	
11	June 30		62,234	25,739	
12	July 31		67,962	28,347	
13	August 31		71,740	31,573	
14	September 30		65,499	28,744	
15	October 31		68,760	31,465	
16	November 30		73,443	34,420	
17	December 31		73,674	25,522	
18					
19	Total		<u>\$ 828,831</u>	<u>\$ 332,456</u>	
20					
21	Average	<u>\$ 19,332</u>		<u>\$ 25,574</u>	<u>\$ 6,242</u>
22					
23	Cross References	#2		#2	#2

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

Line No.	Account (1)	2022							Accumulated Balance	
		Gross Plant for Depreciation (2)	Annual Depreciation Rate % (3)	Depreciation (incl. Salvage) (4)	Other Adjustments (5)	Retirements (6)	Cost of Removal (7)	12/31/2021	12/31/2022	
								(8)	(9)	
<b>HYDRAULIC PRODUCTION PLANT</b>										
1	330 Land Rights	\$ 962	1.07%	\$ 10	\$ -	\$ -	\$ -	\$ (392)	\$ (382)	
2	331 Structures and Improvements	20,923	1.68%	352	-	(2)	(49)	5,613	5,914	
3	332 Reservoirs, Dams & Waterways	100,070	1.90%	1,901	-	(112)	(1,132)	(2,805)	(2,148)	
4	333 Water Wheels, Turbines and Gen.	121,515	1.79%	2,175	-	(3)	(4)	23,830	25,999	
5	334 Accessory Equipment	51,018	3.13%	1,148	-	(96)	(2)	13,950	15,000	
6	335 Other Power Plant Equipment	45,994	2.12%	1,424	-	-	-	20,448	21,872	
7	336 Roads, Railways and Bridges	1,287	1.44%	19	-	-	-	457	476	
8	<b>TOTAL HYDRAULIC PRODUCTION PLANT</b>	<b>341,768</b>		<b>7,029</b>	<b>-</b>	<b>(213)</b>	<b>(1,187)</b>	<b>61,101</b>	<b>66,731</b>	
9										
<b>TRANSMISSION PLANT</b>										
11	350 Land Rights - R/W	\$ 9,191	0.00%	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ (0)	
12	350.1 Land Rights - Clearing	8,417	1.27%	107	-	-	-	2,361	2,468	
13	353 Station Equipment	250,904	2.33%	5,846	-	(58)	(413)	97,366	102,741	
14	355 Poles, Towers & Fixtures	124,586	2.52%	3,140	-	(56)	(602)	34,655	37,137	
15	356 Conductors and Devices	122,392	2.52%	3,084	-	(82)	(602)	28,963	31,364	
16	359 Roads and Trails	1,121	1.96%	22	-	-	-	413	435	
17	<b>TOTAL TRANSMISSION PLANT</b>	<b>516,612</b>		<b>12,199</b>	<b>-</b>	<b>(196)</b>	<b>(1,617)</b>	<b>163,758</b>	<b>174,145</b>	
18										
<b>DISTRIBUTION PLANT</b>										
20	360 Land Rights - R/W	\$ 8,448	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ 16	
21	360.1 Land Rights - Clearing	12,094	1.25%	151	-	-	-	2,811	2,963	
22	362 Station Equipment	275,607	2.61%	7,193	-	(2,202)	(206)	85,555	90,341	
23	364 Poles, Towers & Fixtures	249,776	2.73%	6,819	-	(147)	(1,152)	74,543	80,062	
24	365 Conductors and Devices	402,344	2.38%	9,576	-	(550)	(1,858)	120,855	128,023	
25	368 Line Transformers	198,142	3.13%	6,178	-	(1,602)	(706)	43,090	46,960	
26	369 Services	3,431	0.51%	18	-	-	-	615	632	
27	370.1 AMI Meters	41,431	6.25%	2,589	-	(1,189)	(73)	8,942	10,270	
28	371 Installation on Customers' Premises	1	0.00%	-	-	-	-	(0)	(0)	
29	373 Street Lighting and Signal System	14,003	4.95%	693	-	(24)	-	5,757	6,426	
30	372 EV Stations Kiosks & Charger Connectors	-	10.00%	443	445	(23)	-	-	865	
31	<b>TOTAL DISTRIBUTION PLANT</b>	<b>1,205,275</b>		<b>33,660</b>	<b>445</b>	<b>(5,736)</b>	<b>(3,995)</b>	<b>342,183</b>	<b>366,558</b>	



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

Line No.	Account (1)	2022							Accumulated Balance	
		Gross Plant for Depreciation (2)	Annual Depreciation Rate % (3)	Depreciation (incl. Salvage) (4)	Other Adjustments (5)	Retirements (6)	Cost of Removal (7)	12/31/2021 (8)	12/31/2022 (9)	
		1	<b>GENERAL PLANT</b>							
2	389 Land	\$ 11,105	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 34	\$ 34	
3	390 Structures - Frame & Iron	-	0.56%	-	-	-	-	-	-	
4	390.1 Structures - Masonry	49,247	2.53%	1,246	-	-	-	11,510	12,756	
5	390.2 Operation Building	17,316	1.63%	282	-	-	-	6,693	6,975	
6	390.1 Leasehold Improvements	2,914	1.63%	15	-	-	-	2,594	2,609	
7	391 Office Furniture & Equipment	5,345	4.42%	236	-	(248)	-	1,524	1,512	
8	391.1 Computer Equipment	13,352	21.60%	2,884	-	(3,059)	-	4,885	4,710	
9	391.2 Computer Software	47,168	8.96%	4,226	-	(4,578)	-	17,713	17,362	
10	391.2 AMI Software	9,583	10.00%	958	-	-	-	6,270	7,228	
11	392.1 Light Duty Vehicles	5,146	3.81%	254	-	(473)	205	3,139	3,125	
12	392.1 Heavy Duty Vehicles	27,493	6.50%	1,787	-	(749)	-	8,137	9,174	
13	394 Tools and Work Equipment	8,869	4.11%	365	-	(936)	-	4,077	3,505	
14	397 Communication Structures & Equipment	9,718	3.44%	276	-	(943)	(17)	5,527	4,843	
15	397.1 Fibre	10,316	6.97%	719	-	-	-	6,365	7,084	
16	397.2 AMI Communication Structures & Equipment	4,970	6.67%	331	-	-	-	2,062	2,394	
17	<b>TOTAL GENERAL PLANT</b>	<u>222,542</u>		<u>13,581</u>	<u>-</u>	<u>(10,987)</u>	<u>188</u>	<u>80,529</u>	<u>83,311</u>	
18										
19		<u>\$ 2,286,197</u>		<u>\$ 66,469</u>	<u>\$ 445</u>	<u>\$ (17,132)</u>	<u>\$ (6,609)</u>	<u>\$ 647,572</u>	<u>\$ 690,744</u>	
20										
21	Cross References			#21				#2	#2	

**SCHEDULE NOT APPLICABLE**

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

Line No.	Particulars (1)	Approved Ending 2022 (2)	Balance 12/31/2021 (3)	Adjustment (4)	2022 Additions (5)	Retirements (6)	Balance 12/31/2022 (7)	Difference (8)
1	<b>CIAC</b>							
2	Distribution Contributions	\$ 246,526	\$ 223,260	\$ -	\$ 8,498	\$ (645)	\$ 231,112	\$ 15,414
3	DC Fast Charging Contributions	-	-	2,132	692	-	2,824	(2,824)
4	<b>Total Contributions</b>	<u>246,526</u>	<u>223,260</u>	<u>2,132</u>	<u>9,190</u>	<u>(645)</u>	<u>233,936</u>	<u>12,590</u>
5								
6	<b>Amortization</b>							
7	Distribution Contributions	(89,353)	(82,745)	-	(4,465)	645	(86,565)	(2,788)
8	DC Fast Charging Contributions	-	-	(296)	(190)	-	(486)	486
9	<b>Total Amortization</b>	<u>(89,353)</u>	<u>(82,745)</u>	<u>(296)</u>	<u>(4,655)</u>	<u>645</u>	<u>(87,051)</u>	<u>(2,302)</u>
10								
11	<b>NET CIAC</b>	<u>\$ 157,173</u>	<u>\$ 140,515</u>	<u>\$ 1,836</u>	<u>\$ 4,535</u>	<u>\$ -</u>	<u>\$ 146,885</u>	<u>\$ 10,288</u>
12								
13								
14	Cross References	#2	#2	#2	#21		#2	

**SCHEDULE NOT APPLICABLE**



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

Line No.	Particulars	Fcst Mid-Year 2022	Balance 12/31/2021	Opening Bal. Transfer / Adjustment	Gross Additions	Less-Taxes	Net Additions	Amortization Expense	Balance 12/31/2022	Mid-Year Average 2022	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<b>Deferral Accounts Financed at the Short Term Interest Rate</b>										
2											
3	<u>Forecasting Variance Accounts</u>										
4	Pension & Other Post Employment Benefits (OPEB) Variance	\$ 289	\$ 446	\$ -	\$ 907	\$ -	\$ 907	\$ 158	\$ 1,511	\$ 979	\$ 690
5											
6	<u>Rate Smoothing Accounts</u>										
7											
8	<u>Benefits Matching Accounts</u>										
9	Tariff Applications	-	9	-	73	(20)	53	-	62	36	36
10											
11	<u>Retroactive Expense Accounts</u>										
12											
13	<u>Other Accounts</u>										
14											
15	<b>Total Non Rate Base Deferral Accounts Financed at Short Term Interest</b>	<b>\$ 289</b>	<b>\$ 455</b>	<b>\$ -</b>	<b>\$ 980</b>	<b>\$ (20)</b>	<b>\$ 960</b>	<b>\$ 158</b>	<b>\$ 1,573</b>	<b>\$ 1,015</b>	<b>\$ 726</b>
16											
17	Financing Costs at STI	\$ 2	\$ (4)	\$ -	\$ 15	\$ -	\$ 15	\$ 1	\$ 12	\$ 4	\$ 2



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

Line No.	Particulars	Fcst Mid-Year 2022	Balance 12/31/2021	Opening Bal. Transfer / Adjustment	Gross Additions	Less-Taxes	Net Additions	Amortization Expense	Balance 12/31/2022	Mid-Year Average 2022	Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<b>Deferral Accounts Financed at Weighted Average Cost of Capital</b>										
2											
3	<u>Forecasting Variance Accounts</u>										
4	Flow-Through Account (2020-2024)	\$ (1,964)	\$ (8,545)	\$ -	\$ (14,493)	\$ -	\$ (14,493)	\$ 3,927	\$ (19,111)	\$ (13,828)	\$ (11,864)
5											
6	<u>Rate Smoothing Accounts</u>										
7											
8	<u>Benefits Matching Accounts</u>										
9	On Bill Financing (OBF) Participant Loans	1	2	-	(2)	-	(2)	-	-	1	-
10	EV Fleet & Workplace Charging Funding Account	-	-	-	12	(3)	9	-	9	5	5
11											
12	<u>Retroactive Expense Accounts</u>										
13											
14	<u>Other Accounts</u>										
15	MRP Earnings Sharing Account	(436)	(1,537)	-	(2,396)	647	(1,749)	872	(2,414)	(1,976)	(1,540)
16	2021 Forecast Cost of Removal Revenue Deficiency	127	254	-	-	-	-	(254)	-	127	-
17	Princeton Office Disposition	-	-	-	-	-	-	-	-	-	-
18											
19	<b>Total Non Rate Base Deferral Accounts Financed at Weighted Average Cost of Capital</b>	<b>\$ (2,272)</b>	<b>\$ (9,826)</b>	<b>\$ -</b>	<b>\$ (16,878)</b>	<b>\$ 644</b>	<b>\$ (16,235)</b>	<b>\$ 4,545</b>	<b>\$ (21,516)</b>	<b>\$ (15,671)</b>	<b>\$ (13,399)</b>
20											
21	Financing Costs at WACC	\$ (157)	\$ (361)	\$ -	\$ (914)	\$ -	\$ (914)	\$ 180	\$ (1,095)	\$ (728)	\$ (571)
22											
23											
24	<b>Deferral Accounts Non-Interest Bearing</b>										
25											
26	Kettle Valley Future Development	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 50	\$ -
27											
28	<b>Total Non-Interest Bearing Non Rate Base Deferral Accounts</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>\$ -</b>
29											
30											
31	<b>Total Non Rate Base Deferral Accounts (including financing)</b>	<b>\$ (626)</b>	<b>\$ (7,826)</b>	<b>\$ -</b>	<b>\$ (16,398)</b>	<b>\$ 606</b>	<b>\$ (15,793)</b>	<b>\$ 4,355</b>	<b>\$ (19,265)</b>	<b>\$ (13,542)</b>	<b>\$ (12,916)</b>
32	Cross Reference										

#21



Line No.	Particulars (1)	Reference (2)	2022 Approved (3)	2022 Actual (4)	After-Tax Flow-Through Variance (5)	Variance Subject to Sharing (6)
1	<b>Total Revenue</b>	Page 16, -Line 5	(397,294)	(425,782)	(28,488)	-
2						
3	<b>Total Power Purchase Expense</b>	Page 18, Line 13	143,779	153,457	9,678	-
4						
5	<b>Total Wheeling</b>	Page 18, Line 24	6,093	6,898	805	-
6						
7	<b>Total Water Fees</b>	Page 18, Line 29	11,958	11,838	(120)	-
8						
9	<b>Net O&amp;M Expense</b>					
10	Index Based O&M	Page 20, Line 1	66,200	63,569	-	(2,631)
11	Pension & OPEB	Page 20, Line 4	(1,716)	(1,716)	-	-
12	Insurance	Page 20, Line 5	2,223	2,286	63	-
13	BCUC Fees	Page 20, Line 6	373	373	-	-
14	MRS	Page 20, Line 7	765	468	(297)	-
15	EV Charging Stations	Page 20, Line 8	187	213	26	-
16	COVID-19 Pandemic (exogenous)	Page 20, Line 9	-	(1,030)	(1,030)	-
17	Capitalized Overhead	Page 20, Line 12	(10,177)	(10,177)	-	-
18	<b>Total Net O&amp;M Expense</b>	Page 16, Line 9	57,855	53,986		
19						
20	<b>Depreciation and Amortization</b>					
21	Amortization of Deferrals	Page 21, Lines 5 - 6	1,558	1,558	-	-
22	Depreciation variance on Clean Growth Projects/CPCNs		-	(27)	(27)	-
23	CIAC Amortization variance on Clean Growth Projects/CPCNs		-	21	21	-
24	All Other Depreciation/CIAC Amortization variances	Page 21, Line 11 - (Lines 21 - 23 above)	62,051	62,006	-	(45)
25	<b>Total Depreciation and Amortization</b>	Page 16, Line 10	63,609	63,558		
26						
27	<b>Total Property Taxes</b>	Page 16, Line 11	17,889	17,385	(504)	-
28						
29	<b>Other Revenues</b>					
30	Apparatus and Facilities Rental	Page 23, - Line 1	(6,018)	(6,293)	-	(275)
31	Contract Revenue	Page 23, - Line 2	(2,277)	(3,184)	-	(907)
32	Transmission Access Revenue	Page 23, - Line 3	(1,771)	(1,661)	-	110
33	Interest Income	Page 23, - Line 4	(20)	(9)	-	11
34	Late Payment Charges	Page 23, - Line 5	(875)	(962)	-	(87)
35	Connection Charges	Page 23, - Line 6	(505)	(569)	-	(64)
36	EV DCFC Stations Carbon Credits	Page 23, - Line 7	-	(744)	(744)	-
37	Other Recoveries	Page 23, - Line 8	(366)	(318)	-	48
38	<b>Total Other Revenues</b>	Page 16, Line 12	(11,832)	(13,739)		
39						
40	<b>Interest Expense</b>					
41	Long-term debt interest expense variance	Page 26, Line 11	41,155	41,794	639	-
42	Interest variance on Clean Growth Projects/CPCNs		-	(41)	(41)	-
43	Short-term debt rate variance		-	964	964	-
44	Short-term debt volume variance from long-term debt issue variance		-	(646)	(646)	-
45	Short-term debt timing variance from long-term debt issue timing		-	510	510	-
46	Remaining short-term debt (Volume variance from actual rate base)	Page 26, Line 5 - (Lines 42 - 45 above)	1,355	1,335	-	(20)
47	<b>Total Interest Expense</b>	Page 24.1, Line 15	42,510	43,916		
48						
49	<b>Income Tax Expense</b>					
50	Income tax variance on Clean Growth Projects/CPCNs		-	(470)	(470)	-
51	Income tax/CCA rate changes		-	-	-	-
52	Income tax on taxable flowthrough variances above (excl. Clean Growth Projects/CPCNs)		-	5,169	5,169	-
53	Remaining income tax variance	Page 24, Line 15 - (Lines 50 - 52 above)	7,499	8,003	-	504
54	<b>Total Income Tax Expense</b>	Page 16, Line 16	7,499	12,702		
55						
56	<b>Total amounts subject to Flowthrough or Sharing</b>	Sum of Lines 1 through 53			<b>(14,493)</b>	<b>(3,355)</b>
57					Page 16, Line 15	Page 26.2, Line 20

FORTISBC INC.  
WORKING CAPITAL ALLOWANCE  
(\$000)

Line No.	Particulars (1)	Approved 2022 (2)	Year Ended 12/31/2022			Difference (6)
			Actual (3)	Normalization (4)	Normal (5)	
1	Revenue Lag Days	49.5	49.5	0.0	49.5	0.0
2						
3	Expense Lead Days	(39.0)	(39.3)	0.1	(39.2)	(0.2)
4						
5	Net Lag (Lead) Days	10.5	10.2	0.1	10.3	(0.2)
6						
7						
8	<u>Cash Working Capital</u>					
9	Cash Required for Operating Expenses <sup>1</sup>	\$ 7,065	\$ 7,181	\$ (111)	\$ 7,070	\$ 5
10						
11	Add/Less - Funds Unavailable/(Funds Available):					
12	Customer Loans	329	306	-	306	(23)
13	Employee Loans	443	509	-	509	66
14	Employee Withholdings	(2,191)	(2,455)	-	(2,455)	(264)
15						
16	Average	5,646	5,541	(111)	5,430	(216)
17						
18	<u>Other Working Capital Items</u>					
19	Inventories	612	783	-	783	171
20						
21	Average - See Page 13.1	612	783	-	783	171
22						
23	Total	\$ 6,258	\$ 6,324	\$ (111)	\$ 6,213	\$ (45)
24						
25	Cross Reference	#2	#2	#2	#2	#2
26						

27 Notes:

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

FORTISBC INC.  
OTHER WORKING CAPITAL ITEMS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(\$000)

Line No.	Particulars (1)	Inventories (2)	Total (3)
1	Approved 2022	\$ 612	\$ 612
2			
3	Actual (Average)	\$ 783	\$ 783
4			
5	Cross Reference	(150/151/154)	
6			
7	Balances- January 1	\$ 638	\$ 638
8	- January 31	662	662
9	- February 28	686	686
10	- March 31	722	722
11	- April 30	729	729
12	- May 31	744	744
13	- June 30	766	766
14	- July 31	809	809
15	- August 31	860	860
16	- September 30	877	877
17	- October 31	892	892
18	- November 30	895	895
19	- December 31	894	894
20			
21	Total	\$ 10,174	\$ 10,174
22			
23	Average	\$ 783	\$ 783
24			
25	Difference	\$ 171	\$ 171
26			
27			
28	Cross Reference	#13	#13

FORTISBC INC.  
CASH WORKING CAPITAL  
LAG TIME FROM DATE OF PAYMENT TO RECEIPT OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(\$000)

Line No.	Particulars (1)	Revenue (2)	Lag Days Service to Collection (3)	Dollar Days (4)	Reference (5)
1	REVENUE, RECORDED				
2					
3	Sales Revenue				
4	Residential Tariff Revenue	\$ 212,478	56.0	\$ 11,898,768	
5	Commercial Tariff Revenue	106,699	45.1	4,812,125	
6	Wholesale Tariff Revenue	53,923	37.5	2,022,113	
7	Industrial Tariff Revenue	47,034	38.0	1,787,292	
8	Lighting Tariff Revenue	2,244	34.6	77,642	
9	Irrigation Tariff Revenue	3,404	47.0	159,988	
10	Total Sales Revenue	<u>425,782</u>	<u>48.8</u>	<u>20,757,928</u>	#17
11					
12	Other Revenues				
13	Apparatus and Facilities Rental	6,293	90.0	566,410	#23
14	Contract Revenue	3,184	62.2	198,020	#23
15	Transmission Revenue	1,661	65.2	108,285	#23
16	Late Payment Charges	962	54.0	51,952	#23
17	Connection Charges	569	30.5	17,342	#23
18	Other Recoveries	1,071	63.4	67,872	#23
19					
20	Total Revenue	<u>\$ 439,521</u>	<u>49.5</u>	<u>\$ 21,767,809</u>	
21					
22					
23	REVENUE, NORMALIZED				
24					
25	Sales Revenue				
26	Residential Tariff Revenue	\$ 204,879	56.0	\$ 11,473,224	
27	Commercial Tariff Revenue	105,476	45.1	4,756,968	
28	Wholesale Tariff Revenue	52,367	37.5	1,963,763	
29	Industrial Tariff Revenue	47,034	38.0	1,787,292	
30	Lighting Tariff Revenue	2,244	34.6	77,642	
31	Irrigation Tariff Revenue	3,404	47.0	159,988	
32	Total Sales Revenue	<u>415,404</u>	<u>48.7</u>	<u>20,218,877</u>	#17
33					
34	Other Revenues				
35	Apparatus and Facilities Rental	6,293	90.0	566,410	#23
36	Contract Revenue	3,184	62.2	198,020	#23
37	Transmission Revenue	1,661	65.2	108,285	#23
38	Late Payment Charges	962	54.0	51,952	#23
39	Connection Charges	569	30.5	17,342	#23
40	Other Recoveries	1,071	63.4	67,872	#23
41					
42	Total Revenue	<u>\$ 429,143</u>	<u>49.5</u>	<u>\$ 21,228,758</u>	

FORTISBC INC.  
CASH WORKING CAPITAL  
LEAD TIME IN PAYMENT OF EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(\$000)

Line No.	Particulars (1)	Amount (2)	Lead Days Expense to Payment (3)	Dollar Days (4)	Reference (5)
1	EXPENSES, RECORDED				
2					
3					
4	Power Purchases	\$ 153,457	51.5	\$ 7,903,036	#18
5	Wheeling	6,898	46.9	323,516	#18
6	Water Fees	11,838	1.4	16,573	#18
7	Operating and Maintenance	53,986	28.6	1,543,994	#20
8					
9	Taxes				
10	Property Taxes	17,385	4.9	85,187	#22
11	Goods and Service Tax	703	45.4	31,916	
12	Income Tax	12,702	15.2	193,070	#24
13					
14	Total	<u>\$ 256,969</u>	<u>39.3</u>	<u>\$ 10,097,292</u>	
15					
16					
17	EXPENSES, NORMALIZED				
18					
19					
20	Power Purchases	\$ 148,494	51.5	\$ 7,647,441	#18
21	Wheeling	6,898	46.9	323,516	#18
22	Water Fees	11,838	1.4	16,573	#18
23	Operating and Maintenance	53,986	28.6	1,543,994	#20
24					
25	Taxes				
26	Property Taxes	17,385	4.9	85,187	#22
27	Goods and Service Tax	703	45.4	31,916	
28	Income Tax	11,241	15.2	170,863	#24
29					
30	Total	<u>\$ 250,545</u>	<u>39.2</u>	<u>\$ 9,819,490</u>	

**SCHEDULE NOT APPLICABLE**

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

Line No.	Description (1)	Reference (2)	2022		Year Ended 12/31/2022		Difference (7)	Reasons for Difference (8)
			Approved (3)	Actual (4)	Normalization (5)	Normal (6)		
1	<b>ENERGY VOLUMES</b>							
2	Sales Volume (GWh)	#17	3,306	3,542	(77)	3,465	159	
3								
4	<b>REVENUE</b>							
5	Sales	#17	\$ 397,294	\$ 425,782	\$ (10,378)	\$ 415,404	\$ 18,110	
6								
7	<b>EXPENSES</b>							
8	Cost of Energy	#18	161,830	172,193	(4,963)	167,230	5,400	
9	Operation & Maintenance	#20	57,855	53,986	-	53,986	(3,869)	- See Page 16.1
10	Depreciation and Amortization	#21	63,609	63,558	-	63,558	(51)	- See Page 16.1
11	Property and Sundry Taxes	#22	17,889	17,385	-	17,385	(504)	- See Page 16.1
12	Other Operating Revenue	#23	(11,832)	(13,739)	-	(13,739)	(1,907)	- See Page 16.1
13			<u>289,351</u>	<u>293,382</u>	<u>(4,963)</u>	<u>288,419</u>	<u>(932)</u>	
14	Utility Income before Income Taxes		107,943	132,400	(5,415)	126,985	19,042	
15	Flow-Through (after-tax)	#12.3	-	14,493	(3,953)	10,540	10,540	- See Page 16.1
16	Income Taxes	#24	7,499	12,702	(1,461)	11,241	3,742	- See Page 16.1
17	<b>EARNED RETURN (before-sharing)</b>		<u>\$ 100,444</u>	<u>\$ 105,205</u>	<u>\$ (1)</u>	<u>\$ 105,204</u>	<u>\$ 4,760</u>	
18	<b>UTILITY RATE BASE</b>	#2	<u>\$ 1,582,907</u>	<u>\$ 1,578,977</u>	<u>\$ (111)</u>	<u>\$ 1,578,866</u>	<u>\$ (4,041)</u>	
19								
20	<b>RETURN ON RATE BASE</b>	#26	<u>6.35%</u>	<u>6.66%</u>	<u>0.00%</u>	<u>6.66%</u>	<u>0.32%</u>	

FORTISBC INC.  
DIFFERENCE ANALYSIS

1. Operating and Maintenance Expenses

Operation and Maintenance Expense was \$3.9 million lower than 2022 Approved with the differences summarized on Page 20. The 2022 Approved was derived by applying an inflation factor to an approved 2021 Base O&M unit cost and then multiplying that amount by the forecasted average number of customers to determine an inflation indexed O&M amount. O&M forecast outside the inflation indexed O&M amount is then added to derive the total 2022 Approved Gross O&M.

2. Depreciation and Amortization

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

3. Property Tax

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

4. Other Revenue

The variance between forecast and actual other revenues is \$1.9 million. Variances in other revenue either receive flowthrough treatment or are subject to sharing.

5. Flow-Through

The actual flow-through amount was a debit of \$14.5 million in 2022 that will be returned to customers in future rates. See Page 12.3 for details.

6. Income Taxes

Differences on Page 24 also arise from various variances throughout the Annual Report, primarily in revenues, O&M expenses, and rate base as well as timing differences in calculating taxable income, which result in income tax being \$3.7 million higher than Approved on a normalized basis. The variance between forecast and actual income taxes is either recorded in the flow-through deferral account or subject to sharing.



FORTISBC INC.  
VOLUMES, REVENUE AND CUSTOMERS

Line No.	Description	Reference	2022				Difference	Reasons for Difference
			Approved	Year Ended 12/31/2022		Normal		
	(1)	(2)	(3)	Actual	Normalization	(6)	(7)	(8)
1	<b>ENERGY VOLUME (GWh)</b>							
2	Residential		1,283	1,398	(50)	1,348	65	
3	Commercial		946	967	(10)	957	11	
4	Wholesale		560	589	(17)	572	12	
5	Industrial		470	542	-	542	72	
6	Lighting		10	9	-	9	(1)	
7	Irrigation		37	37	-	37	-	
8	Total Sales Load Volume	#16	3,306	3,542	(77)	3,465	159	
9	Losses		285	320	(6)	314	29	
10	Total Gross Load Volume		3,591	3,862	(83)	3,779	188	
11								
12	<b>REVENUE (\$000s) <sup>1</sup></b>							
13	Residential		\$ 195,058	\$ 212,478	\$ (7,599)	\$ 204,879	\$ 9,821	
14	Commercial		104,380	106,699	(1,223)	105,476	1,096	
15	Wholesale		51,255	53,923	(1,556)	52,367	1,112	
16	Industrial		40,804	47,034	-	47,034	6,230	
17	Lighting		2,411	2,244	-	2,244	(167)	
18	Irrigation		3,386	3,404	-	3,404	18	
19	Total Revenue	#16	\$ 397,294	\$ 425,782	\$ (10,378)	\$ 415,404	\$ 18,110	
20								
21	<b>AVERAGE CUSTOMERS (000s)</b>							
22	Residential		127,935	127,899	-	127,899	(36)	
23	Commercial		16,704	16,674	-	16,674	(30)	
24	Wholesale		11	6	-	6	(5)	
25	Industrial		43	42	-	42	(1)	
26	Lighting		1,415	1,391	-	1,391	(24)	
27	Irrigation		1,091	1,100	-	1,100	9	
28	Total Average Customers		147,199	147,112	-	147,112	(87)	

Notes:

<sup>1</sup> Revenue is net of \$102 thousand provided in 2022 for Evacuation Relief credits (\$53 thousand provided in 2021 for comparison purposes).

FORTISBC INC.  
COST OF ENERGY  
(\$000)

Line No.	Description (1)	Reference (2)	Year Ended 12/31/2022				Difference (7)
			Approved (3)	Actual (4)	Normalization (5)	Normal (6)	
1	<b>POWER PURCHASES</b>						
2	Gross Load (GWh)		3,591	3,862	(83)	3,779	188
3							
4	<b>Power Purchase Expense</b>						
5	Brilliant		\$ 41,841	\$ 41,833	\$ -	\$ 41,833	\$ (8)
6	BC Hydro PPA		44,062	53,494	(4,963)	48,531	4,469
7	Waneta Expansion		42,701	34,056	-	34,056	(8,645)
8	Market and Contracted Producers		15,102	24,675	-	24,675	9,573
9	Independent Power Producers		73	58	-	58	(15)
10	Self-Generators		-	100	-	100	100
11	CPA Balancing Pool		-	(104)	-	(104)	(104)
12	Special and Accounting Adjustments		-	(655)	-	(655)	(655)
13	<b>Total Power Purchase Expense</b>		<u>\$ 143,779</u>	<u>\$ 153,457</u>	<u>\$ (4,963)</u>	<u>\$ 148,494</u>	<u>\$ 4,715</u>
14							
15	<b>WHEELING</b>						
16	<b>Wheeling Nomination (MW months)</b>						
17	Okanagan Point of Interconnection		2,475	2,475	-	2,475	-
18	Creston		420	420	-	420	-
19							
20	<b>Wheeling Expense</b>						
21	Okanagan Point of Interconnection		\$ 4,903	\$ 5,030	\$ -	\$ 5,030	\$ 127
22	Creston		542	555	-	555	13
23	Other		648	1,313	-	1,313	665
24	<b>Total Wheeling Expense</b>		<u>\$ 6,093</u>	<u>\$ 6,898</u>	<u>\$ -</u>	<u>\$ 6,898</u>	<u>\$ 805</u>
25							
26	<b>WATER FEES</b>						
27	Plant Entitlement Use in previous year (GWh)		1,679	1,673	-	1,673	(6)
28							
29	<b>Total Water Fees</b>		<u>\$ 11,958</u>	<u>\$ 11,838</u>	<u>\$ -</u>	<u>\$ 11,838</u>	<u>\$ (120)</u>
30							
31	<b>TOTAL COST OF ENERGY</b>		<u>\$ 161,830</u>	<u>\$ 172,193</u>	<u>\$ (4,963)</u>	<u>\$ 167,230</u>	<u>\$ 5,400</u>

**SCHEDULE NOT APPLICABLE**

FORTISBC INC  
OPERATION & MAINTENANCE EXPENSES  
(\$000)

Line No.	Particulars (1)	Year Ended 12/31/2022		
		Approved (2)	Actual (3)	Difference (4)
1	<b>Inflation Indexed O&amp;M</b>	\$ 66,200	\$ 63,569	\$ (2,631)
2				
3	<b>Flowthrough O&amp;M</b>			
4	Pension/OPEB (O&M Portion)	(1,716)	(1,716)	-
5	Insurance	2,223	2,286	63
6	BCUC Fees	373	373	-
7	MRS	765	468	(297)
8	EV Charging Stations	187	213	26
9	COVID-19 Pandemic (exogenous)	-	(1,030)	(1,030)
10				
11	<b>Total Gross O&amp;M</b>	68,032	64,163	(3,869)
12	Less: Capitalized Overhead	(10,177)	(10,177)	-
13	<b>Net O&amp;M Expense</b>	<u>\$ 57,855</u>	<u>\$ 53,986</u>	<u>\$ (3,869)</u>

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

Line No.	Particulars	Reference	2022	2021	Increase (Decrease)
	(1)	(2)	(3)	(4)	(5)
1	Supervision & Administration	535R	\$ 777	\$ 775	\$ 3
2	Water Fees	536	11,838	10,741	1,097
3	Structures	542	1,091	1,236	(145)
4	Dams & Waterways	543	246	221	25
5	Electric Plant	544	952	1,146	(194)
6	Other Plant	545	511	410	102
7	<b>Generation Total</b>		<b>15,416</b>	<b>14,528</b>	<b>888</b>
8					
9	Purchased Power	555	153,457	152,473	984
10	System Control	556	2,609	2,479	130
11	<b>Other Power Supply Total</b>		<b>156,066</b>	<b>154,951</b>	<b>1,114</b>
12					
13	Supervision & Administration	560R-1	4,163	3,514	649
14	System Planning	560R-2	4,849	4,471	378
15	Load Dispatching	561	1,485	1,493	(8)
16	Transmission Station Expense	562	1,208	1,027	180
17	Transmission Line Maintenance	563R-1	571	537	34
18	Transmission Right of Way Maintenance	563R-2	1,389	1,065	324
19	Wheeling	565	6,898	6,000	898
20	Rents	567	3,578	3,444	134
21	Distribution Line Maintenance	583R-1	4,558	4,162	396
22	Distribution Right of Way Maintenance	583R-2	4,525	4,269	256
23	Meter Expenses	586	637	557	80
24	Distribution Station Expense	592	1,532	1,612	(80)
25	Street Lighting	596	60	72	(12)
26	Other Plant	598	533	720	(186)
27	<b>Transmission and Distribution Total</b>		<b>35,988</b>	<b>32,944</b>	<b>3,044</b>

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

Line No.	Particulars	Reference	2022	2021	Increase (Decrease)
	(1)	(2)	(3)	(4)	(5)
1	Supervision & Administration	901	\$ 1,767	\$ 1,585	\$ 182
2	Meter Reading	902	59	74	(16)
3	Customer Billing	903	1,380	1,421	(41)
4	Credit & Collections	904	917	1,019	(103)
5	Customer Assistance	910	2,148	1,966	182
6	<b>Customer Service Total</b>		<b>6,270</b>	<b>6,065</b>	<b>205</b>
7					
8	Executive and Senior Management	920.1	436	437	(1)
9	Legal and Regulatory	920.2	445	484	(39)
10	Human Resources	920.3	1,125	1,145	(20)
11	Finance and Accounting	920.4	1,081	1,169	(88)
12	Information Services	920.6	1,941	1,971	(29)
13	Materials Management	920.7	-	-	-
14	Other		(2,855)	(1,310)	(1,545)
15	Salaries Total	920	2,173	3,896	(1,723)
16					
17	Executive and Senior Management	921.1	22	6	17
18	Legal and Regulatory	921.2	550	483	67
19	Human Resources	921.3	68	95	(27)
20	Finance and Accounting	921.4	533	482	51
21	Information Services	921.6	1,932	1,738	194
22	Materials Management	921.7	348	336	11
23	Other		262	234	28
24	Expenses Total	921	3,715	3,374	341
25					
26	<b>Administrative and General Total</b>		<b>5,888</b>	<b>7,269</b>	<b>(1,381)</b>

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

Line No.	Particulars (1)	Reference (2)	2022 (3)	2021 (4)	Increase (Decrease) (5)
1	Special Services	567	\$ 3,000	\$ 2,686	\$ 313
2	Insurance	283R-1	1,356	1,224	132
3	Maintenance to General Plant	283R-2	1,599	1,635	(35)
4	Transportation Equipment Expenses	586	597	251	346
5	<b>Other Total</b>		<b>6,552</b>	<b>5,796</b>	<b>756</b>
6					
7	<b>Sub-Total</b>		<b>226,179</b>	<b>221,554</b>	<b>4,625</b>
8					
9	Less: Water Fees		(11,838)	(10,741)	(1,097)
10	Less: Power Purchases		(153,457)	(152,473)	(984)
11	Less: Wheeling		(6,898)	(6,000)	(898)
12					
13	<b>Net O&amp;M Expense</b>		<b>\$ 53,986</b>	<b>\$ 52,340</b>	<b>\$ 1,646</b>

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

Line No.	Particulars (1)	Reference (2)	Year Ended 12/31/2022		
			Approved (3)	Actual (4)	Difference (5)
1	<b>Depreciation</b>				
2	Depreciation Expense	#7.1	\$ 66,722	\$ 66,469	\$ (253)
3					
4	<b>Amortization</b>				
5	Rate Base Deferrals	#11	5,913	5,913	-
6	Non-Rate Base Deferrals	#12.2	(4,355)	(4,355)	-
7	Utility Plant Acquisition Adjustment		186	186	-
8	CIAC	#9	(4,857)	(4,655)	202
9			(3,113)	(2,911)	202
10					
11	Total Depreciation and Amortization Expense		<u>\$ 63,609</u>	<u>\$ 63,558</u>	<u>\$ (51)</u>



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

Line No.	Particulars (1)	Reference (2)	2022	Year Ended 12/31/2022			Difference (7)	Reasons for Difference (8)
			Approved (3)	Actual (4)	Normalization (5)	Normal (6)		
1	Generating Plant		\$ 3,210	\$ 3,287	\$ -	\$ 3,287	\$ 77	
2	Transmission and Distribution		7,428	6,634	-	6,634	(794)	
3	Substation Equipment		3,948	4,098	-	4,098	150	
4	Land and Buildings		1,165	1,204	-	1,204	39	
5	1% In-Lieu of Municipal Taxes		2,138	2,162	-	2,162	24	
6								
7	<b>Total Property Tax Expense</b>	#16	<u>\$ 17,889</u>	<u>\$ 17,385</u>	<u>\$ -</u>	<u>\$ 17,385</u>	<u>\$ (504)</u>	

FORTISBC INC.  
OTHER REVENUE  
(\$000)

Line No.	Particulars (1)	Reference (2)	Year Ended 12/31/2022				Difference (7)	Reasons for Difference (8)
			2022 Approved (3)	Actual (4)	Normalization (5)	Normal (6)		
1	Apparatus and Facilities Rental		\$ 6,018	\$ 6,293	\$ -	\$ 6,293	\$ 275	
2	Contract Revenue		2,277	3,184	-	3,184	907	
3	Transmission Access Revenue		1,771	1,661	-	1,661	(110)	
4	Interest Income		20	9	-	9	(11)	
5	Late Payment Charges	(560)	875	962	-	962	87	
6	Connection Charges	(561)	505	569	-	569	64	
7	EV DCFC Stations Carbon Credits		-	744	-	744	744	
8	Other Recoveries	(579)	366	318	-	318	(48)	
9								
10	Total Other Revenue	#16	<u>\$ 11,832</u>	<u>\$ 13,739</u>	<u>\$ -</u>	<u>\$ 13,739</u>	<u>\$ 1,907</u>	

FORTISBC INC.  
INCOME TAXES  
(\$000)

Line No.	Particulars (1)	Reference (2)	Year Ended 12/31/2022				Difference (7)	Reasons for Difference (8)
			Approved 2022 (3)	Actual (4)	Normalization (5)	Normal (6)		
1	CALCULATION OF INCOME TAXES							
2	Utility Income before Taxes	#16	\$ 107,943	\$ 132,400	\$ (5,415)	\$ 126,985	\$ 19,042	
3	Deduct - Interest on Debt	#24.1	(42,510)	(43,916)	2	(43,914)	(1,404)	
4	Net Additions (Deductions)	#24.2	<u>(37,660)</u>	<u>(41,438)</u>	<u>-</u>	<u>(41,438)</u>	<u>(3,778)</u>	
5								
6	Taxable Income before Tax		<u>\$ 27,773</u>	<u>\$ 47,045</u>	<u>\$ (5,413)</u>	<u>\$ 41,632</u>	<u>\$ 13,859</u>	
7								
8	Income Tax Rate (Current Tax)		27.000%	27.000%		27.000%	0.000%	
9	1 - Current Income Tax Rate		73.000%	73.000%		73.000%	0.000%	
10								
11								
12	Income Tax							
13	Current		\$ 7,499	\$ 12,702	\$ (1,461)	\$ 11,241	\$ 3,742	
14	Prior Year Adjustments		-	-	-	-	-	
15	Total Income Tax	#16	<u>\$ 7,499</u>	<u>\$ 12,702</u>	<u>\$ (1,461)</u>	<u>\$ 11,241</u>	<u>\$ 3,742</u>	

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

Line No.	Particulars (1)	Reference (2)	Approved	Year Ended 12/31/2022			Difference (7)	Reasons for Difference (8)
			2022 (3)	Actual (4)	Normalization (5)	Normal (6)		
1	Utility Rate Base	#2	\$ 1,582,907	\$ 1,578,977	\$ (111)	\$ 1,578,866	\$ (4,041)	
2								
3	Weighted average embedded cost of debt							
4	in the capital structure							
5	Long-term debt	#26	2.60%	2.65%	0.00%	2.65%	0.05%	
6	Unfunded debt	#26	0.09%	0.13%	0.00%	0.13%	0.05%	
7								
8								
9			2.69%	2.78%	0.00%	2.78%	0.10%	
10								
11								
12	Interest expense for income taxes							
13	related to utility operations							
14	(rate base x weighted average							
15	embedded cost of debt)		\$ 42,510	\$ 43,916	\$ (2)	\$ 43,914	\$ 1,404	

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

Line No.	Particulars	Reference	Approved 2022	Year Ended 12/31/2022			Difference
				Actual	Normalization	Normal	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	<b>ADDBACKS:</b>						
2	Depreciation		\$ 66,722	\$ 66,469	\$ -	\$ 66,469	\$ (253)
3	Amortization of Deferred Charges		1,558	1,558	-	1,558	-
4	Amortization of Utility Plant Acquisition Adjustment		186	186	-	186	-
5	Pension Expense		84	84	-	84	-
6	OPEB Expense		1,607	1,607	-	1,607	-
7							
8	<b>DEDUCTIONS:</b>						
9	Capital Cost Allowance		(86,398)	(89,520)	-	(89,520)	(3,122)
10	CIAC Amortization		(4,857)	(4,655)	-	(4,655)	202
11	Pension Contributions		(4,419)	(4,510)	-	(4,510)	(91)
12	OPEB Contributions		(655)	(622)	-	(622)	33
13	Overheads Capitalized Expensed for Tax Purposes		(10,177)	(10,177)	-	(10,177)	-
14	Removal Costs		(1,200)	(1,823)	-	(1,823)	(623)
15	All Other		(111)	(35)	-	(35)	76
16							
17	<b>TOTAL</b>	#24	<u>\$ (37,660)</u>	<u>\$ (41,438)</u>	<u>\$ -</u>	<u>\$ (41,438)</u>	<u>\$ (3,778)</u>

FORTISBC INC.  
CAPITAL COST ALLOWANCE  
(\$000)

Line No.	Class	CCA Rate %	UCC Balance 1/1/2022 (3)	Adjustments <sup>1</sup> (4)	Net Additions (AIIP) <sup>2</sup> (5)	Net Additions (Disposals) (Not AIIP) (6)	UCC Adjustment for AIIP (7)	UCC Amount for CCA (8) (3)+(4)+(5)+(6)+(7)	2022 CCA (9)	UCC Balance 12/31/2022 (10) (3)+(4)+(5)+(6)-(9)
1	1(a)	4%	\$ 160,505	\$ -	\$ -	\$ -	\$ -	\$ 160,505	\$ 6,420	\$ 154,085
2	1(b)	6%	34,169	-	2,853	-	1,426	38,448	2,307	34,715
3	2	6%	12,131	-	-	-	-	12,131	728	11,403
4	3	5%	682	-	-	-	-	682	34	648
5	6	10%	3	-	-	-	-	3	0	3
6	8	20%	4,032	-	532	-	266	4,830	966	3,598
7	10	30%	3,847	10	3,083	(96)	1,494	8,338	2,501	4,343
8	12	100%	-	-	1,568	-	-	1,568	1,568	-
9	13	(Manual)	19	4	642	-	321	986	203	461
10	14.1 (pre 2017)	7%	7,291	-	-	-	-	7,291	510	6,781
11	14.1 (post 2016)	5%	2,973	-	878	-	439	4,290	215	3,637
12	17	8%	153,183	-	17,865	-	8,932	179,980	14,398	156,649
13	42	12%	5,717	-	4,203	-	2,101	12,021	1,443	8,477
14	43.1	30%	-	51	306	-	713	1,070	321	36
15	45	45%	1	-	-	-	-	1	0	1
16	46	30%	5,744	-	1,668	-	834	8,247	2,474	4,938
17	47	8%	484,172	(522)	84,232	(40)	42,096	609,938	48,797	519,045
18	50	55%	2,009	-	6,702	-	3,351	12,062	6,634	2,077
19	54	30%	-	-	-	-	-	-	-	-
20										
21		Total	\$ 876,478	\$ (457)	\$ 124,532	\$ (136)	\$ 61,974	\$ 1,062,392	\$ 89,520	\$ 910,897

Reference

#24.2

Notes:

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

<sup>2</sup> For eligible capital property acquired after November 20, 2018 and available for use before 2028 (Accelerated Investment Incentive Property or "AIIP"), the capital property will qualify for enhanced CCA in the first year. For most CCA classes, the Accelerated Investment Incentive rules (the "AIIR") will allow taxpayers to claim 3 times the normal amount of CCA in the first year of addition only (for additions prior to 2024). This is achieved by suspending the application of the half year rule and by adding an amount equal to 1/2 of AIIP additions in the year only for the purposes of calculating CCA. Property acquired before November 21, 2018 ("Not AIIP"), are not eligible for enhanced CCA under the AIIR regime and, therefore, will still be subject to the half year rule. No multiplier will apply for the purposes of calculating CCA. Certain classes, such as class 12, 13, and 43.2 contain class specific rules which modify how CCA is calculated for that class. FBC has claimed the maximum CCA available to the utility for all classes.

FORTISBC INC.  
RETURN ON CAPITAL  
(\$000)

Line No.	Particulars (1)	Reference (2)	Approved	Year Ended 12/31/2022			Difference (7)	Reasons for Difference (8)
			2022 (3)	Actual (4)	Normalization (5)	Normal (6)		
1	Short Term Debt		\$ 89,744	\$ 82,112	\$ (66)	\$ 82,046	\$ (7,698)	-See Page 26.1
2	Ratio		5.67%	5.20%	0.00%	5.20%	-0.47%	
3	Average Embedded Cost		1.51%	2.58%	0.00%	2.58%	1.07%	
4	Cost Component		0.09%	0.13%	0.00%	0.13%	0.05%	
5	Earned Return		\$ 1,355	\$ 2,122	\$ (2)	\$ 2,120	\$ 765	
6								
7	Long Term Debt	#27	\$ 860,000	\$ 865,274	\$ -	\$ 865,274	\$ 5,274	-See Page 26.1
8	Ratio		54.33%	54.80%	0.00%	54.80%	0.47%	
9	Average Embedded Cost	#27	4.79%	4.83%	0.00%	4.83%	0.04%	
10	Cost Component		2.60%	2.65%	0.00%	2.65%	0.05%	
11	Earned Return	#27	\$ 41,155	\$ 41,794	\$ -	\$ 41,794	\$ 639	
12								
13	Common Equity		\$ 633,163	\$ 631,591	\$ (45)	\$ 631,546	\$ (1,617)	-See Page 26.1
14	Ratio		40.00%	40.00%	0.00%	40.00%	0.00%	
15	Average Embedded Cost (Before Sharing)		9.15%	9.70%	0.00%	9.70%	0.55%	
16	Cost Component		3.66%	3.88%	0.00%	3.88%	0.22%	
17	Earned Return (Before Sharing)		\$ 57,934	\$ 61,289	\$ -	\$ 61,289	\$ 3,355	
18								
19								
20	Utility Rate Base	#2	<u>\$ 1,582,907</u>	<u>\$ 1,578,977</u>	<u>\$ (111)</u>	<u>\$ 1,578,866</u>	<u>\$ (4,041)</u>	
21								
22								
23	Return on Rate Base	#16	<u>6.35%</u>	<u>6.66%</u>	<u>0.00%</u>	<u>6.66%</u>	<u>0.32%</u>	

FORTISBC INC.

DIFFERENCE ANALYSIS

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

Recorded long-term debt is higher as the actual debt issuance was for a higher amount than forecast. This has an equal offsetting impact on short-term debt. The remaining variance in recorded short-term debt is due to a lower rate base.



FORTISBC INC.  
EARNINGS SHARING CALCULATION  
FOR THE YEAR ENDING DECEMBER 31, 2022  
(\$000s)

Line No.	Description	Reference	Amounts
1	Actual Equity Return	Page 26, Line 13 x Line 15	\$ 61,289
2			
3	Actual Rate Base	Page 26, Line 20	1,578,977
4	Approved Equity Thickness	G-139-14	40.00%
5	Actual Equity Component of Rate Base	Line 3 x Line 4	631,591
6			
7	Actual ROE on Common Equity	Line 1 / Line 5	9.70%
8	Approved ROE on Common Equity	G-75-13/G-47-14	9.15%
9	ROE Surplus / (Deficit)	Line 7 - Line 8	0.55%
10			
11	After-Tax Surplus / (Deficit) Earnings available for Sharing	Line 5 x Line 9	3,499
12	Sharing %	G-165-20	50%
13	Customers share of Surplus / (Deficit) Earnings (net of tax)	Line 11 x Line 12	1,749
14			
15	<b>Customers share of Surplus / (Deficit) Earnings (pre-tax)</b>	Line 13 / (1 - 27% tax rate)	<b>2,396</b>
16			
17			
18	<u>Proof:</u>		
19			
20	Pre-Equity Sharing Amounts	Page 12.3, -Line 56	\$ 3,355
21			
22	Equity Sharing:		
23	Rate Base Variance (Approved less Actual)	Page 26, Line 20, Col 3 - Col 4	3,930
24	Approved Equity Thickness	G-139-14	40.00%
25	Approved ROE on Common Equity	G-75-13/G-47-14	9.15%
26	Equity Sharing on Rate Base Variance	Line 23 x Line 24 x Line 25	144
27			
28	After-Tax Surplus / (Deficit) Earnings available for Sharing	Line 20 + Line 26	3,499
29	Sharing %	G-165-20	50%
30	Customers share of Surplus / (Deficit) Earnings (net of tax)	Line 28 x Line 29	1,749
31			
32	<b>Customers share of Surplus / (Deficit) Earnings (pre-tax)</b>	Line 30 / (1 - 27% tax rate)	<b>2,396</b>

FORTISBC INC.  
 CALCULATION OF AFTER-SHARING ROE  
 FOR THE YEAR ENDING DECEMBER 31, 2022  
 (\$000s)

Line No.	Description	Amount	Reference
1	<u>Proof of Before-Sharing Actual ROE</u>		
2			
3	Utility Income Before Taxes	132,400	Page 24, Line 2
4	Less: Interest Expense	(43,916)	Page 24, Line 3
5	Less: Income Taxes	(12,702)	Page 24, -Line 15
6	Add: Flow-Through (After-tax)	<u>(14,493)</u>	Page 16, -Line 15
7	Utility Income	61,289	Sum of Lines 3 through 6
8			
9	Equity Portion of Rate Base	631,591	Page 26, Line 13
10			
11	Achieved Before-Sharing ROE	9.704%	Line 7 / Line 9
12			
13	<u>After-Sharing Actual ROE</u>		
14			
15	Utility Income Before Taxes	132,400	Page 24, Line 2
16	Less: Earnings Sharing	(1,749)	Page 26.2, -Line 13
17	Less: Interest Expense	(43,916)	Page 24, Line 3
18	Less: Income Taxes	(12,702)	Page 24, -Line 15
19	Add: Flow-Through (After-tax)	<u>(14,493)</u>	Page 16, -Line 15
20	Utility Income	59,540	Sum of Lines 15 through 19
21			
22	Equity Portion of Rate Base	631,591	Page 26, Line 13
23			
24	<b>Achieved After-Sharing ROE</b>	<b>9.427%</b>	Line 20 / Line 22

FORTISBC INC  
EMBEDDED COST OF LONG-TERM DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(\$000)

Line No.	Particulars (1)	Issue Date (2)	Maturity Date (3)	Coupon Rate (4)	Principal Amount of Issue (5)	Average Principal Outstanding (6)	Annual Cost (7)	Average Embedded Cost (8)
1	Series G	28-Aug-1993	28-Aug-2023	8.800%	\$ 25,000	\$ 25,000	\$ 2,200	
2	Series 1 - 05	9-Nov-2005	9-Nov-2035	5.600%	100,000	100,000	5,600	
3	Series 1 - 07	4-Jul-2007	4-Jul-2047	5.900%	105,000	105,000	6,195	
4	MTN - 09	2-Jun-2009	2-Jun-2039	6.100%	105,000	105,000	6,405	
5	MTN - 10	24-Nov-2010	24-Nov-2050	5.000%	100,000	100,000	5,000	
6	MTN - 14	28-Oct-2014	28-Oct-2044	4.000%	200,000	200,000	8,000	
7	MTN - 17	4-Dec-2017	6-Dec-2049	3.620%	75,000	75,000	2,715	
8	MTN - 20	11-May-2020	11-May-2050	3.120%	75,000	75,000	2,340	
9	MTN - 21	14-Mar-2022	14-Mar-2052	4.160%	100,000	80,274	3,339	
10	<b>MID-YEAR LONG-TERM DEBT</b>					<u>\$ 865,274</u>	<u>\$ 41,794</u>	<u>4.830%</u>

## FORTISBC INC.

RECONCILIATION WITH FINANCIAL STATEMENTS  
- NET EARNINGS/RATE BASE  
FOR THE YEAR ENDED DECEMBER 31, 2022Page

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

[2022 FortisBC Inc Annual Audited Financial Statements - SEDAR](#)



FORTISBC INC.  
RECONCILIATION OF CONSOLIDATED STATEMENT OF EARNINGS  
TO UTILITY INCOME BEFORE INTEREST AND INCOME TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference
1	<b>ITEM 1 - Reconciliation of Other Revenue</b>			
2				
3	Consolidated Financial Statements Revenues & Other Income		\$ 480,168	- Consolidated Statements of Earnings
4	Less: Electricity Revenues in Financial Statements		(428,534)	
5	Other Revenues in Financial Statements (Line 3 to Line 4)		51,633	
6				
7				
8				
9				
10				
11	Power Purchases classified as Other Revenue for F/S purposes		(18,184)	- Page 28.4, Line 11
12	O&M classified as Other Revenue for F/S purposes		(34,043)	- Page 28.3, Line 8
13	Other Revenue classified as Revenues for Regulatory purposes		(121)	- Page 28.4, Line 6
14	2022 Earnings Sharing in F/S		2,151	- Page 28.1, Line 17
15	2022 Flow-Through in F/S		14,272	- Page 28.1, Line 17
16	Timing of Entries (F/S compared to Annual Report)		(738)	- Page 28.1, Line 18
17	Other Revenue items - Subtotal of Above (Line 11 to Line 16)		(36,663)	
18				
19				
20	Total Other Revenues (Line 5 + Line 9 + Line 17)		\$ 13,739	- FBC Annual Report, Page 16, Line 12
21				
22				
23				
24	<b>ITEM 2: Reconciliation of Depreciation and Amortization Expense</b>			
25				
26	Consolidated Financial Statements Depreciation & Amortization Expense		\$ 66,958	
27				
28				
29	Amortization classified as Other Revenue for F/S purposes		(2,874)	- Page 28.4, Line 5
30	O&M classified as Amortization for F/S purposes		(999)	- Page 28.3, Line 9
31	Power Purchases classified as Amortization for F/S purposes		238	- Page 28.4, Line 12
32	Amortization classified as Financing Charges for F/S purposes		250	- Page 28.1, Line 11
33			(3,400)	
34				
35	Total Depreciation & Amortization Expense (Line 26 + Line 33)		\$ 63,558	- FBC Annual Report, Page 16, Line 10

FORTISBC INC.  
RECONCILIATION OF CONSOLIDATED STATEMENT OF EARNINGS  
TO UTILITY INCOME BEFORE INTEREST AND INCOME TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference
1	<b><u>ITEM 3 - Reconciliation of O&amp;M Expenses</u></b>			
2				
3	Consolidated Financial Statements O&M Expense		\$ 105,763	- Consolidated Statements of Earnings
4				
5				
6				
7	Power Purchases classified as O&M for F/S purposes		(18,736)	- Page 28.4, Line 10
8	O&M classified as Other Revenue for F/S purposes		(34,043)	- Page 28.2, Line 12
9	O&M classified as Amortization for F/S purposes		999	- Page 28.2, Line 30
10	O&M classified as Financing Charges for F/S purposes		1,664	- Page 28.1, Line 11
11	Other O&M items - Subtotal of Above		<u>(50,115)</u>	
12				
13	Total O&M Expense (Line 3 + Line 5 + Line 11)		<u>\$ 53,986</u>	- FBC Annual Report, Page 16, Line 9
14				
15				
16	<b><u>ITEM 4 - Reconciliation of Municipal and Other Taxes</u></b>			
17				
18	Consolidated Financial Statements -			
19	Municipal and Other Taxes		<u>\$ 17,385</u>	FBC Annual Report, Page 16, Line 11

FORTISBC INC.  
RECONCILIATION OF CONSOLIDATED STATEMENT OF EARNINGS  
TO UTILITY INCOME BEFORE INTEREST AND INCOME TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference
1	<b><u>ITEM 5 - Reconciliation of Gross Margin</u></b>			
2				
3	Consolidated Financial Statements Revenues & Other Income		\$ 480,168	- Consolidated Statements of Earnings
4	Less: Other Revenues in Financial Statements		(51,633)	- Page 28.2, Line 5
5	Less: Amortization classified as Other Revenue for F/S purposes		(2,874)	- Page 28.2, Line 29
6	Add: Other Revenue classified as Revenues for Regulatory purposes		121	- Page 28.2, Line 13
7	Electricity Revenues per Annual Report		<u>425,782</u>	- FBC Annual Report, Page 16, Line 5
8				
9	Power Purchase Costs in Financial Statements		141,032	- Consolidated Statements of Earnings
10	Power Purchases classified as O&M for F/S purposes		18,736	- Page 28.3, Line 7
11	Power Purchases classified as Other Revenue for F/S purposes		(18,184)	- Page 28.2, Line 11
12	Power Purchases classified as Amortization for F/S purposes		(238)	- Page 28.2, Line 31
13	Power Purchases classified as Financing Charges for F/S purposes		<u>30,847</u>	- Page 28.1, Line 11
14	Cost of Energy per Annual Report		172,193	- FBC Annual Report, Page 16, Line 8
15				
16	Total FBC Gross Margin (Line 7 & Line 14)		<u>\$ 253,589</u>	- FBC Annual Report, Page 16, Line 5 - Line 8



FORTISBC INC.  
 RECONCILIATION OF CONSOLIDATED BALANCE SHEET  
 TO UTILITY NET PLANT IN SERVICE, ENDING  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference
1	<b><u>CONSOLIDATED BALANCE SHEET</u></b>			
2				
3	Property Plant and Equipment		\$ 2,533,878	- Notes 6 & 7 of the Financial Statements
4	Less: Accumulated Depreciation		<u>(682,189)</u>	- Notes 6 & 7 of the Financial Statements
5				
6	Net Property Plant and Equipment & Intangible Assets per Consolidated Financial Statements		<u>1,851,689</u>	- Notes 6 & 7 of the Financial Statements
7				
8	LESS:			
9	[REDACTED]			
10	[REDACTED]			
11	Work-in-Progress (including CPCN adjustments)		(73,677)	- Page 28.6, Line 13
12	[REDACTED]			
13	Subtotal (Lines 9 to 12 above)		<u>(315,913)</u>	
14				
15	FBC - Net Plant in Service, Ending (Line 6 + Line 13)		<u>\$ 1,535,776</u>	- FBC Annual Report, Page 2, Lines 7, 11, 15, 19

FORTISBC INC.  
 RECONCILIATION OF CONSOLIDATED BALANCE SHEET  
 TO UTILITY NET PLANT IN SERVICE, ENDING  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference
1	<b>ITEM 1 - Reconciliation of Property Plant &amp; Equipment</b>			
2	<b>to Plant in Service</b>			
3	Property, Plant & Equipment - including Intangibles and CIAC		\$ 2,533,878	- Page 28.5, Line 3
4				
5				
6				
7				
8				
9				
10				
11	Subtotal (Line 3 + Line 9)		2,213,146	
12				
13	Work-in-progress (including CPCN adjustments)		(73,677)	- Page 28.5, Line 11
14				
15	Total FBC Plant in Service and CIAC (Line 11 + Line 13)		\$ 2,139,469	- FBC Annual Report, Page 2, Lines 7 & 15

FORTISBC INC.  
 RECONCILIATION OF CONSOLIDATED BALANCE SHEET  
 TO UTILITY NET PLANT IN SERVICE, ENDING  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference
1	<b>ITEM 2 - Reconciliation of Accumulated Depreciation and CIAC Amortization</b>			
2				
3	Consolidated Accumulated Depreciation and CIAC Amortization		\$ (682,189)	- Page 28.5, Line 4
4				
5	[REDACTED]			
6	[REDACTED]			
7				
8				
9	[REDACTED]			
10				
11	Total Utility Accumulated Depreciation and CIAC Amortization (Line 3 + Line 9)		<u>\$ (603,693)</u>	- FBC Annual Report, Page 2, Lines 11 & 19

FORTISBC INC.  
 RECONCILIATION OF UTILITY DEFERRED CHARGES  
 TO CONSOLIDATED DEFERRALS IN THE BALANCE SHEET  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (\$000)

Line No.	Particulars	Account	Amount (\$000)	Reference
1	Ending Deferred Charges Balance per Consolidated Balance Sheet		\$ 179,361	- Note 8 (420-241) of the Financial Statements
2				
3	Add: Other Deferrals in Financial Statements			
4	Deferred Credits		(66,513)	- Notes 8 (-66) of the Financial Statements
5	Deferred Net Pension Costs		(8,080)	- Note 5 (14), Note 10 (-1) & Note 13 (-21) of the Financial Statements
6	Deferred Debt Issue Costs		6,760	- Note 11 (7) of the Financial Statements
7	Subtotal		<u>(67,832)</u>	
8				
9	Total Deferrals (Line 1 + Line 7)		111,529	
10				
11	Non-Rate Base Deferrals			
12	Amount per Page 12.0		(1,585)	- Page 12.0, Line 15, Column 9 + Page 12.0, Line 17, Column 9
13	Amount per Page 12.1		(1,711)	- Page 12.1, Line 22, Column 9 + Page 12.1, Line 24, Column 9
14	Amount per Page 12.2		22,561	- Page 12.2, Line 19, Column 9 + Page 12.2, Line 21, Column 9 + Page 12.2, Line 28, Column 9
15			<u>          </u>	
16	Subtotal		<u>(111,947)</u>	
17				
18	Adjustments to BCUC Report			
19	Adjustments booked in financial statements in 2023		(400)	
20	Items reclassified for F/S purposes		34,766	
21	Subtotal		<u>34,366</u>	
22				
23	FBC Ending Deferral Balance (Line 9 + Line 16 + Line 21)		<u>\$ 33,948</u>	- FBC Annual Report, Page 11, Line 25, Column 9

**EXECUTIVE SUMMARY**  
**FORTISBC INC.**  
**DIRECTORS, OFFICERS AND SHAREHOLDERS**

Report below the name, title and business address of each director and general officer.  
AS AT DECEMBER 31, 2022

NAME	BUSINESS ADDRESS	OFFICE HELD
<u>DIRECTORS</u>		
Tracey C. Ball	#1 - 1033 Pakington Street Victoria, BC V8V 3A2	Director
Peter Blake	910-925 W. Georgia Street Vancouver, BC V6C 3L2	Director
Michelle Corfield	1021 Halliburton Street, Nanaimo, BC V9R 6NR	Director
Roger A. Dall'Antonia	10 <sup>th</sup> Floor, 1111 W. Georgia Street Vancouver, BC V6E 4M3	Director and President and CEO
David G. Hutchens	538 E. Rudasill Road Tucson, AZ 85704	Director
K.M. Tracy Medve	5655 Airport Way Kelowna, BC V1V 1S1	Director, Chair of the Board
Douglas G. Pearce	2135 Abbott Street Kelowna, BC V1Y 1C8	Director
Jocelyn H. Perry <sup>1</sup>	Suite 1201 Fortis Building 139 Water Street St. John's, NL A1B 3T2	Director
Janine Sullivan	320 17 Avenue SW Calgary, AB T2S 2V1	Director
Susan L. Yurkovich	1220-595 Howe Street Vancouver, BC V6C 2T5	Director

<sup>1</sup> Jocelyn H. Perry ceased as an Officer on December 31, 2022

**FORTISBC INC.**  
**DIRECTORS, OFFICERS AND SHAREHOLDER**

Report below the name, title and business address of each director and general officer.

AS OF DECEMBER 31, 2022

NAME	BUSINESS ADDRESS	OFFICE HELD
<u>OFFICERS</u>		
Roger A. Dall'Antonia	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	President & CEO
Doyle Sam	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Executive Vice-President, Operations & Engineering
Andrea Cadogan	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice-President, People
Michael Leclair	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice-President, Major Projects and LNG
Ian G. Lorimer	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice President, Finance & CFO
Joseph C. Mazza	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice-President, Energy Supply & Resource Development
Dawn M. Mehrer	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice-President, Customer and Corporate Services
Monic D. Pratch	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice-President, General Counsel, Corporate Secretary and Sustainability
Diane E. Roy	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice-President, Regulatory Affairs
Douglas M. Slater	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Vice President, External and Indigenous Relations
Debra G. Nelson	10 <sup>th</sup> Floor - 1111 West Georgia St., Vancouver, BC, V6E 4M3	Assistant Corporate Secretary

NAME	BUSINESS ADDRESS	OFFICE HELD
<u>SHAREHOLDER</u>		
FortisBC Pacific Holdings Inc.	Suite 100 1975 Springfield Rd. Kelowna, BC, V1Y 7V7	Shareholder – 100% Common Stock

**OPERATING AREA AND UTILITY PLANT DETAIL**

AS AT DECEMBER 31, 2022

**OPERATING AREA**

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

**PRODUCTION PLANT – HYDRAULIC**

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

**TRANSMISSION PLANT**

Line Length (kilometers)

Area	63 kV	132/138 kV	161 kV	230 kV	Total
Boundary	48.6	0.0	103.2	0.0	151.8
Creston	85.0	0.0	0.0	0.0	85.0
Kelowna	0.4	119.7	0.0	114.0	234.1
Kootenay	339.4	0.0	22.6	50.3	412.3
Similkameen	0.0	91.4	0.0	0.0	91.4
South Okanagan	123.2	11.5	16.5	98.5	249.7
<b>Total</b>	<b>596.6</b>	<b>222.6</b>	<b>142.3</b>	<b>262.8</b>	<b>1,224.3</b>

**Terminal Transformers**

Rating (MVA)	Quantity
30	3
60	2
75	1
80	2
100	2
150	1
168	4
200	4
250	2
<b>Total Base Capacity</b>	<b>2,767 MVA</b>

**OPERATING AREA AND UTILITY PLANT DETAIL**  
AS AT DECEMBER 31, 2022

**DISTRIBUTION PLANT**  
Line Length (kilometres)

	1 Phase		2 Phase		3 Phase		Total
	OH	UG	OH	UG	OH	UG	
Boundary	465.6	10.9	25.0	0.0	340.5	2.5	844.5
Creston	354.1	17.4	7.2	0.0	279.6	4.0	662.3
Kelowna	431.7	392.4	15.5	2.5	354.9	428.0	1,625.0
Kootenay	688.9	41.9	15.8	0.1	430.5	26.3	1,203.5
Similkameen	297.9	18.9	22.3	0.0	394.3	7.6	741.0
South Okanagan	466.1	98.9	41.6	0.1	368.8	39.7	1,015.2
<b>Total</b>	<b>2,704.3</b>	<b>580.4</b>	<b>127.5</b>	<b>2.7</b>	<b>2,168.6</b>	<b>508.2</b>	<b>6,091.5</b>

OH = Overhead UG = Underground

**Distribution Transformers (HV < 60 kV)**

Rating (kVA)	Overhead		Underground		Total	
	Quantity	Capacity (kVA)	Quantity	Capacity (kVA)	Quantity	Capacity (kVA)
0-100	31,538	942,287	5,886	440,210	37,424	1,382,497
101-500	85	15,198	1,819	557,748	1,904	572,946
>500	13	27,000	327	368,250	340	395,250
<b>Total</b>	<b>31,636</b>	<b>984,485</b>	<b>8,032</b>	<b>1,366,208</b>	<b>39,668</b>	<b>2,350,693</b>

**Distribution Substation**

Rating (kVA)	Quantity	Rating (kVA)	Quantity
500	3	15,000	8
3,000	1	16,000	1
3,730	3	20,000	16
5,620	1	22,400	1
6,000	3	24,000	1
7,500	2	28,000	2
8,000	2	32,000	11
9,000	1	40,000	16
10,000	5	50,000	2
13,300	1		
		<b>1,793,010</b>	<b>80</b>



## IMPORTANT CHANGES DURING THE YEAR

### MAJOR CAPITAL PROJECTS

#### Corra Linn Dam Spillway Gate Replacement

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

Spillway gates 1, 2 and 3 were completed in 2022, and now all 14 spillway gates are complete and in service. The final sections of the superstructure painting work were also completed in 2022. Remaining work onsite includes electrical upgrades, installation of the hoist cart enclosures, and defect correction work. Substantial completion is currently scheduled to occur in Q3 2023 with Project close out continuing into Q1 2024.

#### Kelowna Bulk Transformer Capacity Addition Project (KBTC)

The KBTC Project was approved by Order C-4-20 on November 30, 2020. It involves the installation of a third terminal transformer and upgrading the low side 138kV bus to a true ring bus at the LEE terminal in Kelowna, BC.

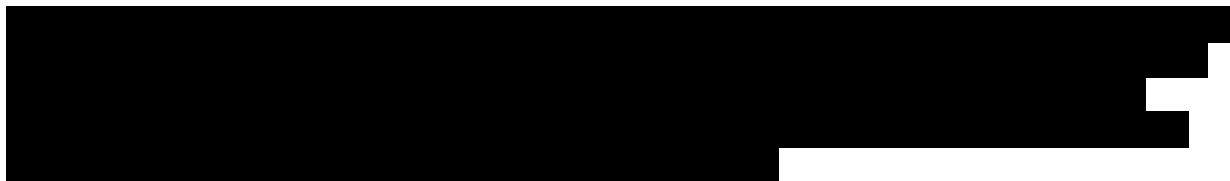
All 230kV ring bus upgrades were completed and put into service by the end of Q2 2022. The new T2 transformer was assembled, commissioned, and energized in early November 2022 and started serving load onto the 138kV bus. The 138kV ring bus now has three of the four connected 138kV transmission lines relocated to their permanent locations on the bus. The T3 transformer node was close to completion at year-end. The T4 transformer node and one more 138kV transmission line connection is all that remains for work and is forecast to be substantially completed at the end of Q2 2023.

#### Playmor Substation Upgrade Project

The Playmor Substation Upgrade Project was approved by Order G-42-21 on February 12, 2021. The project includes the construction of a new greenfield substation in Playmor right next to the existing station and includes two 20MVA transformers and four 13kV feeders. The project requires significant Transmission and Distribution modification around the station and includes the salvage of the old site.

All the site preparation, civil and physical construction was completed in 2021. The electrical equipment, including installation of both transformers, and all of the commissioning was completed in 2022. The substation was energized in May 2022, and the salvage of the existing site was completed in July 2022.

### HUMAN RESOURCES



FORTISBC INC.  
COMMON EQUITY RETURNS AND OTHER COMPARISONS  
FOR THE YEARS ENDED

Line No.	Years	ROE				Common Equity	Bond Yield <sup>1</sup>	Actual Rate Base \$000's	Energy Sales (GW.h)	Temperature (% warm, HDD)	Average Direct Customers <sup>2</sup>
		Allowed	Achieved Pre-Earnings Sharing	Achieved Post-Earnings Sharing	Normal						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	12/31/2013	9.15%	10.21%	-	10.13%	40.92%	2.84%	\$ 1,142,132	3,211	-2.4%	128,557
2	12/31/2014	9.15%	9.29%	9.22%	9.18%	40.00%	2.73%	\$ 1,205,246	3,180	1.4%	129,525
3	12/31/2015	9.15%	9.35%	9.26%	9.35%	40.00%	2.17%	\$ 1,251,128	3,116	11.1%	131,016
4	12/31/2016	9.15%	9.52%	9.38%	9.52%	40.00%	1.92%	\$ 1,281,694	3,120	-7.9%	132,480
5	12/31/2017	9.15%	9.41%	9.31%	9.41%	40.00%	2.28%	\$ 1,291,048	3,305	8.0%	134,246
6	12/31/2018	9.15%	9.32%	9.29%	9.32%	40.00%	2.33%	\$ 1,321,729	3,250	-1.0%	137,300
7	12/31/2019	9.15%	9.15%	9.18%	9.15%	40.00%	1.77%	\$ 1,355,193	3,326	6.9%	139,808
8	12/31/2020	9.15%	9.46%	9.30%	9.46%	40.00%	1.19%	\$ 1,418,909	3,291	-0.7%	142,321
9	12/31/2021	9.15%	9.37%	9.26%	9.37%	40.00%	1.88%	\$ 1,505,738	3,459	0.1%	144,877
10	12/31/2022	9.15%	9.70%	9.43%	9.70%	40.00%	2.83%	\$ 1,578,977	3,542	7.2%	147,112

11 Notes:

12 <sup>1</sup> Canada long-term benchmark bonds monthly average.

13 <sup>2</sup> 2013 Direct Customer count increased by approximately 15,000 direct customers due to FBC's purchase of the utility assets of the City of Kelowna effective March 31, 2013.

14 The former direct customers of City of Kelowna are now direct customers of FBC.

**FORTISBC INC.**

**DECLARATION**

**I, Ian G. Lorimer, do hereby certify:**

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

*Original signed:*

---

Ian G. Lorimer,  
Vice President, Finance & CFO

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

Sarah Walsh,  
Director, Regulatory Affairs

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

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

Direction No. 1

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

Response

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

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

Direction No. 2

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

Response

An analysis of significant projects completed during 2022 and of significant projects in work in progress as at December 31, 2022 is included under Tab 1, Pages 4, 5 and 5.1 of this report.

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

Direction No. 3

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

Response

Please see attached pages.



Summerside PE C1N 6A2

0009636

## Notice details

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<b>Business number</b>	10564 5642 RC0001
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<b>Date issued</b>	Oct 3, 2022
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FORTISBC INC.  
SUITE 100  
1975 SPRINGFIELD ROAD  
KELOWNA BC V1Y 7V7

## Corporation income tax assessment



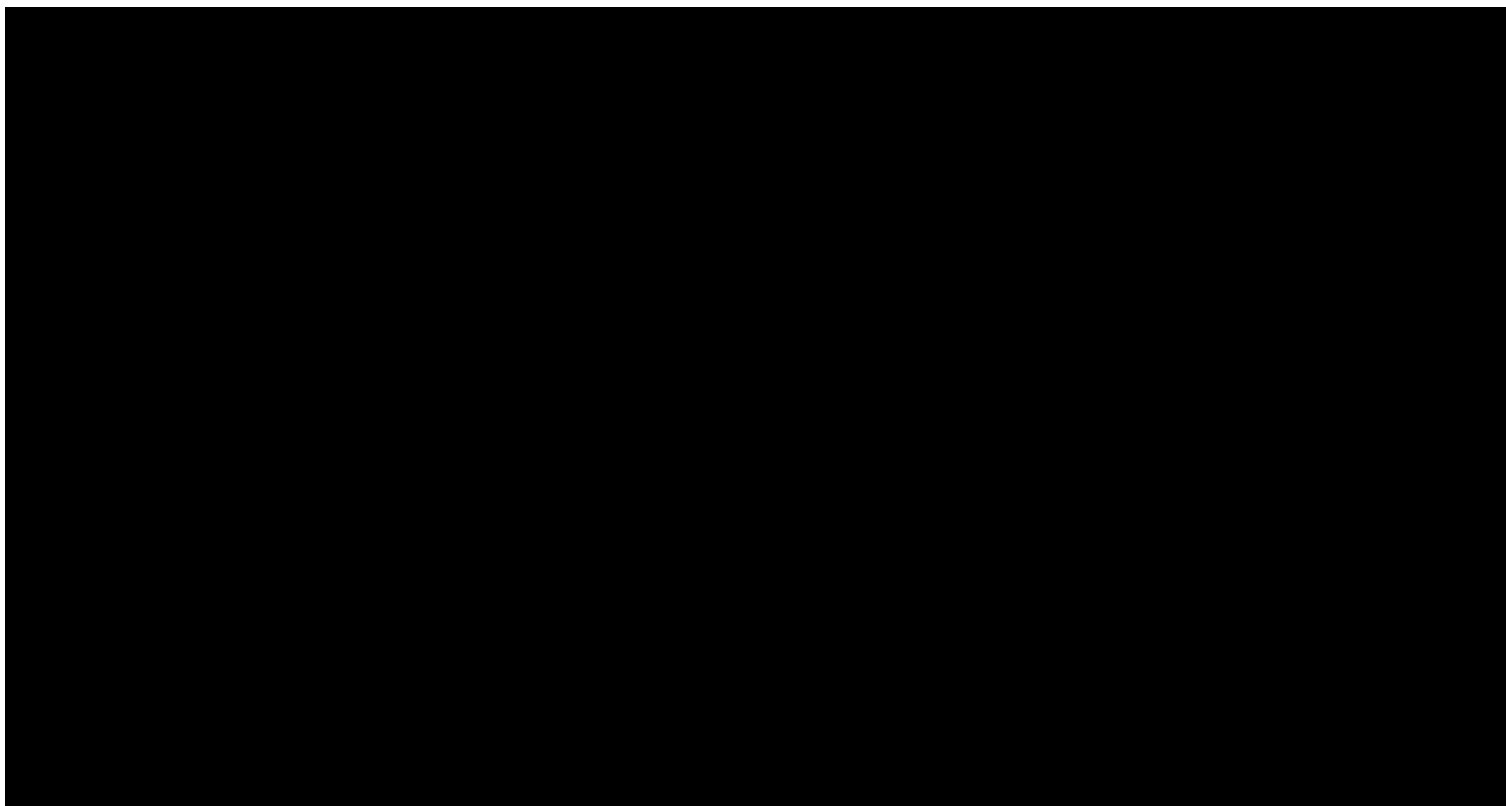
Summerside PE C1N 6A2

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

## Notice details

<b>Business number</b>	10564 5642 RC0001
<b>Tax year-end</b>	Dec 31, 2021
<b>Date issued</b>	Oct 3, 2022

## Corporation notice of assessment





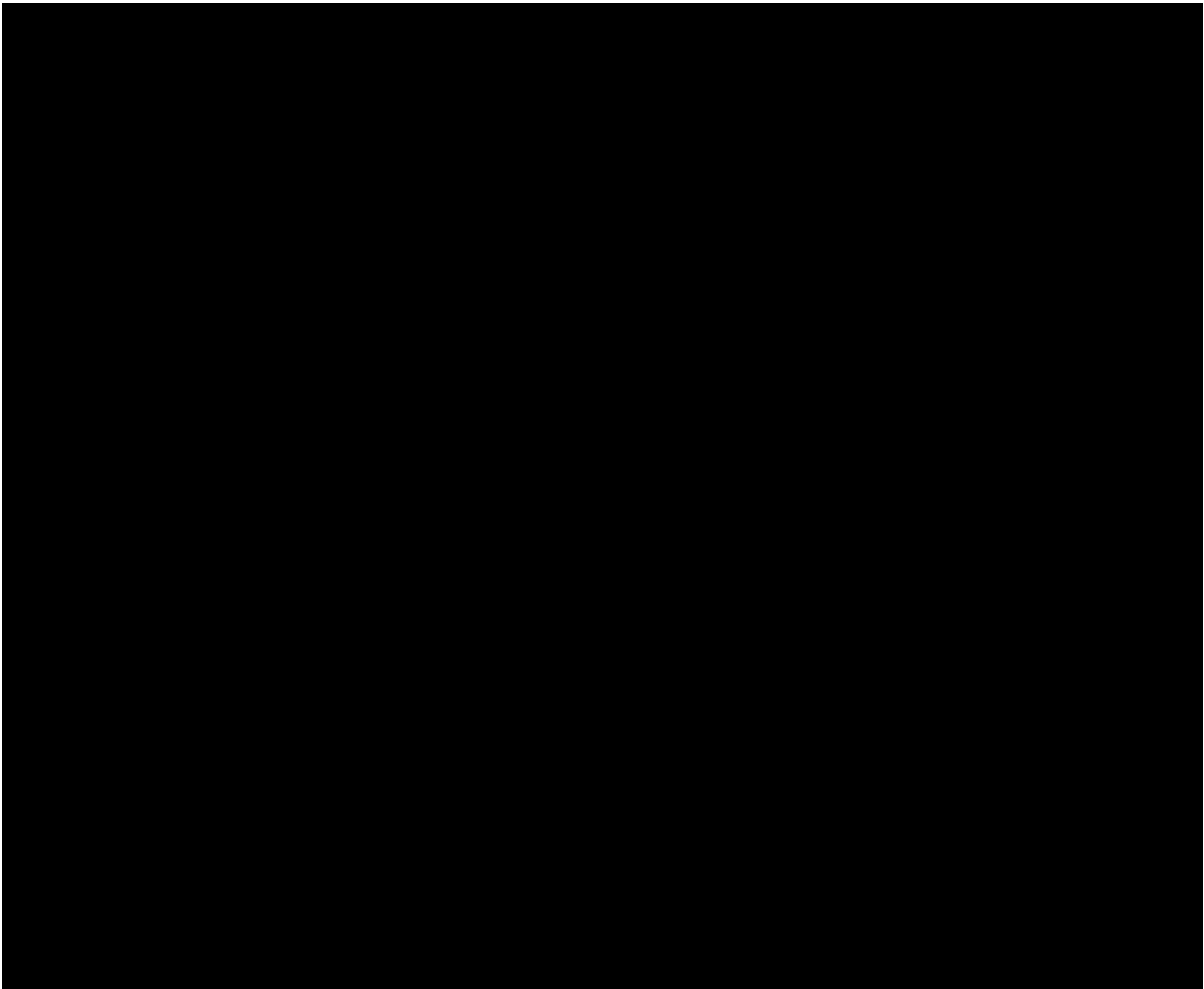
FORTISBC INC.

### Notice details

<b>Business number</b>	10564 5642 RC0001
<b>Tax year-end</b>	Dec 31, 2021
<b>Date issued</b>	Oct 3, 2022

### Summary

Description	\$ Reported CR	\$ Assessed CR
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## More information

If you need more information, go to [canada.ca/en/services/taxes](http://canada.ca/en/services/taxes).

To see your latest account information, including payment transactions, go to [canada.ca/my-cra-business-account](http://canada.ca/my-cra-business-account).

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

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

To protect the security of your information if your mail is returned to us undelivered, we may stop sending mail to you until we receive a new address. However, you can view your mail at [canada.ca/my-cra-business-account](http://canada.ca/my-cra-business-account).

Did you know you can go paperless and get your mail from us online? If you register for this service, we will email you when you have mail in your secure online account. We would no longer print and send mail to you. For more information about our online services, go to **My Business Account**.

## Definitions

**CR** (credit) is the amount we owe you.

## Help for persons with visual impairments

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

### My Business Account

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

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

Direction No. 4

A list of topics covered in the management letters.

Response

No management letter was issued regarding the 2022 year.

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

Direction No. 5

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

Response

See the attached letter dated February 8, 2023 by [REDACTED]  
[REDACTED]

Attn: Sara Hardgrave, Acting Commission Secretary  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, B.C. V6Z 2N3

February 8, 2023

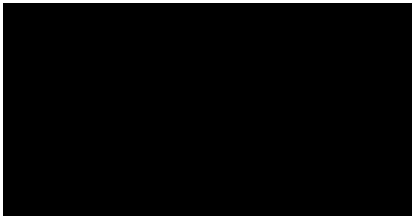
**RE: FortisBC Inc. 2022 Internal Audit Reports**

Dear Sara Hardgrave:

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

Internal Audit prepares an annual Audit Plan that is risk-based, reviewed with Management and approved by the Audit Committee. The Audit Plan consists of a variety of projects that evaluate the design and effective operation of internal controls, compliance with corporate policies and practices, and fairness of management representations.

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



## **Appendix A**

### Summary of 2022 Internal Audit Work

---

**1. Financial Directions and Orders**

Review compliance with the financial directions contained in Decisions, Orders and Letters issued by the BCUC.

**2. Anti-Fraud Program**

Assess the effectiveness of controls designed to mitigate the risk of potentially fraudulent actions that could materially affect the financial statements.

**3. SOX 404 Compliance**

Test key internal controls over financial reporting for all in-scope business processes, IT general controls and entity level controls for annual SOX 404 Compliance.

**4. Executive Expenses**

Review expenses incurred by the executive management team for the current calendar year for reasonableness and compliance with Company policy.

**5. Directors' Liabilities**

Review to ensure all payroll tax withholdings, sales taxes, corporate tax installments, WCB payments and Directors' and Officers' liability insurance premiums have been remitted in a timely manner.

**6. Code of Conduct and Transfer Pricing Policy Review**

Assess effectiveness of key controls established to facilitate and ensure compliance with the Code of Conduct & Transfer Pricing Policy as approved by the BCUC, including awareness of the policy by all employees.

**7. Cyber Security (Disaster Recovery & Cyber Security Incident Response)**

Assess the design and operating effectiveness FortisBC's Information System Disaster Recovery processes (DRP) and procedures and response readiness to a system disruption to ensure they are adequate to manage the associated risks and restore key business operations on a timely basis.

**8. Clean Growth Pathway (CGP) Reporting Process**

Assess the design and operating effectiveness of controls to ensure that (1) management reviews of internal quarterly status updates on 30BY30 indicators and metrics are robust to ensure complete and accurate data and that (2) supporting documentation is retained, verifiable and appropriate.

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

Direction No. 6

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

Response

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

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

Direction No. 7

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

Response

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



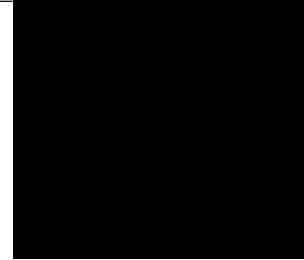
FORTISBC INC.  
BRITISH COLUMBIA UTILITIES COMMISSION  
LETTER NO. L-36-94 / L-45-15, DIRECTION NO. 8

Direction No. 8

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

Response

See the attached letter dated March 28, 2023 by [REDACTED]  
[REDACTED]. The Officer's Declaration is found at Page 33.



March 28, 2023

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

Attention: Sara Hardgrave, Acting Commission Secretary

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

Dear Sara Hardgrave:

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

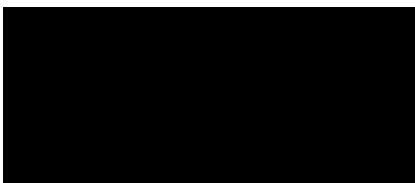
We have independently identified the financial directions for examination using Decisions, Orders and Letters issued during 2022 as well as certain Decisions, Orders and Letters issued in previous years that relate to the 2022 year. For the purposes of this letter, "financial directions" include specific directions, instructions and orders issued by the BCUC relating to accounting practices and methodologies, and the filing of specific reports, studies and agreements.

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

If further information is required, please contact the undersigned.

Sincerely,

**FortisBC Inc.**



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

Direction

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

Response

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

<b>Name and Position</b>	<b>Year</b>	<b>Salary <sup>(1)</sup></b>	<b>Bonus <sup>(2)</sup></b>	<b>Value of all other compensation <sup>(3)</sup></b>
<b>Roger A. Dall’Antonia President &amp; CEO, Director (4)(5)</b>	2022	\$750,000	\$890,300	\$205,425
<b>Ian G. Lorimer Vice President, Finance &amp; CFO <sup>(5)</sup></b>	2022	\$392,000	\$224,200	\$108,196
<b>Doyle Sam Executive Vice President, Operations &amp; Engineering <sup>(6)</sup></b>	2022	\$412,000	\$290,600	\$82,745

Notes:

- (1) Represents the annual salary for the Named Executive Officers.
- (2) Represents performance bonus and amounts awarded under the Corporation’s short-term non-equity incentive program in recognition of FEI and FBC’s respective corporate performances and the individual’s performance for the reported year and paid in the following year.
- (3) Includes, where applicable the aggregate of amounts paid by FEI or FBC for (i) payment in lieu of vacation, (ii) the dollar value of insurance premiums paid by the Corporation with respect to term life insurance, (iii) 10 per cent match by the Corporation on contributions made to purchase Fortis Common Shares through the Employee Share Purchase Plan (ESPP), (iv) interest benefit from ESPP loans, and (v) all compensation paid or accrued to Named Executive Officers relating to defined contribution pension plans, including contributions to the Named Executive Officer’s self-directed RRSP and SERP. Perquisites are not disclosed as they did not exceed the minimum disclosure threshold of the lesser of 10 per cent of the total annual salary of the Named Executive Officer.
- (4) In addition to his role of President and CEO, Mr. Dall’Antonia also held the position of Director for which no additional compensation was earned or received. Mr. Dall’Antonia’s incentive targets changed, effective January 1, 2022.
- (5) Amounts reported represent amounts paid by FEI for Mr. Dall’Antonia’s and Mr. Lorimer’s service to FBC and other FortisBC companies. FBC proportionately reimburses FEI for their services.
- (6) Amounts reported represent amounts paid by FBC for Mr. Sam’s service to FEI and FHI. FEI proportionately reimburses FBC for Mr. Sam’s service.

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

Direction

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

Response

The requested table is provided below.

	Capital Expenditures (\$000)				
	Forecast 2022	Actual 2022	2022 Variance	Forecast 2023	Forecast 2024
	(a)	(b)	(a)-(b)=(c)	(d)	(e)
CPCN	19,401	17,783	1,618	1,710	N/A
System Extensions	24,339	30,013	(5,674)	30,072	N/A
Other Capital	58,801	60,660	(1,859)	63,703	N/A
<b>Total</b>	<b>\$ 102,541</b>	<b>\$ 108,456</b>	<b>\$ (5,915)</b>	<b>\$ 95,485</b>	<b>N/A</b>

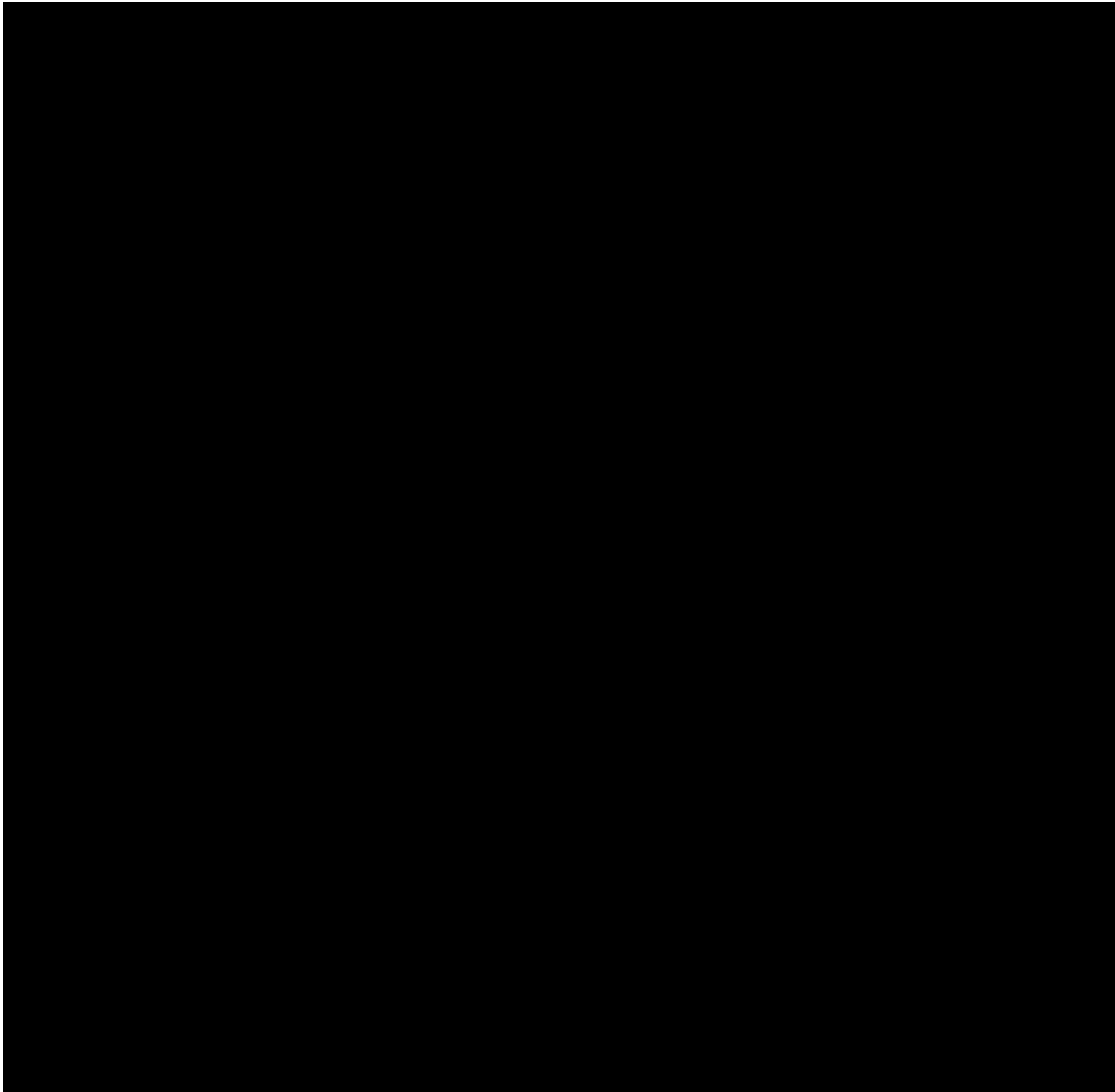
Note: The above amounts exclude AFUDC. Forecast 2024 amounts will be provided in the FBC Annual Review for 2024 Rates.

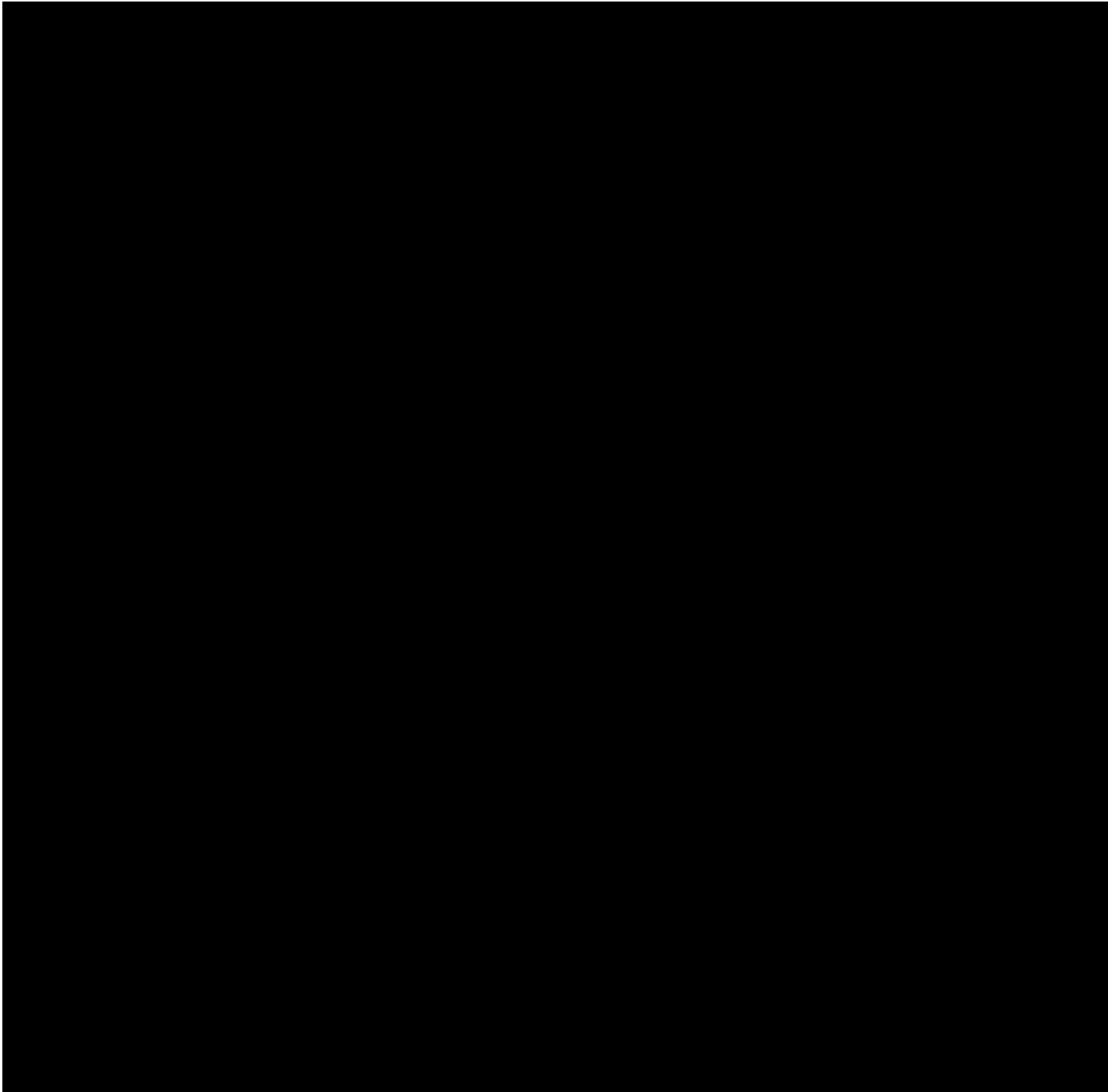


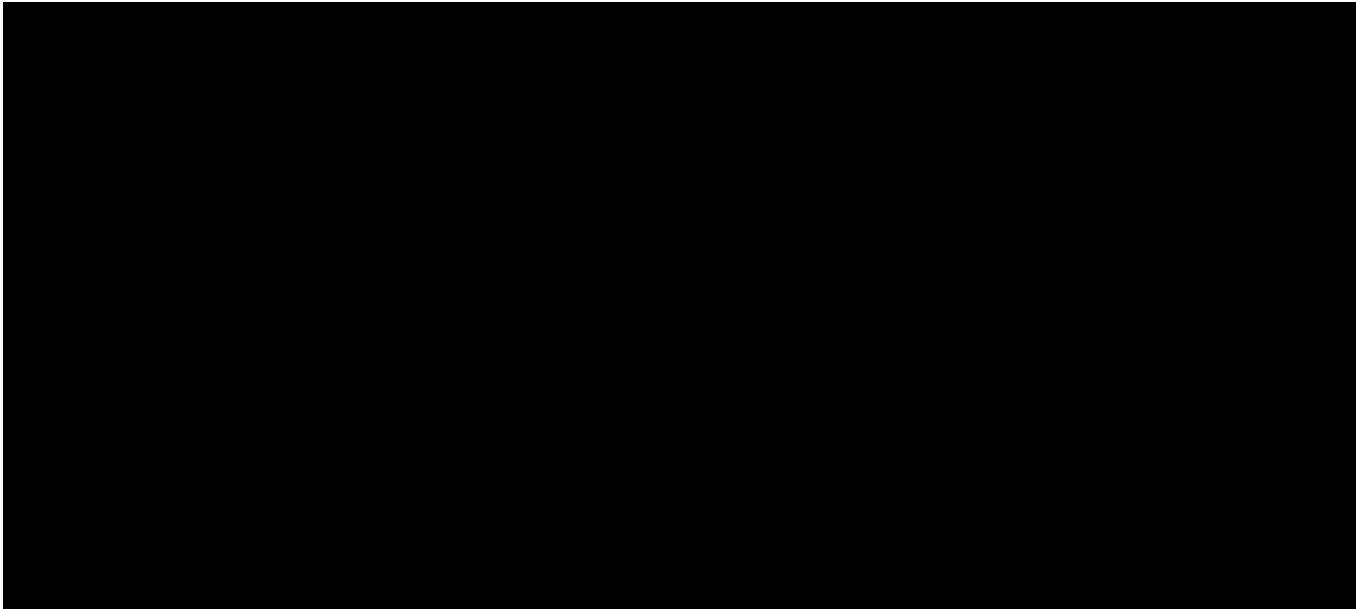
**FORTISBC INC.**

# **Affiliated Transactions Report**

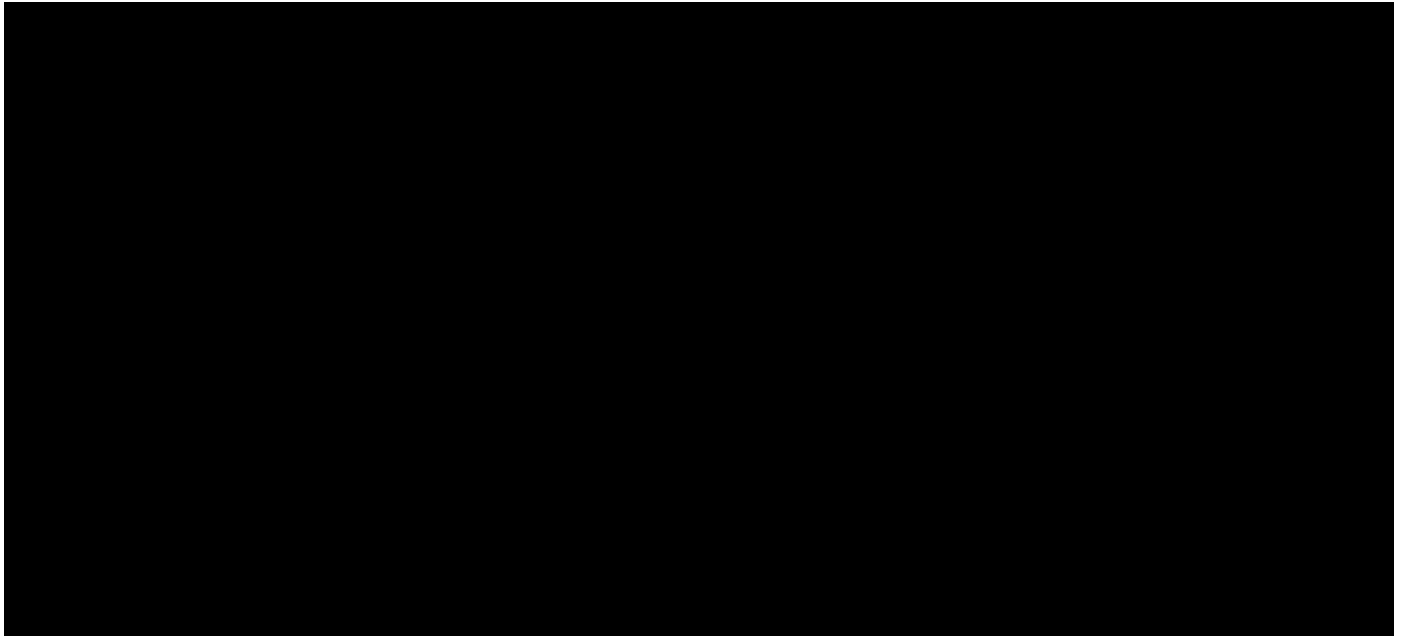
**For the Period January 1, 2022 to December 31, 2022**

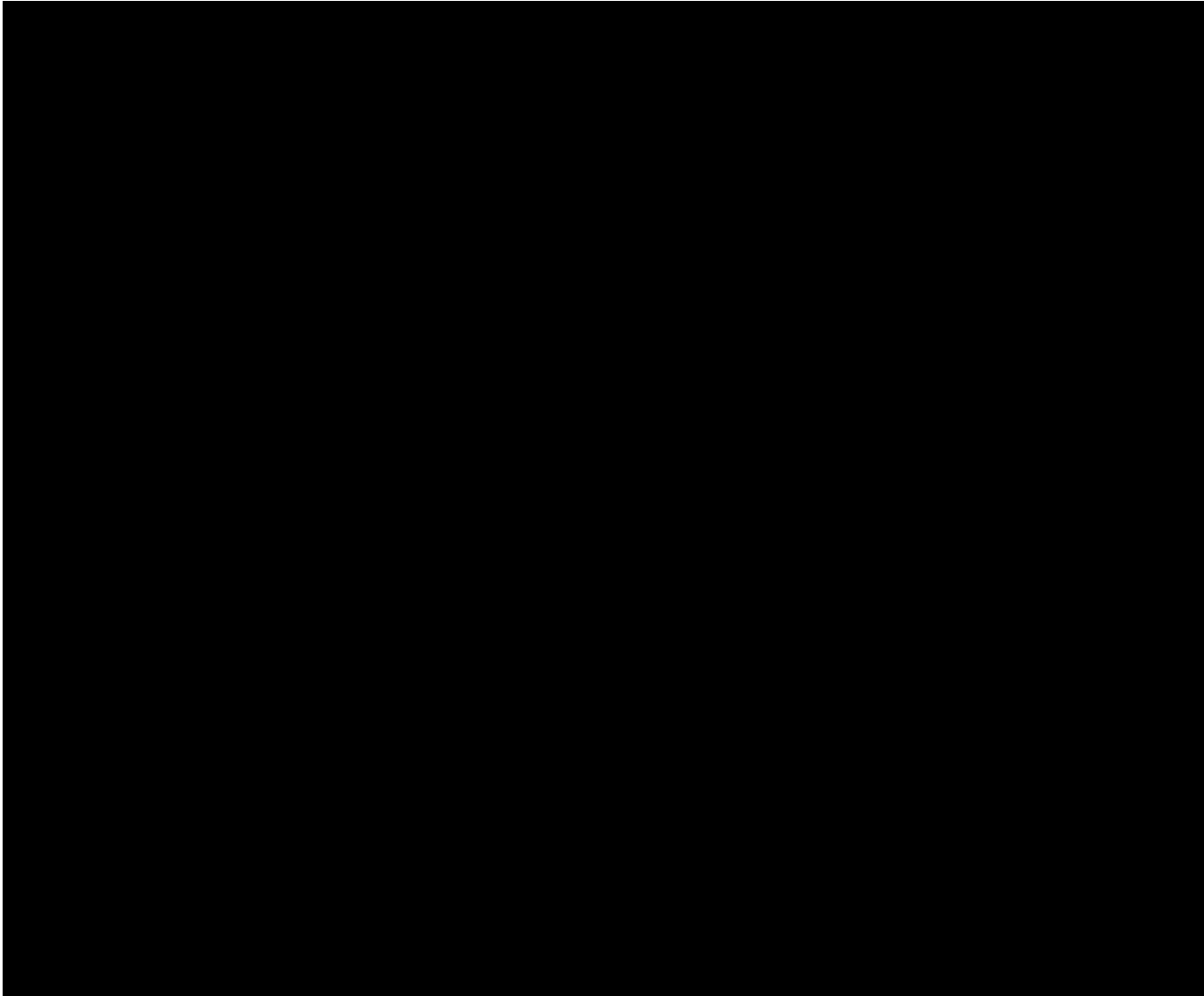


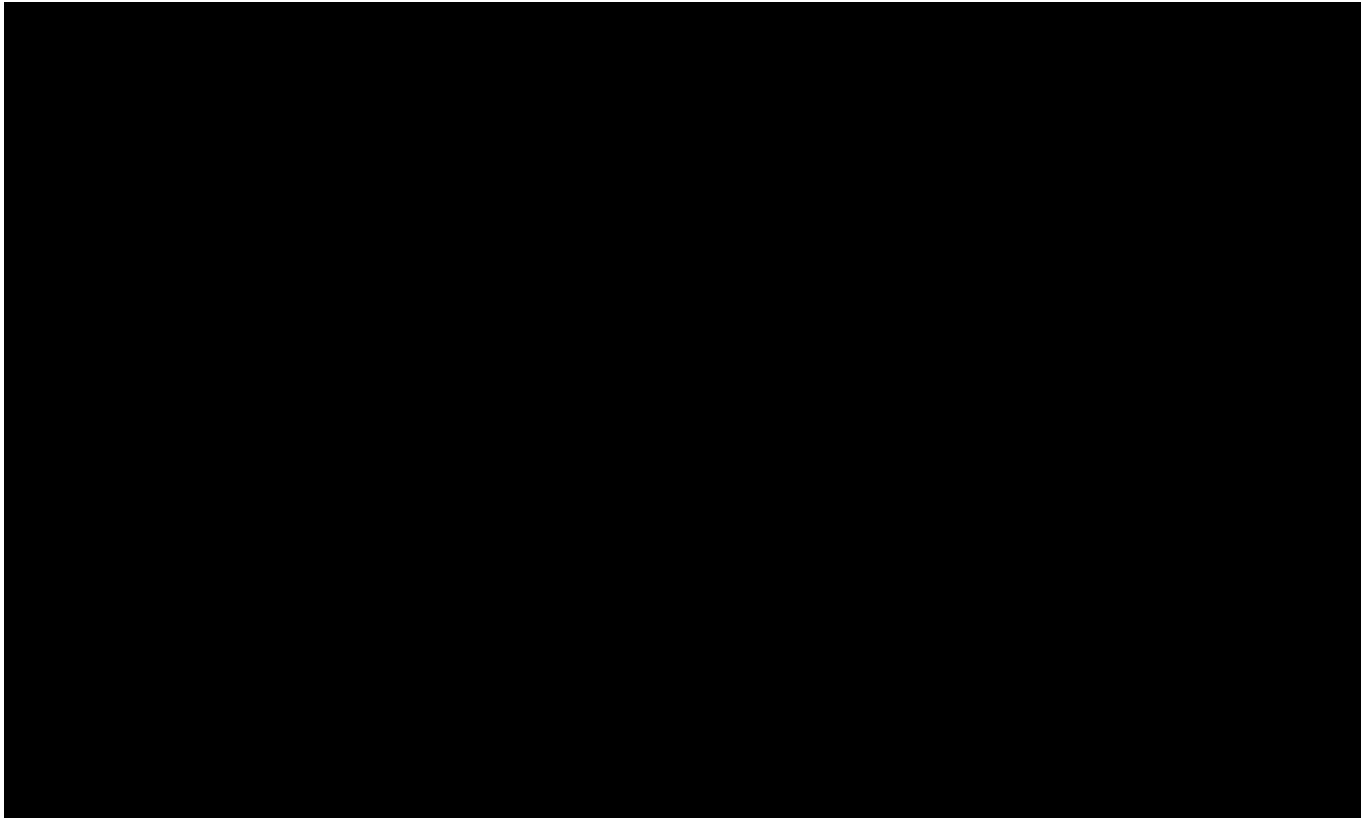




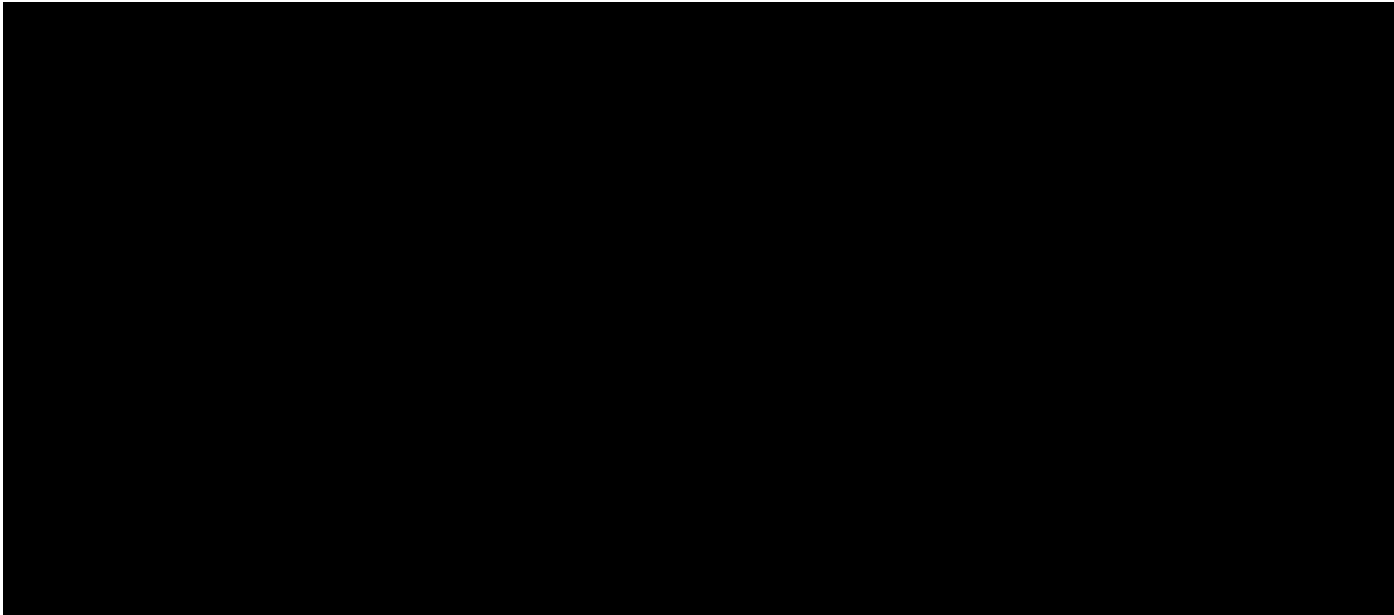


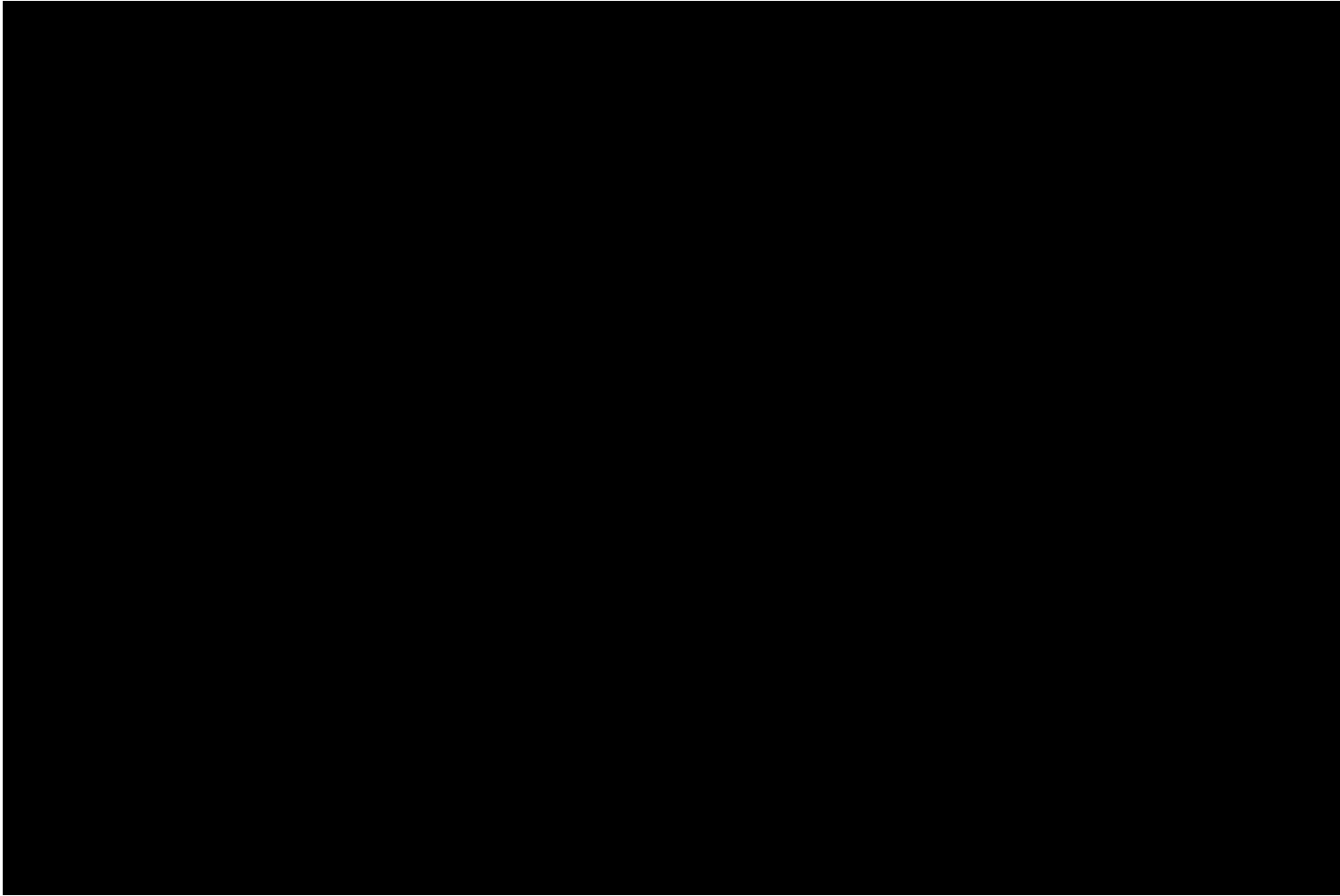


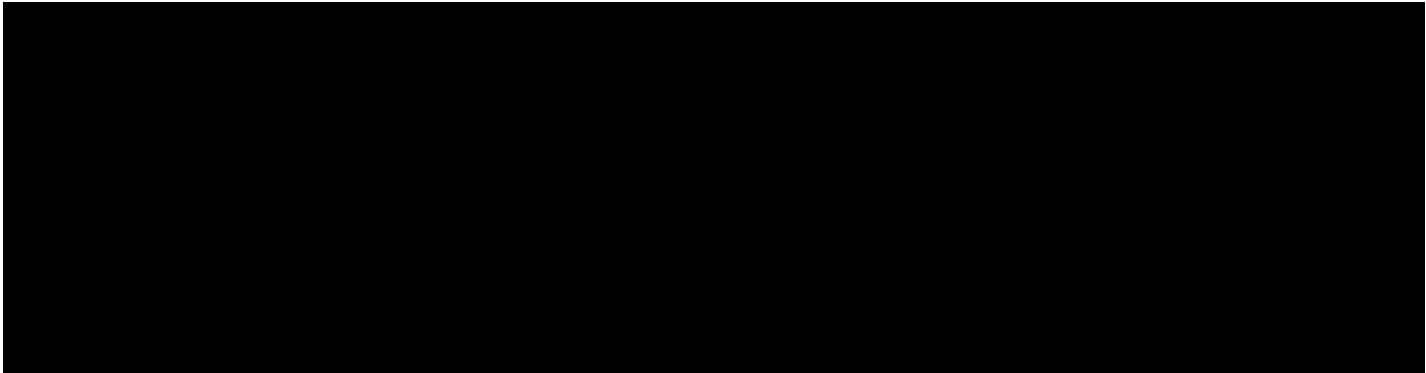


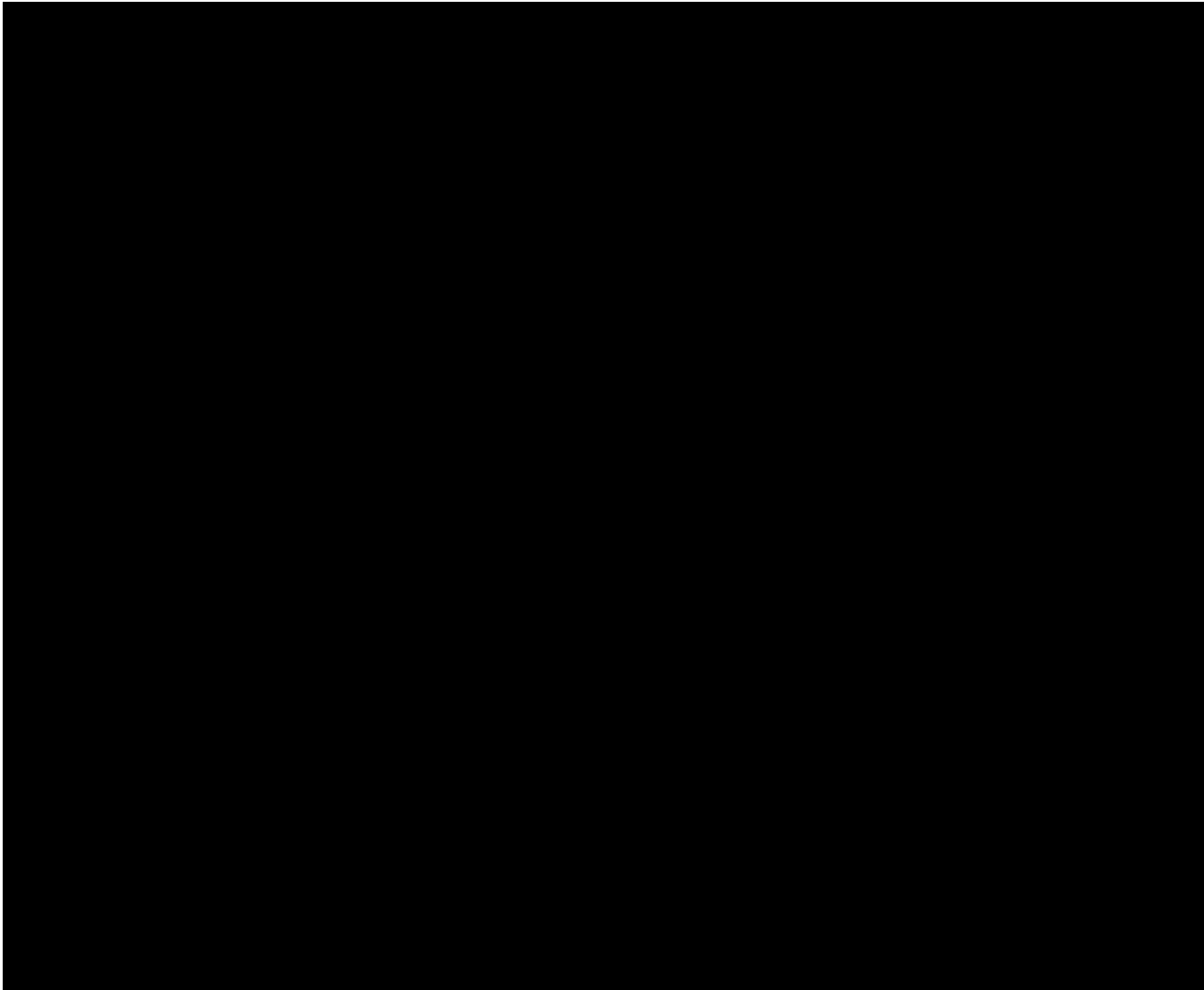




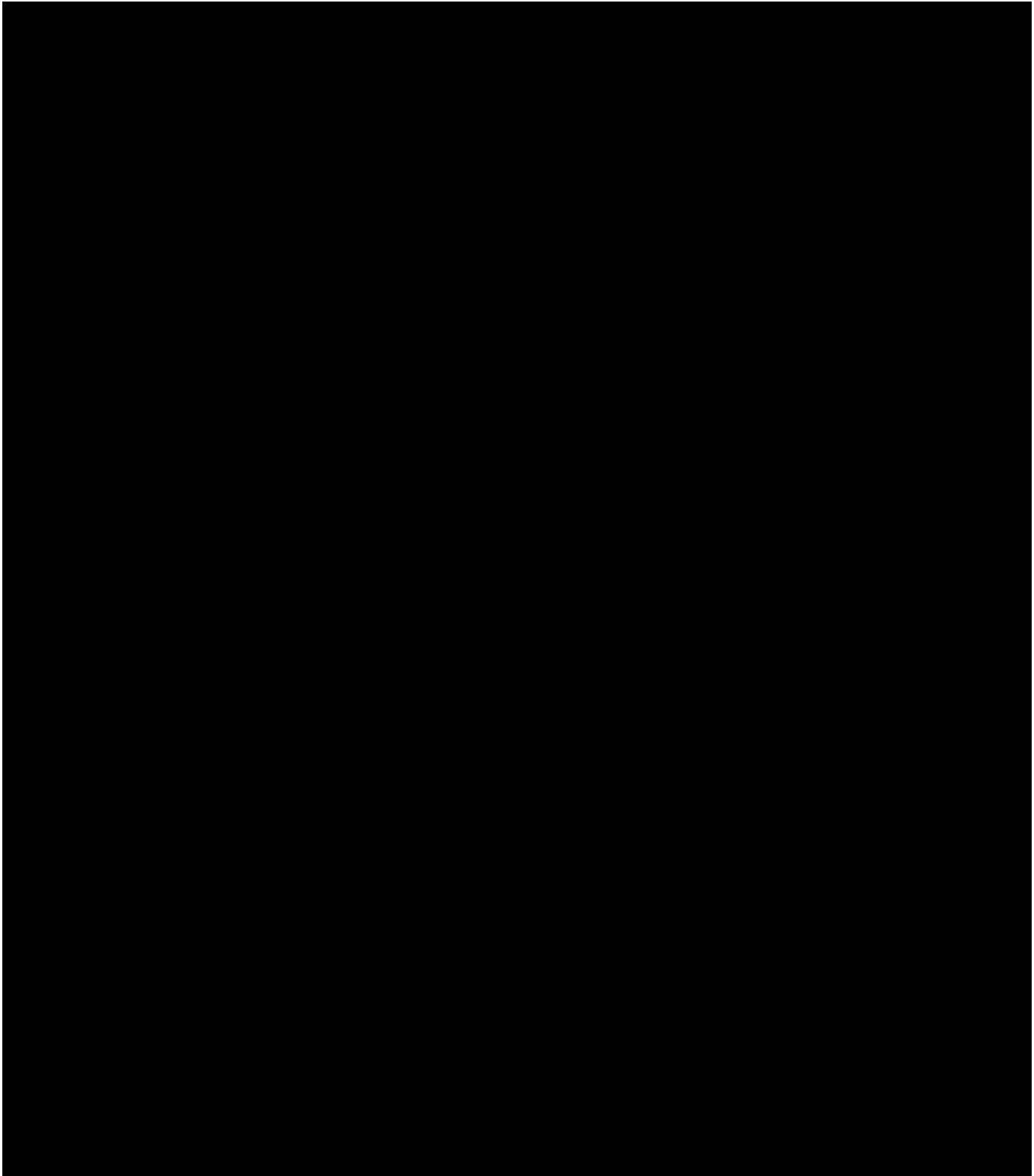


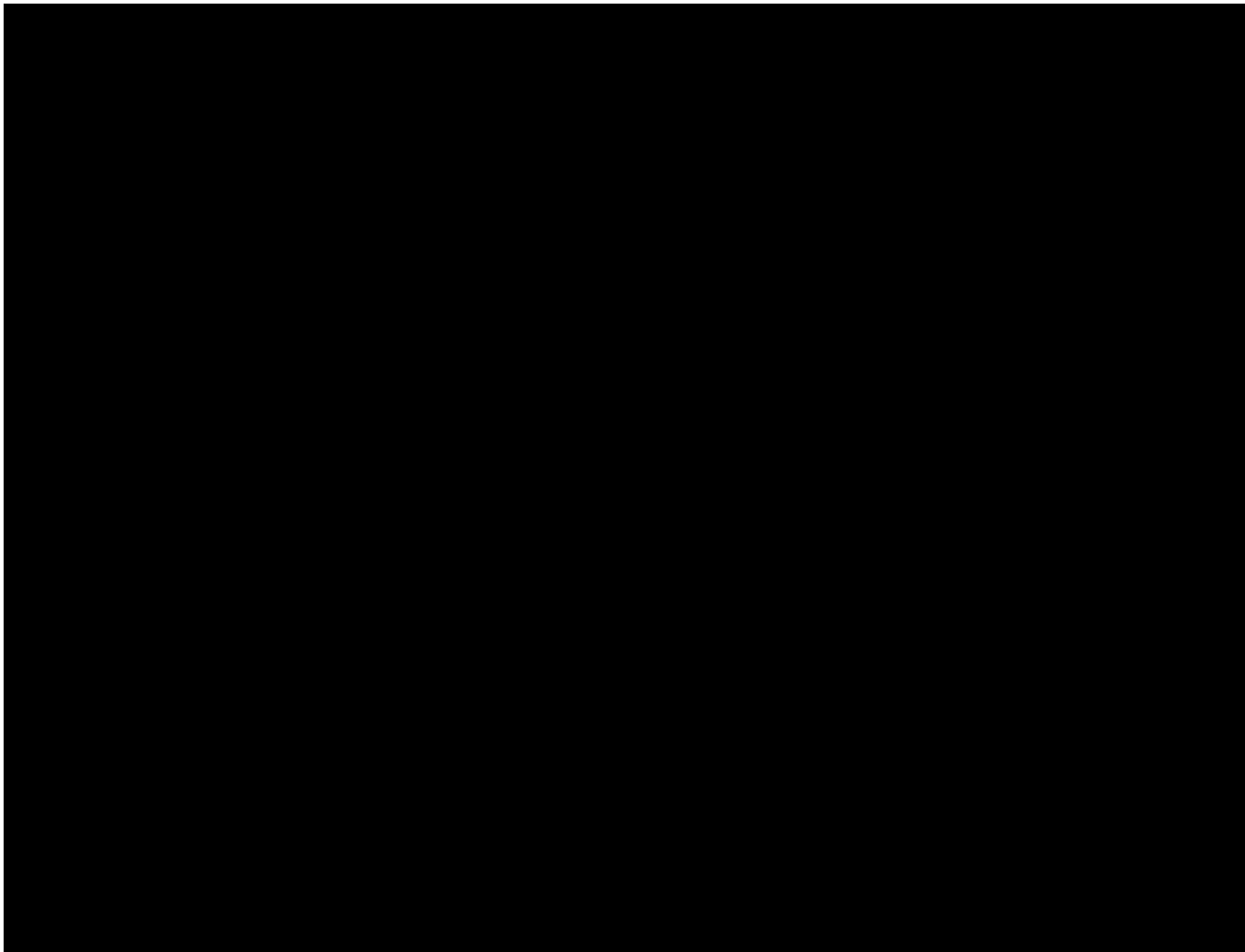


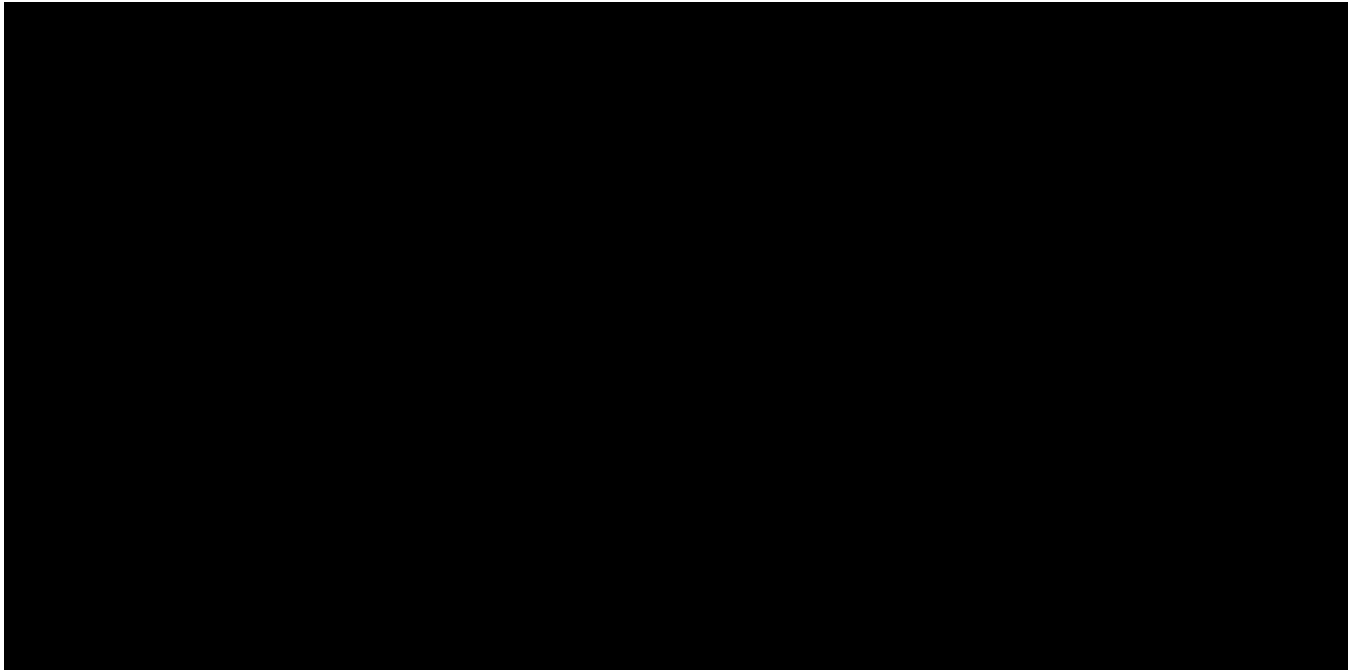












**Attachment 28.1**

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**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE  
FOR THE YEAR ENDING DECEMBER 31, 2023  
(\$000s)**

Line No.	Particulars	12/31/2022	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2023	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<b>1. Forecasting Variance Accounts</b>								
2	BCUC Levies Variance Account	\$ 28	\$ -	\$ 55	\$ (15)	\$ (32)	\$ 36	\$ 32	
3									
4	<b>2. Rate Smoothing Accounts</b>								
5									
6	<b>3. Benefits Matching Accounts</b>								
7	Preliminary and Investigative Charges '	\$ 1,998	\$ -	\$ 925	\$ -	\$ -	\$ 2,923	\$ 2,461	Note 1
8	Demand Side Management	36,850	-	14,455	(3,903)	(5,829)	41,573	39,211	
9	Deferred Debt Issue Costs	4,069	-	600	(111)	(167)	4,391	4,230	
10	2025 Multi-year Rate Plan Application	-	-	350	(95)	-	256	128	
11	2023 - 2027 DSM Expenditure Schedule	22	-	55	(15)	-	62	42	
12	Mandatory Reliability Standards 2024 Audit	-	-	-	-	-	-	-	
13	Joint Pole Use Audit 2023	-	-	575	(154)	(65)	356	178	
14	2021 Generic Cost of Capital Proceeding	514	-	350	(95)	-	770	642	
15	Annual Reviews for 2020-2024 Rates	61	-	195	(53)	(154)	49	55	
16	2021 Long Term Electric Resource Plan	190	-	345	(93)	(113)	329	259	
17	BCUC Initiated Inquiry Costs	50	-	3	(1)	(109)	(57)	(3)	
18	EV Fleet & Workplace Charging Funding Account	-	-	-	-	-	-	-	
19	Mandatory Reliability Standards 2021 Audit	157	-	-	-	(79)	78	118	
20		<u>\$ 43,911</u>	<u>\$ -</u>	<u>\$ 17,853</u>	<u>\$ (4,519)</u>	<u>\$ (6,515)</u>	<u>\$ 50,730</u>	<u>\$ 47,321</u>	
21									
22	<b>4. Retroactive Expense Accounts</b>								
23									
24	<b>5. Other Accounts</b>								
25	Pension and OPEB Liability	\$ (10,299)	\$ -	\$ 5,253	\$ -	\$ -	\$ (5,046)	\$ (7,673)	
26	COVID-19 Customer Recovery Fund	308	-	(1)	0	(169)	139	223	
27	Climate Change Operational Adaptation (CCOA)	-	-	225	(61)	-	164	82	
28	BC Cost of Living Credit	-	-	(507)	137	-	(370)	(185)	
29	Princeton Office Disposition	-	-	-	-	-	-	-	
30	PST Rebate on Select Machinery and Equipment	-	-	(590)	159	-	(431)	(216)	
31	Indigenous Relations Agreement (Huth Substation)	-	-	-	-	-	-	-	
32		<u>\$ (9,991)</u>	<u>\$ -</u>	<u>\$ 4,380</u>	<u>\$ 235</u>	<u>\$ (169)</u>	<u>\$ (5,545)</u>	<u>\$ (7,769)</u>	
33									
34	<b>Total Rate Base Deferral Accounts</b>	<u>\$ 33,948</u>	<u>\$ -</u>	<u>\$ 22,288</u>	<u>\$ (4,299)</u>	<u>\$ (6,716)</u>	<u>\$ 45,221</u>	<u>\$ 39,584</u>	
35									

Note 1: Gross Additions for Preliminary and Investigative Charges are after transfers to Construction Work in Progress. Additions of \$2.060 million - transfer of \$1.135 million = \$0.925 million.

**Attachment 33.1**

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**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	<b>REVENUE</b>					
2	<b>Sales Revenue</b>					
3	Residential Tariff Revenue	\$ 215,950	56.0	\$ 12,093,200		Schedule 18 - Column 5 - Line 1
4	Commercial Tariff Revenue	116,156	45.1	5,238,636		Schedule 18 - Column 5 - Line 2
5	Wholesale Tariff Revenue	58,256	37.5	2,184,600		Schedule 18 - Column 5 - Line 3
6	Industrial Tariff Revenue	52,203	38.0	1,983,714		Schedule 18 - Column 5 - Line 4
7	Lighting Tariff Revenue	2,328	34.6	80,549		Schedule 18 - Column 5 - Line 5
8	Irrigation Tariff Revenue	4,158	47.0	195,426		Schedule 18 - Column 5 - Line 6
9						
10	<b>Other Revenue</b>					
11	Apparatus and Facilities Rental	\$ 6,199	90.0	\$ 557,894		Schedule 23 - Column 3 - Line 1
12	Contract Revenue	2,260	62.2	140,563		Schedule 23 - Column 3 - Line 2
13	Transmission Access Revenue	1,723	65.2	112,340		Schedule 23 - Column 3 - Line 3
14	Late Payment Charges	962	54.0	51,922		Schedule 23 - Column 3 - Line 5
15	Connection Charges	561	30.5	17,104		Schedule 23 - Column 3 - Line 6
16	Other Utility Income	388	63.4	24,606		Schedule 23 - Column 3 - Line 4 + 7
17	Total	<u>\$ 461,143</u>		<u>\$ 22,680,554</u>	49.2	
18						
19	<b>EXPENSES</b>					
20	Power Purchases	\$ 173,694	(51.5)	\$ (8,945,261)		Schedule 19 - Column 3 - Line 11
21	Wheeling	7,324	(46.9)	(343,514)		Schedule 19 - Column 3 - Line 22
22	Water Fees	12,513	(1.4)	(17,518)		Schedule 19 - Column 3 - Line 27
23	Operating and Maintenance	63,174	(28.6)	(1,806,768)		Schedule 20 - Column 4 - Line 24
24	Property Taxes	18,573	(4.9)	(91,008)		Schedule 22 - Column 3 - Line 6
25	GST	703	(45.4)	(31,916)		
26	Income Tax	10,075	(15.2)	(153,140)		Schedule 24 - Column 3 - Line 13
27	Total	<u>\$ 286,057</u>		<u>\$ (11,389,125)</u>	(39.8)	
28						
29	Net Lag (Lead) Days				9.4	
30	Total Expenses				\$ 286,057	
31						
32	Cash Working Capital				<u>\$ 7,367</u>	