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January 29, 2015

**Via Email**  
**Original via Mail**

British Columbia Utilities Commission  
6<sup>th</sup> Floor, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. (FEI)**

**Multi-Year Performance Based Ratemaking Plan for 2014 through 2019  
approved by British Columbia Utilities Commission Order G-138-14 (PBR Plan)  
– Annual Review for 2015 Rates (the Application)**

**Evidentiary Update to the Application (Exhibit B-1)**

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On January 14, 2015, FEI filed the Application referenced above. At the time of filing, FEI stated that it would be filing its final Service Quality Indicator (SQI) results in early February, 2015.

FEI has attached a revised Section 13 of its Application, updated for 2014 final SQI results. FEI has also taken the opportunity to update its calculation of the 2015 Formula O&M for its revised proposal regarding the amount of 2014 Base O&M for FortisBC Energy (Vancouver Island) Inc. (FEVI) and FortisBC (Whistler) Inc. (FEW) to include in the PBR formula<sup>1</sup>. Updating for the revised proposal reduces the 2014 Base O&M by \$0.549 million<sup>2</sup>. FEI has also corrected two errors discovered in the financial schedules, which result in changes to rate base and the cost of gas.

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<sup>1</sup> FEI's Proposal to Include FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. within the PBR Plan – Evidentiary Update filed on January 16, 2015 (Exhibit B-3).

<sup>2</sup> After applying the formula drivers and applying the capitalized overhead rate of 12 percent, the result is a net O&M impact of \$0.487 million. After considering the capitalized overhead Impacts to rate base this change results in a revenue requirement decrease of \$0.480 million.

1. FEI had correctly eliminated FEW’s contribution to FEVI in the Contributions in Aid of Construction Schedule 28 as an opening balance adjustment (Lines 12 and 32, Column 3) but this opening balance adjustment had not been properly carried forward to the Rate Base Schedule 17. FEI has now corrected this oversight such that an opening balance adjustment now appears on Schedule 17 (Lines 10 and 14, Column 3). This has the effect of increasing rate base by \$6.471 million and revenue requirements by \$0.366 million.
2. The cost of gas for Rate Schedule 46 of \$1.826 million as shown in Appendix B was not correctly reflected in the financial schedules. The amount has now been corrected in Schedule 6 Line 17 Column 2, increasing cost of gas by \$0.673 million.

The impact of these three items combined is an increase to the proposed delivery rate of 0.07 percent. The revenue requirement impacts of each of the three items are set out in the table below.

**Table 1: Revenue Requirement Impacts of Evidentiary Update**

<b>\$ millions</b>	<b>Revenue Deficiency</b>	<b>Section 11</b>
Annual Review Application Materials - January 14, 2015	\$ 14.820	
Whistler Pipeline contribution elimination adjustment to Rate Base	0.366	Schedule 17
Rate Schedule 46 Cost of Gas	0.673	Schedule 6
FEVI & FEW O&M included in PBR Formula	(0.480)	Schedule 10
<b>Evidentiary Update - January 29, 2015</b>	<b>\$ 15.379</b>	Schedule 2

Attachment 1 contains blacklined versions of the revised pages for insertion into the Application binder. In order to allow for replacement of Sections 11 and 13 in the Application binder, Attachment 2 contains clean versions of Section 11 as the financial schedules do not facilitate blacklining, as well, Section 13 has been fully updated for final SQI results.

The following table outlines the specific pages that have been revised.

<b>Application Section</b>	<b>Revised Pages</b>
<b>Section 1</b> – Approvals Sought, Overview of Application and Proposed Process	1, 2, 5-8
<b>Section 3</b> – Demand Forecast and Revenue at Existing Rates	28
<b>Section 4</b> – Cost of Gas	29
<b>Section 6</b> – O&M Expense	37, 38, 43
<b>Section 7</b> – Rate Base	44, 48

Application Section	Revised Pages
<b>Section 8</b> – Financing and Return on Equity	58, 59
<b>Section 9</b> – Taxes	60, 61
<b>Section 10</b> – Earnings Sharing	62
<b>Section 11</b> – Financial Schedules	All pages, 67-105
<b>Section 13</b> – Service Quality Indicators	All pages, 115-124

The regulatory timetable indicates that intervener registration is on Friday, January 30, and FEI will receive information requests on Tuesday February 10. FEI believes that the Commission and interveners will be able to consider this Evidentiary Update prior to submitting information requests, such that no adjustment to the regulatory timetable is required.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Registered Parties to FEI's PBR Proceeding

**Attachment 1**

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**REVISED PAGES - BLACKLINED**

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

## 1.1 INTRODUCTION

FortisBC Energy Inc. (FEI or the Company) files this Application in compliance with British Columbia Utilities Commission (the Commission) Order G-138-14, which approved a Performance Based Ratemaking Plan (PBR Plan) for FEI for the years 2014 to 2019. In accordance with the PBR Plan, an annual review process is required to set rates for each year under the PBR Plan. With the filing of this Application, FEI seeks to commence the first annual review of the PBR Plan and set FEI's delivery rates for 2015.

For 2014, FEI operated under considerable uncertainty until the time the PBR Decision was issued on September 15, 2014 and this uncertainty continued to a lesser degree as clarification and reconsideration of the decision was sought. The PBR Plan approved by the Decision attached to Order G-138-14 (PBR Decision) increases FEI's incentives to seek out savings while maintaining service quality.<sup>1</sup> Pursuant to the earnings sharing approved by the Commission, any PBR-related savings achieved by the Company are shared equally with customers as discussed in Section 10 of the Application.

FEI achieved savings in 2014 due to a continuation of its ongoing productivity focus, including a broad-based Company-wide effort to seek alternate solutions to the filling of vacancies. Overall, FEI proposes to distribute \$3.341 million to Mainland customers in 2015 via an earnings sharing rate rider. FEI has achieved these savings over 2014 while maintaining a high level of service quality and meeting the Service Quality Indicators (SQIs) approved in the PBR Decision.

The proposed delivery rates for 2015 flowing from the approved formulas and forecasts set out in the Application result in a 2.03 percent increase over 2014 common delivery rates<sup>2</sup>, or an increase of approximately 1.11 percent or \$10 to the annual bill for an average Mainland residential customer.<sup>3</sup> The delivery rate increase of 2.03 percent is in line with 2015 inflation which is forecast at 1.9 percent<sup>4</sup> and will be applicable to customers in the Vancouver Island and Whistler service areas. After returning the earnings sharing, the delivery rates of Mainland service area customers will show an effective increase of approximately 1.5 percent or 0.8 percent to the annual bill.

In the subsections below, FEI sets out the approvals it is seeking, provides an overview of the requirements for the annual review process, and provides an evaluation of the PBR Plan for

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<sup>1</sup> PBR Decision, p. 138.

<sup>2</sup> 2015 interim delivery rates were set at the same level as 2014 common delivery rates

<sup>3</sup> Based on a Mainland Residential customer using approximately 90 GJs per year

<sup>4</sup> Conference Board of Canada Autumn 2015 Provincial Outlook Economic Forecast (CPI updated November 4, 2014).

**FORTISBC ENERGY INC.**

2014-2019 PBR PLAN – ANNUAL REVIEW FOR 2015 RATES



1 2014. This is followed by a summary of FEI's proposed revenue requirement and rate changes  
 2 for 2015, an overview of the SQIs, and a proposed regulatory process to complete the annual  
 3 review. These matters are addressed in more detail in subsequent sections of the Application.

## 4 **1.2 APPROVALS SOUGHT**

5 With this Application, FEI requests Commission approval for the following pursuant to sections  
 6 59 to 61 of the Utilities Commission Act:

- 7
- 8 1. Permanent delivery rates for all non-bypass customers effective January 1, 2015,  
 9 resulting in an increase of 2.03 per cent compared to 2014 common delivery rates, with  
 10 the increase to be applied to the delivery charge, holding the basic charge at existing  
 11 levels.
- 12 2. The Earnings Sharing riders for Mainland customers effective January 1, 2015 in the  
 13 amounts set out in Table 10-2 in Section 10.
- 14 3. The difference between 2015 interim rates and permanent rates, including the Earnings  
 15 Sharing riders for Mainland customers, to be collected from customers by way of a bill  
 16 adjustment reflecting their consumption from January 1, 2015.
- 17 4. The creation of rate base deferral accounts for the following upcoming regulatory  
 18 proceedings as described in Section 7.5:
  - 19 ○ Cost of Capital to be filed in 2015;
  - 20 ○ Rate Design to be filed in 2016; and
  - 21 ○ Long-term Resource Plan to be filed in 2017.
- 22
- 23 5. The transfer of the balance in the BFI Costs and Recoveries - All Other Recoveries  
 24 deferral account to the CNG and LNG Recoveries account as described in Section 7.5.
- 25 6. The disposition of the FEW 2014 Revenue Surplus/Deficiency deferral account, by  
 26 amortizing the balance of the account into delivery rates in 2015 as described in Section  
 27 7.5.
- 28 7. The transfer of the EEC Incentives for AES/TES deferral account to the rate base EEC  
 29 Incentives deferral account as described in Section 12.4.3.

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## 30 **1.3 REQUIREMENTS FOR THE ANNUAL REVIEW**

31 On pages 185 and 186 of the Decision attached to the PBR Decision, the Commission set out  
 32 its expectations for the Annual Review component of the PBR Plan. For reference, the table  
 33 below sets out each requirement and FEI's response or where it is addressed in the Application:  
 34

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**FORTISBC ENERGY INC.**

2014-2019 PBR PLAN – ANNUAL REVIEW FOR 2015 RATES

1 challenge FEI faced in 2014 in meeting its growth capital formula is expected to continue  
2 through the remainder of the PBR Plan.

3  
4 With the PBR Decision in place, the Company now has the regulatory certainty it requires to  
5 pursue and implement more large scale customer service and productivity related initiatives. An  
6 example of such an initiative is Project Blue Pencil.

7  
8 Project Blue Pencil is an initiative focused on reviewing and streamlining several high volume,  
9 customer-facing processes from the perspective of the customer. In 2014, analysis of several  
10 customer touch points showed opportunities to improve not only the customer experience but  
11 also to increase operational efficiencies at the same time. Specifically, in the areas of new  
12 service connections, meter exchange, collections and high bill inquiry, initiatives are currently  
13 underway, each on a timeline to increase productivity for existing resources in both the  
14 Operations and Customer Service groups during the term of the PBR. Improvements in these  
15 areas will simplify the process of connecting new customers to the system and performing meter  
16 exchanges and strengthen the Company's focus on customer service.

17  
18 In summary, while 2014 provides a limited basis on which to evaluate the PBR Plan, it has  
19 shown the potential for earnings sharing and has resulted in an annual bill percentage increase  
20 for most customers that is below inflation. The first year of PBR has also shown the challenges  
21 of the Growth Capital formula, one aspect of which is currently under reconsideration by the  
22 Commission. Future years of the PBR Plan should provide a more informed basis on which to  
23 evaluate FEI's initiatives to achieve efficiencies and the workings of the PBR Plan.

## 24 **1.5 REVENUE REQUIREMENT AND RATE CHANGES FOR 2015**

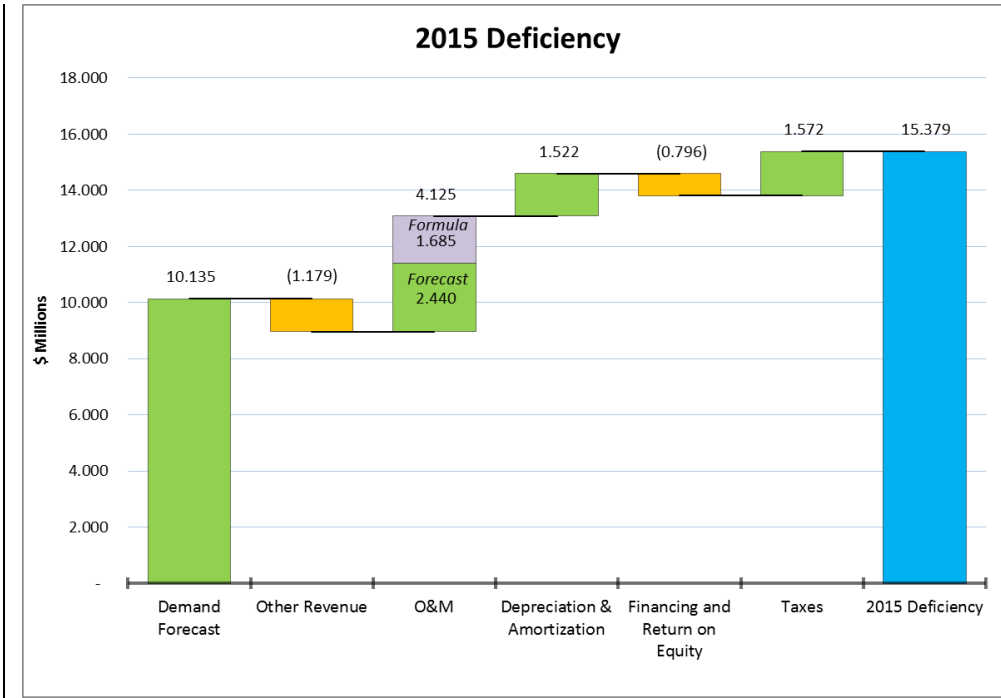
25 | The Company is requesting a delivery rate increase of 2.03 percent for 2015 compared to the  
26 2014 common delivery rates. The rate increase is equivalent to a revenue requirement  
27 | increase, before earnings sharing, of \$15,379 million.

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28  
29 The following chart summarizes the items that contribute to the increase in 2015 revenue  
30 requirements before earnings sharing.

1 **Figure 1-1: 2015 Delivery Revenue Deficiency (\$ millions)<sup>5</sup>**



2

3 Each of the categories is discussed briefly below.

4 **1.5.1 Demand Forecast (Section 3)**

5 In 2015, demand is forecast to decrease 4 PJs from 2014, primarily in the Industrial sector. This  
 6 is the largest single driver of the revenue deficiency. Based on the common rates for each rate  
 7 schedule, FEI's 2015 revenue forecast is \$1,374.819 million and 2015 gross margin forecast is  
 8 ~~\$741.654~~ million.

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9 **1.5.2 Other Revenue (Section 5)**

10 Other revenue is forecast to increase in 2015 by approximately \$1.179 million, half of this due to  
 11 Natural Gas for Transportation (NGT) related recoveries, with additional increases in late  
 12 payment charges and Southern Crossing Pipeline (SCP) third party revenues.

<sup>5</sup> Due to its relative size, the impact of increasing formula capital of approximately \$0.020 million has not been isolated and is embedded within all capital-related revenue requirement categories

1 **1.5.3 Operations and Maintenance (O&M) Expense (Section 6)**

2 FEI establishes the bulk of its O&M costs by formula during the PBR term. For 2015, the  
 3 formula incorporates an inflation factor (I Factor) of 1.303 percent, a productivity improvement  
 4 factor (X Factor) of 1.1 percent and a customer growth factor of 0.614 percent for a total  
 5 increase in formula O&M of 0.818 percent. O&M forecast outside of the formula is increasing at  
 6 a rate of 4.6 percent, primarily due to higher O&M supporting incremental revenues from Rate  
 7 Schedule 46 (Liquefied Natural Gas Sales, Dispensing and Transportation Service). Overall the  
 8 increase in Gross O&M Expense from 2014 to 2015 is 1.5 percent. The increase in net O&M  
 9 expense is \$4.125 million.

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10 **1.5.4 Depreciation and Amortization (Section 7)**

11 Depreciation expense has increased by \$5.334 million primarily due to additions to rate base.  
 12 This is offset by a decrease in the amortization expense of \$3.812 million primarily due to a  
 13 decrease in the amortization of the pension and OPEB variance account.

14 **1.5.5 Financing and Return on Equity (Section 8)**

15 FEI has one long-term debt issue with a coupon rate of 11.8 percent maturing in 2015 that it is  
 16 forecasting to replace at a coupon rate of 5.4 percent. FEI is forecasting a short-term debt rate  
 17 for 2015 of 1.75 percent, unchanged from the rate embedded in the 2014 forecast. Overall,  
 18 interest expense is forecast to decrease from 2014 by \$2.331 million.

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19  
 20 FEI's approved capital structure and return on equity are unchanged from 2014 at 38.5 percent  
 21 at 8.75 percent respectively; increases in rate base increase the equity return by \$1.535 million.

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22 **1.5.6 Taxes (Section 9)**

23 Property taxes are forecast to increase 1.0 percent or \$0.591 million from 2014. Increases are  
 24 driven by changes in classification of certain assets, normal additions to rate base, and changes  
 25 in tax policies of local taxing authorities.

26  
 27 There has been no change in the income tax rate of 26 percent from 2014. Taxes are forecast  
 28 to increase in 2015 by \$0.981 million primarily due to a higher delivery margin resulting from  
 29 higher cost of service and delivery rates.

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30 **1.5.7 Earnings Sharing (Section 10)**

31 As discussed in Section 1.3 above, earnings sharing has been forecast at \$3.341 million. This  
 32 amount will be returned to Mainland customers through the Earnings Sharing rider.

## 1.6 SERVICE QUALITY INDICATORS (SECTION 13)

FEI's year-to-date September 2014 SQI results indicate that the Company's overall performance is better than the benchmark and representative of a high level of service quality. For those SQIs with benchmarks, seven are performing better than the approved benchmarks with the remaining two performing better than the threshold and within the performance range proposed in the Consensus Recommendation of FEI and participating interveners<sup>6</sup>. For the four SQIs that are informational only, performance remains at a consistent level with prior years.

**Deleted:** FEI will be filing final SQI results in early February, 2015.

## 1.7 PROCESS FOR THE APPLICATION

The PBR Plan provides for a review of the current year projections and the upcoming year's forecast, as well as service quality indicator performance. Consistent with previous annual reviews, FEI believes that the regulatory review process should consist of a workshop, one round of information requests, and final submissions.

FEI proposes the following regulatory timetable for this Annual Review.

Action	Date (2015)
Intervener Registration and Confirmation to Attend Workshop	Monday, January 26
BCUC and Intervener Information Request No. 1	Monday, February 2
FEI Response to Information Requests No. 1	Monday, February 23
Workshop	Friday, February 27
FEI Response to Undertakings from Workshop	Wednesday, March 4
Intervener Written Submissions	Friday, March 20
FEI Written Reply Submissions	Friday, March 27

Based on this timetable, FEI expects a Commission decision may be received in time to implement permanent delivery rates for June 1, 2015. FEI proposes that the difference between 2015 interim rates and permanent rates, including the Earnings Sharing riders for Mainland customers, be collected from customers by way of a bill adjustment reflecting their consumption from January 1, 2015.

<sup>6</sup> The Consensus Recommendation is being considered by the Commission as part of a separate compliance filing. For ease of reference, a copy of the filing letter and text of the Consensus Recommendation (without attachments) is appended to this Annual Review filing as Appendix C.



**Table 3-2: Forecast Gross Margin at approved Rates**

Margin (\$ millions)	Approved	Projected	Forecast
	2014	2014	2015
Residential <sup>1</sup>	432.756	425.620	426.251
Commercial <sup>2</sup>	422.735	205.261	210.997
Industrial <sup>3</sup>	(103.701)	108.062	104.406
<b>Total</b>	<b>751.790</b>	<b>738.943</b>	<b>741.654</b>

Notes:

<sup>1</sup> Rate Schedule 1

<sup>2</sup> Rate Schedules 2, 3, 23

<sup>3</sup> Rate Schedules 4, 5, 6, 6P, 16, 46, 7, 22, 25, 27, Burrard Thermal, Joint Venture, BC Hydro/Island Cogeneration Project

Variances between the delivery margin forecast in this section and actual delivery margin are captured in either the Revenue Stabilization Adjustment Mechanism (RSAM) if they relate to use rate variances for residential and commercial customers, or to the Flow-through deferral account, for all other variances.

**3.7 SUMMARY**

FEI's forecast of demand for natural gas is based upon a methodology that is consistent with that used in prior years, and provides a reasonable estimate of future natural gas demand for 2015. Based on this methodology, FEI is forecasting a decrease in consumption in 2015, with the total normalized demand projected to be approximately 205 PJs in 2015, down approximately 4 PJs from 2014. Based on the common rates for each customer class, FEI's 2015 revenue forecast is \$1,374.819 million and 2015 gross margin forecast is ~~\$741.654~~ million.

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## 4. COST OF GAS

The cost of gas includes the cost of the gas commodity and the cost of midstream resources (storage and transportation). The Company is not requesting approval of forecast gas costs with this Application. Instead, any rate changes related to the flow-through of gas costs are dealt with in separate applications to the Commission. Any variations between forecast and actual gas costs will continue to be returned to or recovered from customers through the existing deferral account mechanisms.

While the Company is not requesting approval of forecast gas costs with this Application, the forecast cost of gas is required in the determination of a number of revenue requirement line items that form part of the forecasts included in this Application. The total cost of gas for the purposes of this Application has been determined by multiplying forecast sales volumes using the demand forecast described in Section 3 by the existing (as of January 1, 2015) unit gas cost recovery charges for each rate schedule as requested in the FEI 2014 Fourth Quarter Gas Cost Report for the Mainland, and Vancouver Island and Whistler service areas, dated November 5, 2014, and approved by the Commission in Order G-175-14, dated November 14, 2014.

The table below sets out the forecast cost of gas at existing rates, by rate schedule group.

**Table 4-1: Forecast Cost of Gas at Existing Rates**

Cost of Gas (\$ millions)	Approved 2014	Projected 2014	Forecast 2015
Residential <sup>1</sup>	332.572	325.795	371.784
Commercial <sup>2</sup>	212.384	209.050	242.118
Industrial <sup>3</sup>	17.807	17.404	19.262
<b>Total</b>	<b>562.763</b>	<b>552.249</b>	<b>633.164</b>

Notes:

1. Includes Rate Schedules 1 volumes

2. Includes Rate Schedules 2, 3, 23 volumes

3. Includes Rate Schedules 4, 5, 6, 6P, 16, 46, 7, 22, 25, 27 volumes

The midstream component of the cost of gas includes the costs for the contracted third party pipeline and storage resources, spot and peaking gas purchases, and also contains costs for unaccounted for gas (UAF).

UAF refers to gas that is not specifically accounted for in gas energy balance of receipts, deliveries, and operations use. UAF includes measurement variances and line loss of gas that is flowing in the transmission and distribution systems. Sources of UAF comprise, but are not limited to, system leakage, lost gas (gas lost as a result of utility and third party activities, including gas theft), and measurement inaccuracies. The cost of UAF related to the Sales rate



6. O&M EXPENSE

6.1 INTRODUCTION AND OVERVIEW

Under the PBR Plan, FEI’s O&M Expense is primarily determined by formula, with the addition of a number of items that are forecast outside the formula on an annual basis. In 2015, the formula-O&M is \$235.874 million, representing a 0.818 percent increase from 2014, entirely due to the formula drivers. O&M expenses forecast outside the formula are \$35.361 million, representing a 4.6 percent increase from the amount approved for 2014, primarily due to higher O&M supporting incremental revenues from Rate Schedule 46 (Liquefied Natural Gas Sales, Dispensing and Transportation Service). Overall the increase in Gross O&M Expense from 2014 to 2015 is 1.5 percent. This rate of increase is less than forecast inflation and well below recent historical increases, which were 3.9 percent for 2011, 5.7 percent for 2012, and 4 percent for 2013.

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The components of 2015 O&M expense are shown in Table 6-1 below.

Table 6-1: 2015 O&M Expense

Line No.	Description	\$ millions
1	Formula O&M	235.874
2	Forecast O&M	35.361
3	Total Gross O&M	271.235
4	Capitalized Overhead (12%)	(32.548)
5	Biomethane O&M transferred to BVA	(0.594)
6		
7	Net O&M	238.093

The amalgamation of FEI, FEVI and FEW occurred on December 31, 2014 and FEI’s base costs in 2015 will include the Base O&M for FEVI and FEW. For the purpose of this Application, FEI has used the amount of \$38.747 million<sup>23</sup> to represent the addition to the base O&M for FEVI and FEW as this is the amount that FEI has proposed in its Evidentiary Update to its Proposal to Include FortisBC Energy (Vancouver Island) Inc. (FEVI) and FortisBC Energy (Whistler) Inc. (FEW) within the PBR Plan, filed on January 16, 2015 (FEVI and FEW PBR Proposal). The regulatory process to review that proposal is ongoing. FEI will update its financial schedules for the approved addition to the O&M Base, if required, once that process has concluded.

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In the subsections below, FEI provides further details on its formula and forecast O&M expenses for 2015.

<sup>23</sup> Section 11 Schedule 10 Row 22 Columns 5 and 6

## FORTISBC ENERGY INC.

2014-2019 PBR PLAN – ANNUAL REVIEW FOR 2015 RATES



## 6.2 FORMULA O&M EXPENSE

The formula-driven portion of Base O&M starts from a base of the 2014 Approved formula O&M for FEI (plus the 2014 Base for the formula O&M for FEVI and FEW), escalated by the prior year's inflation less a productivity improvement factor of 1.1 percent, and one-half of the prior year's growth in average customers. As calculated in Section 2, the 2015 inflation based on prior year's BC-CPI and BC-AWE less the productivity improvement factor is 0.203 percent and one-half of the prior year's customer growth is 0.614 percent.

For 2015, the annual operating and maintenance expense under the formula is calculated as:

$$2014 \text{ Approved formula O\&M} \times [1 + (\text{I Factor} - \text{X Factor})] \times [1 + (0.5 \times \text{customer growth})]$$

Table 6-2 below shows the calculation of the 2015 Formula O&M.

**Table 6-2: Calculation of 2015 Formula O&M**

<u>Line No.</u>	<u>Description</u>	<u>Amount (\$ millions)</u>	<u>Source</u>
1	FEI 2014 Formula O&M	198.524	FEI 2014 Rates Compliance Filing Schedule 10 Line 22 Column 4
2			
3	FEVI/FEW 2014 Base O&M	38.746	Evidentiary Update to FEI's Proposal to Include FEVI and FEW in its PBR Plan Table 7 O&M Column
4	Less: 2014 Pension & OPEBs	(2.016)	FEVI RRA Exhibit B-4 Response to BCUC IR 1.20.1 Line O&M Column 2014 Forecast
5	Less: 2014 Insurance	(1.250)	FEVI RRA Exhibit B-4 Response to BCUC IR 1.23.2 2014 Forecast
6	Less: NGT Stations O&M	(0.044)	FEVI RRA Exhibit B-7 Evidentiary Update page 2 Item 1 First Bullet
7	FEVI/FEW 2014 Base for Formula O&M	<u>35.436</u>	Sum of Lines 3 through 6
8			
9	FEI Amalgamated 2014 Formula O&M Base	233.960	Sum of Lines 1 and 7
10			
11	Net Inflation Factor	0.203%	Section 2 Table 2-4
12	Customer Growth Factor	<u>0.614%</u>	Section 2 Table 2-2
13			
14	FEI Amalgamated 2015 Formula O&M	<u>235.874</u>	Line 9 x (1 + Line 11) x (1 + Line 12)

## 6.3 O&M EXPENSE FORECAST OUTSIDE THE FORMULA

This Formula O&M is then adjusted to add in pension and OPEB expense, insurance, and O&M supporting NGT, Biomethane and Rate Schedule 46.<sup>24</sup> These amounts are shown in Table 6-3 below along with a comparison to the amalgamated figures for 2014.

<sup>24</sup> Note that Rate Schedule 16 is no longer available in 2015.



1 set at 12 percent for FEI. After capitalized overhead and the transfer of \$0.594 million of  
2 | biomethane O&M to the BVA, the net O&M expense is ~~\$238.093~~ million.

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3 **6.5 SUMMARY**

4 | Overall the increase in Gross O&M Expense from 2014 to 2015 is ~~1.5~~ percent. The formula-  
5 driven O&M is increasing at a rate of 0.818 percent and the other increases are being driven by  
6 O&M to support incremental LNG demand. The capitalized overhead rate remains unchanged  
7 from 2014.  
8

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## 7. RATE BASE

### 7.1 INTRODUCTION AND OVERVIEW

The 2015 Rate Base for FEI is forecast to be \$3.656 billion. Rate Base is composed of mid-year net gas plant in service, construction advances, work-in-progress not attracting AFUDC, unamortized deferred charges, cash working capital, other working capital, deferred income tax, and LILLO benefit.

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The 2015 Rate Base of FEI includes the full-year impacts of the 2014 closing projected plant balances as well as the mid-year impact of the following amounts:

- Base capital additions resulting from 2015 capital expenditures of \$201.773 million
- Plant depreciation and Contribution in Aid of Construction (CIAC) amortization of \$155.382 million

In addition, various changes in deferred charges, working capital and other items decrease rate base by a net amount of \$7.215 million.

Details of the 2015 forecasted plant balances can be found in Section 11 Schedules 19 through 28.

### 7.2 2015 REGULAR CAPITAL EXPENDITURES

Under the PBR Plan, FEI's regular capital expenditures are primarily determined by formula, with the addition of a number of items that are forecast outside the formula on an annual basis. In 2015, the formula-capital is \$145.692 million<sup>28</sup>, representing a 0.818 percent increase from 2014, entirely due to the formula drivers. Regular capital expenditures forecast outside the formula are \$10.611 million, representing a 20.8 percent decrease from 2014, primarily due to lower expenditures on biomethane assets. Overall, the decrease in regular capital expenditures from 2014 to 2015 is 2.1 percent. The components of 2015 regular capital expenditures are shown in Table 7-1 below.

<sup>28</sup> From Table 7-1 \$145.692 million = \$28.480 million + 123.661 million - \$6.448 million

**FORTISBC ENERGY INC.**

2014-2019 PBR PLAN – ANNUAL REVIEW FOR 2015 RATES

The Huntingdon Station CPCN was approved by Order C-6-14 and FEI has forecast spending of \$7.654 million in 2015, in addition to the 2014 projected capital expenditure of \$0.320 million for this project for a total of \$7.974 million which compares to a total capital cost of \$7.977 million as forecast in the CPCN. This project is expected to be in-service in 2015 and as such, is expected to be included in rate base effective January 1, 2016.

The capital expenditure and cost recovery associated with the Tilbury Expansion Project has been provided through Orders in Council No. 749 and 557. The 2015 forecast spending for this project is \$156.463 million and is in addition to the 2014 projected capital spending of \$144.606 million. Under the Order in Council, FEI can spend up to \$400 million plus construction carrying costs and feasibility and development costs. The project is expected to be completed in 2016 and included in rate base effective January 1, 2017.

### 7.3 2015 PLANT ADDITIONS

The 2015 Plant Additions are comprised of FEI's 2015 regular capital expenditures from Section 7.2 above plus work in progress, allowance for funds used during construction (AFUDC), and overhead capitalized for the year. A reconciliation of capital expenditures to plant additions is shown below and is also provided in Schedule 19 in Section 11.

**Table 7-5: Reconciliation of Capital Expenditures to Plant Additions**

<u>Line No.</u>	<u>Description</u>	<u>\$ millions</u>	<u>Source</u>
1	Formula Growth Capex	28.480	Table 7-2
2	Formula Other Capex	117.213	Table 7-3
3	Forecast Capex	10.611	Table 7-4
4	Total Gross Regular Capex	156.304	
5	Formula CIAC	6.448	Table 7-1
6	Total Regular Capex	162.752	
7			
8	Work in Progress	4.410	Section 11, Schedule 19, Lines 22 and 23
9	AFUDC	1.996	Section 11, Schedule 19, Line 25
10	Capitalized Overhead	32.548	Table 6-1
11	2015 Plant Additions	<b>201.706</b>	

### 7.4 ACCUMULATED DEPRECIATION

The rate base of FEI includes both the accumulated depreciation of plant in service, and accumulated amortization of CIAC. Both are increased through depreciation expense, and decreased through retirements.

The depreciation rates used for 2015 are the same rates approved in Commission Order G-44-12 with the vehicle depreciation rate (asset class 484) updated through Order G-138-14. The

The 3-month T-Bill rate is projected to increase from 0.91 percent in 2014 to approximately 1.36 percent in 2015. The short-term borrowing rate forecast is shown in Table 8-1 below.

**Table 8-1: Short Term Interest Rate Forecast<sup>39</sup>**

	2014	2015
3-month T-BILLS <sup>1</sup>	0.91%	1.36%
Spread to CDOR	0.29%	0.29%
CDOR	1.20%	1.64%
Spread to CP	-0.23%	-0.23%
CP Dealer Commission	0.10%	0.10%
Standby Fee on undrawn Credit <sup>2</sup>	0.48%	0.26%
<b>FEI Short-term Rate (Rounded)</b>	<b>1.50%</b>	<b>1.75%</b>

Note 1 - 3-month T-Bill average for 2014 is average daily yield from January 2nd to November 20th, 2014.

Note 2 - Amounts undrawn on the credit facility are subject to a Standby Fee, which is estimated to be 16 bps in 2015 and beyond. The Standby Fee as shown reflects the amount payable had it been converted to a rate applied to the Commercial Paper borrowings and has been shown as such to develop an all-in Short-Term Rate.

### 8.3.4 Interest Expense Forecast

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

The calculation for short-term interest expense is determined by applying the forecast short-term debt rate to the estimated short-term debt balance. Long-term debt interest expense is determined using the effective interest method. For each long-term debt issue, the effective rate (forecast effective rate if it is a new issue) is multiplied by the average balance of that long-term debt for the year. The 2015 long-term debt schedule for FEI can be found in Section 11, Schedule 39.

FEI has a Flow-through deferral account that captures the variances in interest expense for return to or recovery from customers in the following year.

### 8.3.5 Allowance for Funds Used During Construction (AFUDC)

Based on the above information, FEI's AFUDC Rate for 2015 (which is equal to its after-tax weighted average cost of capital) is 6.06 percent. The calculation of the rate is shown in the following table.

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<sup>39</sup> The 2014 short term rate is projected and compares to the 2014 approved short term rate for FEI which was 1.75%.

1 As approved, FEI applies AFUDC to projects that are greater than 3 months in duration and  
 2 greater than \$50 thousand. Based on these criteria, the calculation of AFUDC for 2015 is as  
 3 follows.

4  
 5

**Table 8-2: Calculation of AFUDC Rate for 2015**

	Weight	Pre-Tax Rate	After Tax Rate
Short Term Debt	8.86%	1.75%	1.30%
Long Term Debt	52.64%	6.61%	4.89%
Common Equity	38.50%	11.82%	8.75%
Weighted Average	100.00%	8.19%	6.06%

6

#### 7 **8.4 SUMMARY**

8 FEI's capital structure and return on equity have been approved for 2015 at the same  
 9 percentages as approved for 2014. FEI's financing costs on rate base are primarily determined  
 10 by embedded rate on long-term debt, with one maturity forecast to be refinanced at a lower rate  
 11 in 2015, and short-term debt rates remaining stable.

12



1 **9. TAXES**

2 **9.1 INTRODUCTION AND OVERVIEW**

3 This section discusses FEI's forecasts of property taxes and income tax which have been  
 4 forecast on a consistent basis with prior years. In 2015 property taxes are forecast to increase  
 5 1.0 percent from 2014 Approved, while Income tax is forecast to increase by **\$0.981** million or  
 6 **2.0** percent compared to 2014. Any variances from the forecast of property taxes and income  
 7 tax included in rates will be recorded in the Flow-through deferral account and returned to or  
 8 collected from customers in the following year.

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9 **9.2 PROPERTY TAXES**

10 Property taxes for 2015 of \$61.015 million incorporate Company forecasts of assessed values  
 11 of taxable assets, mill rates and taxes from revenues earned from gas consumed within  
 12 municipalities. A breakdown of property taxes by asset type is provided in Table 9-1 below.  
 13  
 14  
 15

Table 9-1: Property Tax Forecasts for 2015, (\$ millions)

Asset Type	Approved	Projected	Forecast
	2014	2014	2015
Distribution Assets	\$ 23.099	\$ 21.648	\$ 23.113
Transmission Assets	17.146	17.214	17.289
Gas Storage Assets	2.844	2.871	3.422
Manufactured Gas Assets	0.036	0.028	0.028
General Assets	3.246	3.290	3.403
In-Lieu	13.819	13.703	13.465
OGC Fees	0.234	0.289	0.295
Total Property Taxes	<u>\$ 60.424</u>	<u>\$ 59.043</u>	<u>\$ 61.015</u>

16 Forecast Change 3.3%

17  
 18 As shown in the table above, in 2015 property taxes are forecast to increase 1.0 percent from  
 19 2014 Approved, or 3.3 percent compared to 2014 Projected. In general, the increase is due to a  
 20 change in classification of the former Northwood Hardwood site on Tilbury Island, normal  
 21 construction activities, market value increases and changes in tax policies of local taxing  
 22 authorities. The most significant forecast changes are as follows:  
 23

- 1     • **Distribution Assets.** Property taxes on distribution assets are forecast to increase by  
2     7.0 percent based on forecast increases in material and labour prices. Annual  
3     assessable additions were estimated at \$8 million.
- 4     • **Gas Storage.** FEI anticipates a change in classification of the former Northwood  
5     Hardwood site on Tilbury Island from Business/Other and Light Industrial to Utility with  
6     the commencement of construction of LNG facilities. This results in tax rates increasing  
7     from approximately \$18.50 to \$57.00 per \$1,000.
- 8     • **OGC Fees.** In 2014 the OGC changed its annual pipeline charge structure by adding a  
9     new Class C category for pipeline 24 inches or more. Rates for Class C pipe increased  
10    from \$60 per kilometre to \$200 per kilometre. The rate for pipelines less than 6 inches  
11    remained unchanged at \$50 per kilometre and for pipeline 6 inches or greater and less  
12    than 24 inches was unchanged at \$60 per kilometre.

13  
14    Any variances from the forecast of property taxes included in rates will be recorded in the Flow-  
15    through deferral account and returned to or collected from customers in the following year.

### 16    9.3    INCOME TAX

17    FEI is subject to corporate income taxes imposed by the Federal and BC governments. Current  
18    income taxes have been calculated using the flow-through (taxes payable) method, consistent  
19    with Commission approved past practice, at the corporate tax rate of 26 percent for 2015, which  
20    is unchanged from 2014. The corporate tax rates used in this Application are based on the  
21    Canada Income Tax Act and the BC Income Tax Act enacted legislation and will be updated  
22    each year as part of the annual rate setting process.

23  
24    Income tax is forecast to increase by ~~\$0.981 million~~ or ~~2.0~~ percent compared to 2014. This  
25    increase is primarily due to a higher delivery margin in 2015.

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26  
27    Any variances from the forecast of income taxes included in rates will be recorded in the Flow-  
28    through deferral account and returned to or collected from customers in the following year.

### 29    9.4    SUMMARY

30  
31    FEI has forecast its property and income taxes on a basis consistent with prior years and  
32    utilizing enacted legislation for income taxes, and on forecast changes in property tax rates and  
33    assessments.

## 10. EARNINGS SHARING

The PBR Decision (at page 124) stated that the inclusion of symmetric earnings sharing is beneficial to both FEI and its customers and approved an earnings sharing mechanism where gains and losses are shared equally between FEI and customers. As described below, FEI is projecting O&M savings in 2014 and, as a result, FEI proposes to distribute \$3.341 million to Mainland customers in 2015 via a rate rider.

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Following the PBR Decision, FEI sought clarification from the Commission regarding what was to be included in the earnings sharing calculation. Commission Order G-162-14 clarified the treatment of variances from forecast and the earnings sharing, stating on page 3 of the accompanying decision:

*“...the Commission Panel confirms its determination in the PBR Decisions that all items that are flowed through or re-forecast each year are excluded from the calculation of the 50/50 ESM. For further clarity, this means that only items which are to be subject to the 50/50 ESM are those amounts which are included in the Operating and Maintenance (O&M) and Capital spending formulae.” [emphasis added]*

As set out in FEI’s letter dated November 7, 2014 in response to Order G-162-14, FEI will calculate the earnings sharing each year as one-half of the pre-tax earnings impact of the variances in the formula-driven gross O&M and cumulative capital expenditures, as follows:

Formula-driven O&M less actual base O&M<sup>40</sup> x 50% +

((Cumulative formula-driven capital expenditures less cumulative actual base capital expenditures<sup>41</sup>) x equity percentage x approved return on equity x 50%) divided by (1 – the tax rate)

As discussed in Section 1.3, FEI is projecting 2014 formula-driven O&M savings at \$6.851 million, and capital expenditures in excess of the formula by \$4.095 million.

In addition, as discussed in the response to BCUC IR 1.3.2 in FEI’s 2015 CMAE Budget Application, the 2014 Capital Base was overstated by the amount of \$0.400 million. The revenue requirement impact of this on interest expense and income tax has already been captured in the Flow-through deferral account. FEI has calculated the earnings impact as one-half of \$0.400 million (for the mid-year impact on rate base), multiplied by common equity percentage of 38.5 percent, and multiplied by FEI’s allowed ROE of 8.75 percent. This results in an amount of \$0.009 million to be returned to customers. FEI is utilizing the earnings sharing

<sup>40</sup> Excluding items that are reforecast outside of the formula.

<sup>41</sup> Ibid.

## 13. SERVICE QUALITY INDICATORS

### 13.1 INTRODUCTION AND OVERVIEW

The Commission in the PBR Decision and Order G-138-14 established SQIs for FEI's PBR Plan and benchmarks to serve as a "target" for each SQI. Further, as described below, FEI, FBC and interveners who elected to participate in workshops, have been successful in reaching a Consensus Recommendation setting out a joint recommendation for SQI performance ranges for each SQI.

SQIs form the basis of determining a utility's quality of service and represent a broad range of business processes that are important elements to the customer experience. In a PBR environment, SQIs are used to monitor the utility's performance to ensure that any cost reductions by the utility as a result of implementing productivity initiatives do not result in degradation of the quality of service to customers during the PBR period.

In the subsections below, FEI reports on its performance as measured against the SQIs approved by the Commission in the PBR Decision and Order G-138-14. 2014 results have been provided for comparison to the benchmarks and thresholds.

FEI's 2014 results indicate that the Company's overall performance is better than the benchmark and representative of a high level of service quality. For those SQIs with benchmarks, seven are performing better than the approved benchmarks with the remaining two performing better than the threshold and within the performance range. For the four SQIs that are informational only, performance remains at a consistent level with prior years.

**Deleted:** Information is available to the end of the third quarter 2014. FEI will provide an update of its SQI results and performance for 2014 in an evidentiary update in early February when results are available.

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### 13.2 CONSENSUS RECOMMENDATION

As noted above, the Commission in the PBR Decision established SQIs for FEI's PBR Plan and benchmarks to serve as a "target" for each SQI. To establish the satisfactory SQI performance ranges around the benchmark "targets", the Commission directed FEI and FBC "in consultation with stakeholders, to develop a performance range for each SQI covering the range of scores where performance would be found to be satisfactory". This process was to take place prior to the first Annual Review.

On October 6, 2014, FEI and FBC invited all registered interveners in the PBR proceeding to participate in workshops to address the Commission directive to develop performance ranges. FEI, FBC and all interveners that elected to participate in the workshops were successful in reaching a Consensus Recommendation setting out a joint recommendation for SQI performance ranges.

**FORTISBC ENERGY INC.**

2014-2019 PBR PLAN – ANNUAL REVIEW FOR 2015 RATES



1 The Consensus Recommendation is being considered by the Commission as part of a separate  
 2 compliance filing. For ease of reference, a copy of the filing letter and text of the Consensus  
 3 Recommendation (without attachments) is appended to this Annual Review filing as Appendix  
 4 C.

5 **13.3 OVERVIEW OF SERVICE QUALITY INDICATORS AND BENCHMARKS**

6 This section reviews FEI's SQI performance ~~for 2014~~ and also describes the performance of the  
 7 informational SQIs.

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9 As future Annual Reviews are expected to occur in the Fall of the year, FEI expects that the SQI  
 10 results for future years will be reviewed in the normal course at the following year's Annual  
 11 Review, at the same time that the actual O&M and capital numbers and final earnings sharing  
 12 will be calculated for the prior year. For example, FEI expects that 2015 SQI results will be  
 13 reviewed in the Annual Review to set 2016 delivery rates.

Deleted: FEI notes that the annual SQI results are available in February of the following year, e.g. the annual SQI results for 2014 will be available in February of 2015. FEI will provide an update of its SQI results and performance for 2014 in an evidentiary update in early February when results are available.

15 The Commission approved a balanced set of SQIs covering safety, responsiveness to customer  
 16 needs, and reliability. Nine of the SQIs have benchmarks while four are informational SQIs and  
 17 do not have benchmarks. For three of the SQIs, the benchmarks, against which FEI's actual  
 18 performance will be measured over the PBR period, were set by the Commission using a three  
 19 year average of the Company's recent performance for the years 2010, 2011 and 2012. For  
 20 other SQIs, the benchmarks were as proposed by FEI and approved by the Commission.

21 **13.4 REVIEW OF THE PERFORMANCE OF SERVICE QUALITY INDICATORS**

22 For each SQI, Table 13-1 provides a comparison of FEI's actual performance ~~for 2014~~ to the  
 23 Commission-approved benchmarks and includes the performance range thresholds that have  
 24 been agreed to in the Consensus Recommendation that was submitted to the Commission for  
 25 approval on January 14, 2015. Actual results ~~for 2014~~ are also provided for the four  
 26 informational SQIs.

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27  
 28 **Table 13-1: Approved SQI, Benchmarks and Actual Performance**

Performance Measure	Description	Benchmark	Threshold	2014 Results
<b>Safety SQIs</b>				
Emergency Response Time	Percent of calls responded to within one hour	97.7%	96.2%	96.7%
Telephone Service Factor (Emergency)	Percent of emergency calls answered within 30 seconds or less	95%	92.8%	95.8%
All Injury frequency rate (AIFR)	3 year average of lost time injuries plus medical treatment injuries per 200,000 hours worked	2.08	2.95	2.22
Public Contacts with Pipelines	3 year average of number of line damages per 1,000 BC One calls received	16	16	11
<b>Responsiveness to the Customer Needs SQIs</b>				
First Contact Resolution	Percent of customers who achieved call resolution in one call	78%	74%	80%

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Performance Measure	Description	Benchmark	Threshold	2014 Results
Billing Index	Measure of customer bills produced meeting performance criteria	5.0	≤5.0	0.89
Meter Reading Accuracy	Number of scheduled meters that were read	95%	92%	97%
Telephone Service Factor (Non-Emergency)	Percent of non-emergency calls answered within 30 seconds or less	70%	68%	74.9%
Meter Exchange Appointment	Percent of appointments met for meter exchanges	95%	93.8%	95.5%
Customer Satisfaction Index	Informational indicator - measures overall customer satisfaction	-	-	8.5
Telephone Abandon Rate	Informational indicator – percent of calls abandoned by the customer before speaking to a customer service representative	-	-	1.8%
<b>Reliability SQIs</b>				
Transmission Reportable Incidents	Informational indicator – number of reportable incidents to outside agencies	-	-	2
Leaks per KM of Distribution System Mains	Informational indicator - measures the number of leaks on the distribution system per KM of distribution system mains	-	-	0.0059

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1  
2 In the following sections, FEI reviews each SQI's individual performance in 2014. Discussion is  
3 also provided for the informational SQIs.

4 **13.4.1 Safety Service Quality Indicators**

5 Emergency Response Time

6 This SQI measures the utility's responsiveness to on average 25,500 annual emergency events  
7 that include gas odour calls, carbon monoxide calls, house fires and hit lines. It is calculated as:

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

12 2014 performance was 96.7 percent and within the performance range (the benchmark is 97.7  
13 percent and the threshold is 96.2 percent).

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14 Over the past eight years, there has been a slight negative trend in performance as it is  
15 becoming increasingly challenging to respond to emergencies. There are many variables  
16 affecting the response time including time of day (during business hours or after business  
17 hours), number and type of events, available resources, location (travel times and traffic  
18 congestion) and weather conditions. FEI sets its staffing levels to meet its operational  
19 requirements activities (i.e., meter exchange appointments) and to respond to emergency calls  
20 as required. From 2010 to 2014, FEI has maintained a stable customer service technician  
21 staffing level (i.e., technicians are generally first responders to emergencies). FEI is targeting to  
22 improve results through changes to technician shift schedules to provide more emergency  
23 response capacity in the late afternoon and early evening. Most of the changes require union  
24 notification and agreement and cannot come into effect until 2015.

- Deleted: September year-to-date,
- Deleted: Since approval of the new emergency response SQI in mid-September 2014,
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1 Telephone Service Factor (Emergency)

2 This indicator measures the percentage of emergency calls answered within 30 seconds and is  
3 calculated as:

4  
5 
$$\frac{\text{Number of emergency calls answered within 30 seconds}}{\text{Number of emergency calls received}}$$
  
6  
7

8 | ~~2014 performance was 95.8~~ percent and better than the benchmark of 95 percent approved by  
9 the Commission. The telephone service factor (TSF) is a measure of how well the Company  
10 can balance costs and service levels, with the overall objective to maintain a consistent TSF  
11 level. This ensures the Company is staying within appropriate cost levels and maintaining  
12 adequate service for its customers. The principal factors influencing the TSF results include the  
13 volume of inbound calls received and the resources available to answer those calls. Staffing is  
14 matched to the calls forecast based on historical data in order to reach the service level  
15 benchmark desired.

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16  
17 | The 2014 result ~~was~~ consistent with the performance observed in recent years since the  
18 repatriation of the call centre function from its previous third party provider starting in 2012 (i.e.,  
19 97 percent in 2012, 96 percent in 2013).

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20 All Injury Frequency Rate

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

25 
$$\frac{\text{Number of Employee Injuries} \times 200,000 \text{ hours}}{\text{Total Exposure Hours Worked}}$$
  
26

27 For the purpose of this SQI and as approved by the Commission, the measurement of  
28 performance is based on the three year rolling average of the annual results.

29  
30 | The three year rolling average of the annual results including ~~2014 results was 2.22~~, which is  
31 within the performance range (the benchmark is 2.08 and the threshold is 2.95). The three year  
32 rolling average was negatively affected by the 2013 annual AIFR result of 3.02 when the  
33 Company experienced a number of ergonomic related injuries linked to work-related hazards  
34 (i.e., slips, trips and falls). The Company continues to focus on this area of improvement  
35 through its efforts on proactive safety management and increasing ergonomic and safety  
36 awareness with its employees. In 2014, AIFR has improved with ~~the annual results at 1.73~~ and  
37 better than the benchmark of 2.08.

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1 Public Contact with Pipelines

2 This metric measures the overall effectiveness of the Company's efforts to minimize damage to  
3 the gas system through public awareness, which is designed to reduce interruptions and the  
4 associated public safety and service issues to customers. This indicator is calculated as:

5 Number of Line Damages per 1,000 BC One Calls received

6  
7 For the purpose of this service quality indicator, the measurement of performance is based on  
8 the three year rolling average of the annual results. The threshold of 16 is the same as the  
9 benchmark and reflects the trend and improvement in recent years.

10  
11 The three year rolling average of the annual results including 2014 results was 11, below and  
12 better than the benchmark of 16 approved by the Commission. Principal factors influencing  
13 results for this metric include economic growth (i.e., construction activity), damage prevention  
14 awareness programs, and heightened public awareness created by the BC One Call program.  
15 The current three year rolling average result reflects an ongoing positive trend for this metric.  
16 Increased awareness through targeted workshops with municipalities and excavating  
17 contractors together with a higher number of calls generated by the BC One Call program have  
18 contributed to the improved performance. The increase in BC One calls is related to increased  
19 funding of the BC One Call program which has raised awareness.

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20 **13.4.2 Responsiveness to Customer Needs Service Quality Indicators**

21 First Contact Resolution

22 First Call Resolution (FCR) measures the percentage of customers who achieve resolution in  
23 one contact with FEI. The Company determines the first contact resolution results using a  
24 customer survey methodology, tracking the number of customers who responded that their  
25 issue was resolved in the first contact with the Company.

26  
27 2014 performance was 80 percent, better than the energy industry call centre average of 70  
28 percent and also better than the benchmark of 78 percent approved by the Commission.  
29 The FCR rate is impacted by factors such as the quality and effectiveness of the Company's  
30 coaching and training programs. The FCR rate is also heavily influenced by the composition  
31 of the different call drivers as some call types are simpler to resolve in the first call than  
32 others. For example, a move call is simpler to resolve in one call than a high bill call. A  
33 high bill call may require a site visit to the customer in order to provide the right resolution or it  
34 may require more in-depth investigation.

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35  
36 The 2014 result was consistent with the performance observed in recent years since the  
37 repatriation of the call centre function from its previous third party provider starting in 2012 (i.e.,  
38 78 percent in 2012, 81 percent in 2013).

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**Billing Index**

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

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

The differential between the benchmark and the actual for each is then divided by three to determine the billing index. The objective is to achieve a score of five or less. The relevant formula calculation and proposed benchmark for each of the three sub-measures, using illustrative results, is presented below.

**Table 13-2: Calculation of Billing Index**

Billing sub-measure	Percent achieved (PA)	Adjustment	Result
Percentage of bills accurate based upon input data	99.9%	* See formula below	5.0
Percentage of bills delivered to Canada Post within two days of date that the statement file is created	95%	(100% - PA)*100	5.0
Percentage of customers billed within two business days of the scheduled billing date	95%	(100% - PA)*100	5.0
Billing Service Quality Indicator (arithmetic average of sub-measures 1 to 3)			5.0

\* IF [PA ≥ 99.9%, 5000 \* (1 - PA), 100 \* (1.05 - PA)]

2014 performance was 0.89, better than the benchmark of 5.0 approved by the Commission. The Billing Index is impacted by factors such as the performance of the Company’s billing system, weather variability which can cause a high volume of billing checks and estimation issues, and mail delivery by Canada Post. No significant billing issues have arisen in 2014.

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**Meter Reading Accuracy**

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

Number of scheduled meters read  
Number of scheduled meters for reading

2014 performance was 97.9 percent, better than the benchmark of 95 percent approved by the Commission. 2014 marks the second year of this service being provided by FEI's current third party provider. Performance in 2013 was at 92.5 percent, which was lower due to the transition period for the new meter reading contractor. Factors influencing this SQI's performance include the resources available, system issues impacting the Company's billing system or the reading collections systems, training and the quality of training provided to meter readers, weather conditions including road and highway conditions and traffic related issues.

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Deleted: While performance so far is better than the benchmark, with the fourth quarter subject to more challenging weather conditions, the final result may vary and decline depending on the impact of weather for the remainder of 2014.

Telephone Service Factor (Non-Emergency)

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

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

2014 performance was 74.9 percent, better than the benchmark of 70 percent approved by the Commission. Similar to the TSF (Emergency), this is a measure of how well the Company can balance costs and service levels with the overall objective to maintain a consistent TSF level. This ensures the Company is staying within appropriate cost levels and maintaining adequate service for its customers. Principal factors influencing the TSF results include volume of inbound calls received and the resources available to answer those calls. Staffing is matched to the calls forecasted based on historical data in order to reach the service level benchmark desired. Other factors that can influence the TSF are billing system related issues and weather patterns that may generate high numbers of billing related queries. Additionally, the complexity of the calls can also influence TSF results as more complex calls require more time for the Company's representatives to resolve. Examples of complex calls include high bills queries, meter reading estimate concerns and collections calls.

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The 2014 result was consistent with the performance observed in recent years since the repatriation of the call centre function starting in 2012 from its previous third party provider (i.e., 76 percent in 2012, 73 percent in 2013). The 2014 result has been achieved with the Company targeting 75 percent as the benchmark, the service level in place prior to the Commission approving the revised target of 70 percent in mid-September 2014. In future years, actual results may be lower than that observed in the past, reflective of the revised target of 70 percent approved by the Commission.

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1 Meter Exchange Appointments

2 The Meter Exchange Appointments SQI measures FEI's performance in meeting appointments  
 3 for meter exchanges (excluding industrial meters). The calculation for percentage meter  
 4 exchange appointments met is calculated as:

5 
$$\frac{\text{Number of meter exchange appointments met}}{\text{Number of meter exchange appointments made}}$$

8 ~~2014 performance was, 95.5, percent, which was, better than the benchmark of 95 percent~~  
 9 ~~approved by the Commission. Principal factors influencing results are the number of~~  
 10 ~~emergencies requiring the same resources, weather and traffic conditions. As discussed earlier~~  
 11 ~~with respect to the emergency response time SQI, FEI sets its staffing levels to meet its~~  
 12 ~~operational requirements activities (i.e., meter exchange appointments) and to respond to~~  
 13 ~~emergency calls as required. The 2014 result was, consistent with the performance observed in~~  
 14 ~~recent years (i.e., 97 percent in 2012, 97 percent in 2013).~~

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15 Customer Satisfaction Index

16 The Customer Satisfaction Index, an informational indicator as approved by the Commission,  
 17 measures overall customer satisfaction with the Company. The index reflects customer  
 18 feedback about important service touch points including the contact centre, perceived accuracy  
 19 of meter reading, energy conservation information and field services. The Index includes  
 20 feedback from both residential and mass market commercial customers.

21  
 22 ~~The 2014 year-end average index score was 8.5, up slightly from previous years. In~~  
 23 ~~comparison, year-end results for both 2012 (when the study was first introduced), and 2013~~  
 24 ~~were stable at 8.3.~~

25  
 26 ~~In 2014, especially strong results were achieved for contact centre service, which rose from an~~  
 27 ~~average 8.2 in 2013 to 8.5 in 2014. Both field services and perceived accuracy of meter reading~~  
 28 ~~recorded higher scores than those recorded in the previous year. Field service was up from an~~  
 29 ~~average 8.9 in 2012 and 2013, to 9.2 in 2014. The average score for the accuracy of meter~~  
 30 ~~reading rose from 7.9 in 2013 to 8.1 in 2014. Satisfaction with energy conservation information~~  
 31 ~~remained stable at 7.6. .~~

32 Telephone Abandon Rate

33 The Telephone Abandon Rate, an informational indicator as approved by the Commission,  
 34 measures the percent of calls abandoned by the customer before speaking to a customer  
 35 service representative. Abandon rates can be due to waiting times, or due to customers  
 36 receiving their required information through informational messages in our Interactive Voice  
 37 Response (IVR) system such that the customer no longer needs to speak to an agent.

**Deleted:** Year-to-date September 2014 performance is at 8.5 and has been trending higher since the initial quarterly study was undertaken in the second quarter of 2012. Year end results for 2012 and 2013 were 8.0 and 8.3 respectively. Especially strong results were achieved for contact centre service, which rose from an average 8.2 in 2013 to 8.5 in 2014. Both field services and perceived accuracy of meter reading are up two points from last year's results. Field service is up from an average 8.9 in 2012 and 2013, to 9.1 in 2014. The average score for the accuracy of meter reading rose from 7.9 to 8.1. Satisfaction with energy conservation information remained stable at 7.6.

1 ~~The 2014 result was 1.8~~ percent and consistent with the Company's prior years' results (i.e.,  
2 2012 at 2.2 percent and 2013 at 2.1 percent).

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### 3 13.4.3 Reliability Service Quality Indicators

#### 4 Transmission Reportable Incidents

5 The Transmission Reportable Incidents metric, an informational indicator as approved by the  
6 Commission, measures the number of reportable incidents to outside agencies for ~~transmission~~  
7 ~~assets as defined by the Oil and Gas Commission (OGC)~~. The metric is intended to be an  
8 indicator of the integrity of the transmission system.

Deleted: the transmission pressure (TP) system

9  
10 ~~The 2014 result was two~~ reported incidents ~~and consistent with recent years' historical~~ results.  
11 In the past, the practice has been to report only on the ~~higher pressure transmission~~ events  
12 designated as serious. However, the ~~OGC~~ has new reporting criteria effective October 1, 2014,  
13 which require the Company to report on more incidents and events. As of October 1, 2014, the  
14 Company will be reporting Transmission Reportable Incidents based on the new OGC reporting  
15 criteria, including Level 1, 2, and 3 reportable incidents for ~~both transmission and intermediate~~  
16 ~~pressure assets that operate at a pressure exceeding 100 psi. This will include pipelines, mains,~~  
17 ~~services, stations, LNG plants and compressor stations, but will exclude distribution assets that~~  
18 ~~operate below 100 psi.~~ This change in the OGC reporting criteria will likely increase the number  
19 of events reported going forward and will limit the comparability of historical performance data  
20 for this metric.

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#### 21 Leaks per KM of Distribution System Mains

22 The Leaks per KM of Distribution System Mains metric, an informational indicator as approved  
23 by the Commission, measures the number of leaks on the distribution system per KM of  
24 distribution system mains. The metric is intended to be an indicator of the integrity of the  
25 distribution system. Each year, approximately one fifth of the distribution system is surveyed for  
26 leaks, with the number of leaks varying from year to year, depending on the condition of the  
27 pipe surveyed.

28  
29 ~~The 2014 result was 0.0059~~ and better than recent years' results (i.e., 2012 at 0.0085 and 2013  
30 at 0.0075). Influencing the results is the condition of the distribution system as some sections of  
31 the pipeline system are more prone to leaks depending on soil conditions, age of the pipelines,  
32 pipeline material and the location of the pipeline. As the distribution system ages, the expected  
33 number of leaks may increase depending on the Company's pipeline renewal/replacement  
34 activities. Increases in leak survey activity levels will generally also result in a higher number of  
35 leaks detected.



1 **13.5 SUMMARY**

2 | In summary, FEI's 2014 SQI results indicate that the Company's overall performance is better  
3 | than the benchmark and representative of a high level of service quality. For those SQIs with  
4 | benchmarks, seven are performing better than the approved benchmarks with the remaining  
5 | two performing better than the threshold and within the performance range as proposed in the  
6 | Consensus Recommendation. For the four SQIs that are informational only, performance  
7 | remained at a consistent level with prior years.

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**Deleted:** FEI will be filing final results in early February, 2015.

**Attachment 2**

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**REVISED PAGES – CLEAN  
SECTIONS 11 AND 13**

**FORTISBC ENERGY INC.**  
**Summary of Rate Change**

Evidentiary Update - Jan. 29, 2015

Section 11

Schedule 1

Line No.	Particulars	2015 (\$ Millions)	Cross Reference
1	(1)	(2)	(3)
2	<u>Volume/Revenue Related</u>		
3	Customer Growth and Use Rates	10.135	
4	Change in Other Revenue	<u>(1.179)</u>	8.956
5			
6	<u>O&amp;M Changes</u>		
7	Gross O&M Increases	4.068	
8	Less: Capitalized Overhead	<u>0.057</u>	4.125
9			
10	<u>Depreciation Expense</u>		
11	Depreciation from Net Additions	<u>5.334</u>	5.334
12			
13	<u>Deferral Accounts</u>		
14	CIAC	1.565	
15	Deferrals	<u>(5.377)</u>	(3.812)
16			
17	<u>Financing and Return on Equity</u>		
18	Financing Rate Changes	(1.886)	
19	Financing Changes	(0.445)	
20	Rate Base Growth	<u>1.535</u>	(0.796)
21			
22	<u>Tax Expense</u>		
23	Property and Other Taxes	0.591	
24	Other Income Tax Changes	<u>0.981</u>	1.572
25			
26			
27			
28	<b>Revenue Deficiency (Surplus)</b>		<b><u>15.379</u></b> - Section 11- Sch 2
29			

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

SUMMARY OF RATE CHANGE REQUIRED  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 2

Line No.	Particulars (1)	2014 APPROVED (2)	2015			Total (6)	Change (7) (Column (6) - Column (2))	Cross Reference (8)
			Non-Bypass Sales (3)	Transportation (4)	Bypass and Special Rates (5)			
1	RATE CHANGE REQUIRED							
2								
3	Gas Sales and Transportation Revenue,							
4	At Prior Year's Rates	\$ 1,258,399	\$ 1,254,244	\$ 90,773	\$ 29,802	\$ 1,374,819	\$ 116,420	- Section 11- Sch 5
5								
6	Add - SCP Third Party (Other Revenue)							
7	Revenue	14,773	-	-	15,035	15,035	262	- Section 11- Sch 9
8								
9	Total Revenue	1,273,172	1,254,244	90,773	44,837	1,389,854	116,682	
10								
11	Less - Cost of Gas	(562,763)	(632,371)	(666)	(127)	(633,164)	(70,401)	- Section 11- Sch 6
12								
13	Gross Margin	\$ 710,409	\$ 621,873	\$ 90,107	\$ 44,710	\$ 756,690	\$ 46,281	
14								
15	Revenue Deficiency (Surplus)	\$ 56,154	\$ 13,433	\$ 1,946	\$ -	\$ 15,379	\$ (40,775)	
16								
17	Revenue Deficiency (Surplus) as a % of Gross Margin	7.90%	2.16%	2.16%	0.00%	2.03%		
18								
19	Revenue Deficiency (Surplus) as a % of Total Revenue	4.41%	1.07%	2.14%	0.00%	1.11%		
20								

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

UTILITY INCOME AND EARNED RETURN  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 3

Line No.	Particulars (1)	2015 FORECAST					Cross Reference (7)
		2014 APPROVED (2)	Existing 2014 Rates (3)	Revised Revenue (4)	Total (5)	Change (6)	
							(Column (5) - Column (2))
1	ENERGY VOLUMES (TJ)						
2	Sales	125,292	123,326	-	123,326	(1,966)	- Section 11- Sch 4
3	Transportation	92,100	82,649	-	82,649	(9,451)	- Section 11- Sch 4
4		<u>217,392</u>	<u>205,975</u>	<u>-</u>	<u>205,975</u>	<u>(11,417)</u>	
5							
6	Average Rate per GJ						
7	Sales	\$ 9.488	\$ 10.170	\$ -	\$ 10.279	\$ 0.791	
8	Transportation	\$ 1.366	\$ 1.459	\$ -	\$ 1.482	\$ 0.116	
9	Average	\$ 6.047	\$ 6.675	\$ -	\$ 6.749	\$ 0.702	
10							
11	UTILITY REVENUE						
12	Sales - Existing Rates	\$ 1,140,115	\$ 1,254,244	\$ -	\$ 1,254,244	\$ 114,129	- Section 11- Sch 5
13	- Increase / (Decrease)	48,611	-	13,433	13,433	(35,178)	- Section 11- Sch 7
14	RSAM Revenue	-	-	-	-	-	
15	Transportation - Existing Rates	118,284	120,575	-	120,575	2,291	- Section 11- Sch 5
16	- Increase / (Decrease)	7,543	-	1,946	1,946	(5,597)	- Section 11- Sch 7
17	<b>Total Revenue</b>	<u>1,314,553</u>	<u>1,374,819</u>	<u>15,379</u>	<u>1,390,198</u>	<u>75,645</u>	
18							
19	Cost of Gas Sold (Including Gas Lost)	562,763	633,164	-	633,164	70,401	- Section 11- Sch 6
20							
21	<b>Gross Margin</b>	<u>751,790</u>	<u>741,655</u>	<u>15,379</u>	<u>757,034</u>	<u>5,244</u>	
22							
23	Operation and Maintenance	233,969	238,093	-	238,093	4,124	- Section 11- Sch 11
24	Transportation Costs	480	480	-	480	-	
25	Property and Sundry Taxes	60,424	61,015	-	61,015	591	- Section 11- Sch 12
26	Depreciation and Amortization	190,664	192,186	-	192,186	1,522	- Section 11- Sch 13
27	Removal Provision	-	-	-	-	-	- Section 11- Sch 13
28	Other Operating Revenue	(40,047)	(41,226)	-	(41,226)	(1,179)	- Section 11- Sch 9
29	Sub-total	<u>445,490</u>	<u>450,548</u>	<u>-</u>	<u>450,548</u>	<u>5,058</u>	
30	Utility Income Before Income Taxes	306,300	291,107	15,379	306,486	186	
31							
32	Income Taxes	49,470	46,453	3,998	50,451	981	- Section 11- Sch 14
33							
34	<b>EARNED RETURN</b>	<u>\$ 256,830</u>	<u>\$ 244,654</u>	<u>\$ 11,381</u>	<u>\$ 256,035</u>	<u>\$ (795)</u>	- Section 11- Sch 38
35							
36							
37	<b>UTILITY RATE BASE</b>	<u>\$ 3,610,827</u>	<u>\$ 3,656,029</u>	<u>\$ 370</u>	<u>\$ 3,656,399</u>	<u>\$ 45,572</u>	- Section 11- Sch 17
38							
39	<b>RATE OF RETURN ON UTILITY RATE BASE</b>	<u>7.11%</u>	<u>6.69%</u>		<u>7.00%</u>	<u>-0.11%</u>	- Section 11- Sch 38

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

GAS SALES AND TRANSPORTATION VOLUMES  
FOR THE YEAR ENDING DECEMBER 31, 2015

Schedule 4

Line No.	Particulars (1)	2015 Forecast Terajoules				Cross Reference (7)
		2014 APPROVED (2)	Non-Bypass Sales & Transp (3)	Bypass and Special Rates (4)	Total (5)	
					(Column (5) - Column (2))	
1	<b>SALES</b>					
2	Schedule 1 - Residential	74,028.8	71,656.7	-	71,656.7	(2,372.1)
3	Schedule 2 - Small Commercial	27,482.1	28,107.6		28,107.6	625.5
4	Schedule 3 - Large Commercial	19,716.2	19,210.3		19,210.3	(505.9)
5						
6	Schedules 1, 2 and 3	<u>121,227.1</u>	<u>118,974.6</u>	<u>-</u>	<u>118,974.6</u>	<u>(2,252.5)</u>
7						
8	Schedule 4 - Seasonal	169.1	145.7		145.7	(23.4)
9	Schedule 5 - General Firm	3,305.4	3,394.5		3,394.5	89.1
10						
11	Industrials					
12	Schedule 7 - Interruptible	86.7	41.5		41.5	(45.2)
13						
14	Schedule 6 - N G V Fuel - Stations	61.4	50.5		50.5	(10.9)
15	Schedule 16 - Liquefied Natural Gas (LNG)	165.0	-		-	(165.0)
16	Schedule 46 - Liquefied Natural Gas (LNG)	277.7	719.2		719.2	441.5
17						
18	Total Sales	<u>125,292.4</u>	<u>123,326.0</u>	<u>-</u>	<u>123,326.0</u>	<u>(1,966.4)</u>
19						- Section 11- Sch 3
20	<b>TRANSPORTATION SERVICE</b>					
21	Schedule 22 - Firm Service	27,180.2	10,603.8	7,260.0	17,863.8	(9,316.4)
22	- Interruptible Service	15,822.0	12,535.4	-	12,535.4	(3,286.6)
23	Byron Creek (aka Fording Coal Mountain)	243.0		2,940.3	2,940.3	2,697.3
24	Burrard Thermal - Firm	482.5		1,276.3	1,276.3	793.8
25	BC Hydro and ICP	14,600.0		14,600.0	14,600.0	-
26	VIGJV	4,380.0		4,380.0	4,380.0	-
27	Schedule 23 - Large Commercial	8,721.3	8,255.0		8,255.0	(466.3)
28	Schedule 25 - Firm Service	14,194.3	13,267.2	895.2	14,162.4	(31.9)
29	Schedule 27 - Interruptible Service	6,476.3	6,636.0		6,636.0	159.7
30						
31	Total Transportation Service	<u>92,099.6</u>	<u>51,297.4</u>	<u>31,351.8</u>	<u>82,649.2</u>	<u>(9,450.4)</u>
32						- Section 11- Sch 3
33	<b>TOTAL SALES AND TRANSPORTATION SERVICES</b>	<u>217,392.0</u>	<u>174,623.4</u>	<u>31,351.8</u>	<u>205,975.2</u>	<u>(11,416.8)</u>
34						- Section 11- Sch 8

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

REVENUE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 5

Line No.	Particulars (1)	2015 Gas Sales Revenue At Existing 2014 Rates				Change (6)	Reference (7)
		2014 APPROVED (2)	Non-Bypass Sales & Transp (3)	Bypass and Special Rates (4)	Total (5)		
							(Column (5) - Column (2))
1	<b>SALES</b>						
2	Schedule 1 - Residential	\$ 731,676	\$ 798,034	\$ -	\$ 798,034	\$ 66,358	
3	Schedule 2 - Small Commercial	235,309	266,800		266,800	31,491	
4	Schedule 3 - Large Commercial	144,451	158,818		158,818	14,367	
5	Schedules 1, 2 and 3	<u>1,111,436</u>	<u>1,223,652</u>	<u>-</u>	<u>1,223,652</u>	<u>112,216</u>	
6							
7	Schedule 4 - Seasonal	945	939	-	939	(6)	
8	Schedule 5 - General Firm	<u>23,185</u>	<u>24,925</u>		<u>24,925</u>	<u>1,740</u>	
9		<u>24,130</u>	<u>25,864</u>	<u>-</u>	<u>25,864</u>	<u>1,734</u>	
10	Industrials						
11	Schedule 7 - Interruptible	459	278	-	278	(181)	
12							
13	Schedule 6 - N G V Fuel - Stations	465	447		447	(18)	
14	Schedule 16 - Liquefied Natural Gas (LNG)	1,325	-		-	(1,325)	
15	Schedule 46 - Liquefied Natural Gas (LNG)	<u>2,300</u>	<u>4,003</u>		<u>4,003</u>	<u>1,703</u>	
16	Total Sales	<u>1,140,115</u>	<u>1,254,244</u>	<u>-</u>	<u>1,254,244</u>	<u>114,129</u>	- Section 11- Sch 3
17							
18	<b>Transportation Service</b>						
19	Schedule 22 - Firm Service	12,578	9,005	839	9,844	(2,734)	
20	- Interruptible Service	14,407	13,119	-	13,119	(1,288)	
21	Byron Creek (aka Fording Coal Mountain)	32		1,560	1,560	1,528	
22	Burrard Thermal - Firm	9,965		9,965	9,965	-	
23	BC Hydro and ICP	12,527		12,527	12,527	-	
24	VIGJV	4,175		4,208	4,208	33	
25	Schedule 23 - Large Commercial	26,609	27,497	-	27,497	888	
26	Schedule 25 - Firm Service	29,127	31,231	703	31,934	2,807	
27	Schedule 27 - Interruptible Service	<u>8,864</u>	<u>9,921</u>	<u>-</u>	<u>9,921</u>	<u>1,057</u>	
28	Total Transportation Service	<u>118,284</u>	<u>90,773</u>	<u>29,802</u>	<u>120,575</u>	<u>2,291</u>	- Section 11- Sch 3
29							
30	TOTAL SALES AND TRANSPORTATION SERVICES	<u>\$ 1,258,399</u>	<u>\$ 1,345,017</u>	<u>\$ 29,802</u>	<u>\$ 1,374,819</u>	<u>\$ 116,420</u>	- Section 11- Sch 3 - Section 11- Sch 8

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

COST OF GAS  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 6

Line No.	Particulars (1)	2015 Forecast Gas Costs		
		Non-Bypass Sales & Transp (2)	Bypass and Special Rates (3)	Total (4)
1	<b>SALES</b>			
2	Schedule 1 - Residential	\$ 371,784	\$ -	\$ 371,784
3	Schedule 2 - Small Commercial	146,170		146,170
4	Schedule 3 - Large Commercial	95,837		95,837
5				
6	Schedules 1, 2 and 3	<u>613,791</u>	<u>-</u>	<u>613,791</u>
7				
8	Schedule 4 - Seasonal	674		674
9	Schedule 5 - General Firm	15,676		15,676
10	Schedules 4 and 5	<u>16,350</u>	<u>-</u>	<u>16,350</u>
11				
12	Industrials			
13	Schedule 7 - Interruptible	192		192
14				
15	Schedule 6 - N G V Fuel - Stations	212		212
16	Schedule 16 - Liquefied Natural Gas (LNG)	-		-
17	Schedule 46 - Liquefied Natural Gas (LNG)	1,826		1,826
18				
19	Total Sales	<u>632,371</u>	<u>-</u>	<u>632,371</u>
20				
21	<b>TRANSPORTATION SERVICE</b>			
22	Schedule 22 - Firm Service	153	97	250
23	- Interruptible Service	154	1	155
24	Byron Creek (aka Fording Coal Mountain)		-	-
25	Burrard Thermal - Firm		17	17
26	BC Hydro and ICP		-	-
27	VIGJV		-	-
28	Schedule 23 - Large Commercial	111	-	111
29	Schedule 25 - Firm Service	158	12	170
30	Schedule 27 - Interruptible Service	90	-	90
31				
32	Total Transportation Service	<u>666</u>	<u>127</u>	<u>793</u>
33				
34	TOTAL SALES AND TRANSPORTATION SERVICES	<u>\$ 633,037</u>	<u>\$ 127</u>	<u>\$ 633,164</u>
35				
36	Cross Reference			

- Section 11- Sch 3

REVENUE UNDER EXISTING 2014 RATES AND REVISED 2015 RATES (Non-Bypass)  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 7

Line No.	Particulars	Terajoules (2)	Revenue -- At Existing 2014 Rates --		Gross Margin -- At Existing 2014 Rates --		Effective Increase / (Decrease) 2.16% of Margin		Average Number of Customers (9)	Revenue	
			Average \$/GJ (3)	Revenue (\$000s) (4)	Average \$/GJ (5)	Margin (\$000s) (6)	\$/GJ (7)	Revenue (\$000s) (8)		Average \$/GJ (10)	Revenue (\$000s) (11)
1	<b>NON-BYPASS</b>										
2	Sales										
3	Schedule 1 - Residential *	71,656.7	\$ 11.137	\$ 798,034	\$ 5.949	\$ 426,251	\$ 0.129	\$ 9,241	878,512	\$ 11.266	\$ 807,275
4	Schedule 2 - Small Commercial *	28,107.6	9.492	266,800	4.292	120,630	0.093	2,615	84,152	9.585	269,415
5	Schedule 3 - Large Commercial *	19,210.3	8.267	158,818	3.279	62,982	0.071	1,365	5,114	8.338	160,183
6	Schedules 1, 2 and 3	<u>118,974.6</u>		<u>1,223,652</u>		<u>609,863</u>		<u>13,221</u>	<u>967,778</u>		<u>1,236,873</u>
7											
8	Schedule 4 - Seasonal	145.7	6.445	939	1.819	265	0.034	5	16	6.479	944
9	Schedule 5 - General Firm	3,394.5	7.343	24,925	2.725	9,249	0.059	200	282	7.402	25,125
10											
11	Industrials										
12	Schedule 7 - Interruptible	41.5	6.699	278	2.072	86	0.048	2	3	6.747	280
13											
14	Schedule 6 - N G V Fuel - Stations	50.5	8.851	447	4.634	234	0.099	5	15	8.950	452
15	Schedule 16 - Liquefied Natural Gas (LNG)	-	-	-	-	-	-	-	-	-	-
16	Schedule 46 - Liquefied Natural Gas (LNG)	719.2	5.566	4,003	3.027	2,177	-	-	-	5.566	4,003
17	Total Sales	<u>123,326.0</u>		<u>1,254,244</u>		<u>621,874</u>		<u>13,433</u>	<u>968,094</u>		<u>1,267,677</u>
18											
19	TRANSPORTATION SERVICE										
20	Schedule 22 - Firm Service	10,603.8	0.849	9,005	0.835	8,851	0.018	191	11	0.867	9,196
21	- Interruptible Service	12,535.4	1.047	13,119	1.034	12,965	0.022	280	26	1.069	13,399
22	Schedule 23 - Large Commercial *	8,255.0	3.331	27,497	3.317	27,385	0.072	591	1,559	3.403	28,088
23	Schedule 25 - Firm Service	13,267.2	2.354	31,231	2.342	31,074	0.051	671	595	2.405	31,902
24	Schedule 27 - Interruptible Service	6,636.0	1.495	9,921	1.481	9,831	0.032	213	104	1.527	10,134
25											
26	Total Transportation Service	<u>51,297.4</u>		<u>90,773</u>		<u>90,106</u>		<u>1,946</u>	<u>2,295</u>		<u>92,719</u>
27											
28	Total Non-Bypass Sales & Transportation Service	<u>174,623.4</u>		<u>\$ 1,345,017</u>		<u>\$ 711,980</u>		<u>\$ 15,379</u>	<u>970,389</u>		<u>\$ 1,360,396</u>
29											
30	Cross Reference	- Section 11- Sch 4		- Section 11- Sch 5				- Section 11- Sch 2			

REVENUE UNDER EXISTING 2014 RATES AND REVISED 2015 RATES (Bypass)  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Line No.	Particulars	Terajoules (2)	Revenue -- At Existing 2014 Rates --		Gross Margin -- At Existing 2014 Rates --		Increase / (Decrease) 2.16% of Margin		Average Number of Customers (9)	Revenue	
			Average \$/GJ (3)	Revenue (\$000) (4)	Average \$/GJ (5)	Margin (\$000s) (6)	\$/GJ (7)	Revenue (\$000) (8)		Average \$/GJ (10)	Revenue (\$000) (11)
1	<b>BYPASS AND SPECIAL RATES</b>										
2	Bypass and Special Rates Transportation Service										
3	Schedule 22 - Firm Service	7,260.0	\$ 0.116	\$ 839	\$ 0.102	\$ 741	\$ -	\$ -	5	\$ 0.116	\$ 839
4	- Interruptible Service	-	-	-	-	(1)	-	-	1	-	-
5	Byron Creek (aka Fording Coal Mountain)	2,940.3	0.531	1,560	0.531	1,560	-	-	3	0.531	1,560
6	Burrard Thermal - Firm	1,276.3	7.808	9,965	7.794	9,948	-	-	1	7.808	9,965
7	BC Hydro and ICP	14,600.0	0.858	12,527	0.858	12,527	-	-	1	0.858	12,527
8	VIGJV	4,380.0	0.961	4,208	0.961	4,208	-	-	1	0.961	4,208
9	Schedule 23 - Large Commercial	-	-	-	-	-	-	-	-	-	-
10	Schedule 25 - Firm Service	895.2	0.785	703	0.772	691	-	-	6	0.785	703
11	Schedule 27 - Interruptible Service	-	-	-	-	-	-	-	-	-	-
12	Total Bypass and Spec. Rates T-Svc	<u>31,351.8</u>		<u>29,802</u>		<u>29,674</u>		<u>-</u>	<u>18</u>		<u>29,802</u>
13											
14	TOTAL NON-BYPASS AND BYPASS SALES AND										
15	TRANSPORTATION SERVICE	<u>205,975.2</u>		<u>\$ 1,374,819</u>		<u>\$ 741,654</u>		<u>\$ 15,379</u>	<u>970,407</u>		<u>\$ 1,390,198</u>
16											
17	Cross Reference	- Section 11- Sch 4		- Section 11- Sch 5				- Section 11- Sch 2			

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

OTHER OPERATING REVENUE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 9

Line No.	Particulars (1)	2014 APPROVED (2)	2015 (3)	Change (4)	Cross Reference (5)
				(Column (3) - Column (2))	
1	<b>Other Utility Revenue</b>				
2					
3	Late Payment Charge	\$ 2,327	\$ 2,542	\$ 215	- Section 11- Sch 35
4					
5	Connection Charge	3,040	3,033	(7)	- Section 11- Sch 35
6					
7	NSF Returned Cheque Charges	82	89	7	- Section 11- Sch 35
8					
9	Other Recoveries	284	202	(82)	- Section 11- Sch 35
10					
11	Total Other Utility Revenue	5,733	5,866	133	
12					
13	<b>Miscellaneous Revenue</b>				
14					
15	SCP Third Party Revenue	14,773	15,035	262	- Section 11- Sch 2
16					
17	NGT Tanker Rental Revenue	-	215	215	- Section 11- Sch 35
18					
19	NGT Overhead and Marketing Recovery	188	227	39	- Section 11- Sch 35
20					
21	Biomethane Other Revenue	(198)	(70)	128	- Section 11- Sch 35
22					
23	LNG Capacity Assignment	18,039	18,039	-	- Section 11- Sch 35
24					
25	CNG & LNG Service Revenues	1,512	1,914	402	- Section 11- Sch 35
26					
27					
28	Total Miscellaneous	34,314	35,360	1,046	
29					
30	<b>Total Other Operating Revenue</b>	\$ 40,047	\$ 41,226	\$ 1,179	- Section 11- Sch 3

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

FORMULA GROSS OPERATING & MAINTENANCE EXPENSE  
FOR THE YEARS ENDING DECEMBER 31, 2014 TO 2015

Schedule 10

Line No.	Particulars	2013 Base	2014 FEI Formula	2014 FEVI Base	2014 FEW Base	2014 Amalgamated Base	2015 Formula	Cross Reference
	(1)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1						column (7)=(4)+(5)+(6)		
2								
3	<b>Cost Drivers for Formulaic O&amp;M</b>							
4	CPI		0.473%				0.884%	
5	AWE		2.277%				1.646%	
6	Labour Split							
7	Non Labour		45.000%				45.000%	
8	Labour		55.000%				55.000%	
9	CPI/AWE	(line 4 * line 7) + (line 5 * line 8)	1.460%				1.303%	
10	Productivity Factor		-1.100%				-1.100%	
11	Customer Growth		0.260%				0.614%	
12	Net Inflation Factor	(1 + line 9 + line 10) * (1 + line 11)	<b>100.621%</b>				<b>100.818%</b>	
13								
14	<b>2014 Decision</b>	\$ 228,020		\$ 35,672	\$ 714			
15	FEVI Company Use Gas			2,360				
16	Remove O&M tracked outside of Formula							
17	Pension/OPEB (O&M portion)	(25,312)		(2,016)	-			
18	Insurance	(4,710)		(1,250)	-			
19	Bio-Methane O&M	(410)		-	-			
20	NGT Stations O&M	(289)		(44)	-			
21	LNG Production O&M							
22	<b>O&amp;M Subject to Formula</b>	197,299	198,524	34,722	714	233,960	235,874	
23	O&M tracked outside of Formula							
24	Pension/OPEB (O&M portion)		24,113	2,016	-	26,129	25,699	
25	Insurance		4,990	1,250	-	6,240	6,649	
26	Bio-Methane O&M		590	-	-	590	672	
27	NGT O&M		433	44	-	477	926	
28	LNG Production O&M		376	-	-	376	1,415	
29	Total		30,502	3,310	-	33,812	35,361	
30	<b>Formulaic O&amp;M</b>	Line 22 + Line 29	229,026	38,032	714	267,772	271,235	- Section 11- Sch 11, Line 1 + Line 3
31	Cross Reference							
32								

FORTISBC ENERGY INC.

Section 11

OPERATION & MAINTENANCE EXPENSES - RESOURCE VIEW  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000)

Schedule 11

Line No.	Particulars (1)	2014 APPROVED (2)	2015 FORECAST (3)	Cross Reference (4)
1	<b>Total Gross O&amp;M Expenses</b>	<b>267,144</b>	<b>271,235</b>	
2				
3	Less: O&M Transferred to Biomethane BVA	(570)	(594)	
4	Less: Capitalized Overhead	<u>(32,605)</u>	<u>(32,548)</u>	
5				
6	<b>Total O&amp;M Expenses</b>	<b><u>\$ 233,969</u></b>	<b><u>\$ 238,093</u></b>	
7				
8	Cross Reference			
9				- Section 11- Sch 3

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

PROPERTY AND SUNDRY TAXES  
 FOR THE YEAR ENDING DECEMBER 31, 2015  
 (\$000s)

Schedule 12

Line No.	Particulars (1)	2015		Change (4)	Cross Reference (5)
		2014 APPROVED (2)	Total Expenses (3)		
1	Property Taxes				
2					
3	1% in Lieu of General Municipal Tax	\$ 13,819	\$ 13,465	\$ (354)	
4					
5	General, School and Other	<u>46,605</u>	<u>47,550</u>	<u>945</u>	
6					
7	Total	<u>\$ 60,424</u>	<u>\$ 61,015</u>	<u>\$ 591</u>	- Section 11- Sch 3

(Column (3) - Column (2))

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015 Section 11

DEPRECIATION AND AMORTIZATION EXPENSES  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 13

Line No.	Particulars (1)	2014 APPROVED (2)	2015 (3)	Change (4)	Cross Reference (5)
		(Column (3) - Column (2))			
1	<b><u>Depreciation &amp; Removal Provision</u></b>				
2					
3	Depreciation Expense	\$ 158,974	\$ 164,308	\$ 5,334	- Section 11- Sch 26
4					
5	Less: Amortization of Contributions in Aid of Construction	<u>(10,491)</u>	<u>(8,926)</u>	<u>1,565</u>	- Section 11- Sch 28
6		148,483	155,382	6,899	- Section 11- Sch 15
7					
8	<b><u>Amortization Expense</u></b>				
9					
10	Amortization of Deferred Charges	<u>\$ 42,181</u>	<u>\$ 36,804</u>	<u>\$ (5,377)</u>	- Section 11- Sch 30, Sch 31
11					
12	TOTAL	<u>190,664</u>	<u>192,186</u>	<u>\$ 1,522</u>	- Section 11- Sch 3

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

INCOME TAXES  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 14

Line No.	Particulars (1)	2015					Cross Reference (7)
		2014 APPROVED (2)	Existing Rates (3)	Revised Revenue (4)	Total (5)	Change (6)	
							(Column (5) - Column (2))
1	CALCULATION OF INCOME TAXES						
2	EARNED RETURN	\$ 256,830	\$ 244,654	\$ 11,381	\$ 256,035	\$ (795)	- Section 11- Sch 3
3	Deduct - Interest on Debt	(135,191)	(132,856)	(4)	(132,860)	2,331	- Section 11- Sch 38
4	Net Additions (Deductions)	19,160	20,416	-	20,416	1,256	- Section 11- Sch 15
5	Accounting Income After Tax	<u>\$ 140,799</u>	<u>\$ 132,214</u>	<u>\$ 11,377</u>	<u>\$ 143,591</u>	<u>\$ 2,792</u>	
6							
7	Current Income Tax Rate	26.00%	26.00%	26.00%	26.00%	0.00%	
8	1 - Current Income Tax Rate	74.00%	74.00%	74.00%	74.00%	0.00%	
9							
10	Taxable Income	<u>\$ 190,269</u>	<u>\$ 178,668</u>	<u>\$ 15,374</u>	<u>\$ 194,042</u>	<u>\$ 3,773</u>	
11							
12							
13	Income Tax - Current	\$ 49,470	\$ 46,453	\$ 3,998	\$ 50,451	\$ 981	
14	Previous Year Adjustment	-		-		-	
15							
16	<b>Total Income Tax</b>	<u>\$ 49,470</u>	<u>\$ 46,453</u>	<u>\$ 3,998</u>	<u>\$ 50,451</u>	<u>\$ 981</u>	- Section 11- Sch 3

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015 Section 11

ADJUSTMENTS TO TAXABLE INCOME  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 15

Line No.	Particulars (1)	2014 APPROVED (2)	2015 (3)	Change (4)	Cross Reference (5)
		(Column (3) - Column (2))			
1	<b>Addbacks:</b>				
2	Non-tax Deductible Expenses	\$ 872	992	\$ 120	
3	Depreciation	148,483	155,382	6,899	- Section 11- Sch 13
4	Amortization of Deferred Charges	42,181	36,804	(5,377)	- Section 11- Sch 13
5	Amortization of Debt Issue Expenses	908	925	17	
6	Vehicles: Interest & Capitalized Depreciation	1,789	1,777	(12)	
7	Pension Expense	22,684	21,394	(1,290)	
8	OPEB Expense	9,666	10,343	677	
9	Biomethane Other Revenue	198	70	(128)	
10					
11	<b>Deductions:</b>				
12	Capital Cost Allowance	(152,259)	(154,798)	(2,539)	- Section 11- Sch 16
13	Cumulative Eligible Capital Allowance	(1,906)	(1,815)	91	
14	Debt Issue Costs	(518)	(578)	(60)	
15	Vehicle Lease Payment	(3,006)	(2,747)	259	
16	Pension Contributions	(19,435)	(17,285)	2,150	
17	OPEB Contributions	(2,945)	(3,199)	(254)	
18	Overheads Capitalized Expensed for Tax Purposes	(12,454)	(10,849)	1,605	
19	Removal Costs	(13,476)	(14,009)	(533)	
20	Major Inspection Costs	(1,622)	(1,991)	(369)	
21					
22	TOTAL	<u>\$ 19,160</u>	<u>\$ 20,416</u>	<u>\$ 1,256</u>	- Section 11- Sch 14

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

CAPITAL COST ALLOWANCE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 16

Line No.	Class (1)	CCA Rate (2)	12/31/2014 UCC Balance (3)	Adjustments (4)	2015 Net Additions (5)	2015 CCA (6)	12/31/2015 UCC Balance (7)
1	1	4%	\$ 1,223,198	\$ -	\$ 3,835	\$ (49,005)	\$ 1,178,028
2	1(b)	6%	57,117	-	7,321	(3,647)	60,791
3	2	6%	125,925	-	-	(7,556)	118,369
4	3	5%	2,297	-	-	(115)	2,182
5	6	10%	125	-	-	(13)	112
6	7	15%	22,653	-	2,570	(3,591)	21,632
7	8	20%	26,083	-	7,472	(5,964)	27,591
8	10	30%	4,897	-	2,800	(1,889)	5,808
9	12	100%	6,285	-	13,633	(13,101)	6,817
10	13	manual	3,435	-	204	(414)	3,225
11	14	manual	200	-	-	(25)	175
12	17	8%	1,724	-	-	(138)	1,586
13	38	30%	681	-	-	(204)	477
14	39	25%	-	-	-	-	-
15	45	45%	68	-	-	(30)	38
16	47	8%	128,542	-	7,922	(10,600)	125,864
17	49	8%	116,586	-	6,781	(9,598)	113,769
18	50	55%	12,252	-	9,848	(9,447)	12,653
19	51	6%	562,389	-	117,143	(37,258)	642,274
20	43.2	50%	4,406	-	-	(2,203)	2,203
21							
22		Total	<u>\$ 2,298,863</u>	<u>\$ -</u>	<u>\$ 179,529</u>	<u>\$ (154,798)</u>	<u>\$ 2,323,594</u>
23							
24	Cross Reference					- Section 11- Sch 15	

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

UTILITY RATE BASE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 17

Line No.	Particulars (1)	2014 APPROVED (2)	2015 FORECAST			Change (6)	Cross Reference (7)
			Existing 2014 Rates (3)	Adjustments (4)	Revised Rates (5)		
							(Column (5) - Column (2))
1	Gas Plant in Service, Beginning	\$ 5,200,892	\$ 5,363,713	\$ -	\$ 5,363,713	\$ 162,821	- Section 11- Sch 22
2	Opening Balance Adjustment	-	-	-	-	-	
3	Gas Plant in Service, Ending	5,370,114	5,525,363	-	5,525,363	155,249	- Section 11- Sch 22
4							
5	Accumulated Depreciation Beginning - Plant	\$ (1,448,554)	\$ (1,566,951)	\$ -	\$ (1,566,951)	\$ (118,397)	- Section 11- Sch 26
6	Opening Balance Adjustment	-	-	-	-	-	
7	Accumulated Depreciation Ending - Plant	(1,573,330)	(1,693,014)	-	(1,693,014)	(119,684)	- Section 11- Sch 26
8							
9	CIAC, Beginning	\$ (437,908)	\$ (445,116)	\$ -	\$ (445,116)	\$ (7,208)	- Section 11- Sch 28
10	Opening Balance Adjustment	-	14,550	-	14,550	14,550	
11	CIAC, Ending	(430,535)	(425,297)	-	(425,297)	5,238	- Section 11- Sch 28
12							
13	Accumulated Amortization Beginning - CIAC	\$ 123,875	\$ 131,679	\$ -	\$ 131,679	\$ 7,804	- Section 11- Sch 28
14	Opening Balance Adjustment	-	(1,548)	-	(1,548)	(1,548)	
15	Accumulated Amortization Ending - CIAC	130,598	137,340	-	137,340	6,742	- Section 11- Sch 28
16							
17	Net Plant in Service, Mid-Year	<u>\$ 3,467,576</u>	<u>\$ 3,520,360</u>	<u>\$ -</u>	<u>\$ 3,520,360</u>	<u>\$ 52,784</u>	
18							
19	Adjustment to 13-Month Average	-	-	-	-	-	
20	Work in Progress, No AFUDC	31,688	36,377	-	36,377	4,689	
21	Unamortized Deferred Charges	17,890	20,283	-	20,283	2,393	- Section 11- Sch 30
22	Cash Working Capital	707	(1,492)	370	(1,122)	(1,829)	- Section 11- Sch 33
23	Other Working Capital	93,949	81,318	-	81,318	(12,631)	- Section 11- Sch 33
24	Deferred Income Taxes Regulatory Asset	405,146	395,930	-	395,930	(9,216)	- Section 11- Sch 37
25	Deferred Income Taxes Regulatory Liability	(405,146)	(395,930)	-	(395,930)	9,216	- Section 11- Sch 37
26	LILO Benefit	(983)	(817)	-	(817)	166	
27	<b>Utility Rate Base</b>	<u>\$ 3,610,827</u>	<u>\$ 3,656,029</u>	<u>\$ 370</u>	<u>\$ 3,656,399</u>	<u>\$ 45,572</u>	- Section 11- Sch 38
28							- Section 11- Sch 3

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

FORMULA CAPITAL EXPENDITURES  
FOR THE YEARS ENDING DECEMBER 31, 2014 TO 2015

Schedule 18

Line No.	Particulars	2013 Base	2014 FEI Formula	Adjustments to Base	2014 Amalgamated Base	2015 Formula	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1					column (5)=(3)+(4)		
2							
3	<b>Cost Drivers for Formulaic Capital</b>						
4	CPI		0.473%			0.884%	
5	AWE		2.277%			1.646%	
6	Labour Split						
7	Non-Labour		45.000%			45.000%	
8	Labour		55.000%			55.000%	
9	CPI/AWE		1.460%			1.303%	
10	Productivity Factor		-1.100%			-1.100%	
11	Net Inflation Factor		0.360%			0.203%	
12							
13	Average Customer Growth		0.260%			0.614%	
14	Service Line Addition Growth		-0.688%			-5.615%	
15	Service Line Additions						
16	FEI	7,989	7,934		7,934		
17	FEVI			2,167	2,167		
18	FEW			55	55		
19	Total (Column 6 = Column 5 x (1 + (Line 14, Column 6)))	7,989	7,934	2,222	10,156	9,586	
20							
21	Service Line Additions per Customer (prior year * (1 + line 11))	2,739	2,749		2,965	2,971	
22							
23	FEI	21,881	21,809	(331)	21,478		
24	FEVI		8,802	(424)	8,378		
25	FEW		258		258		
26	<b>Formulaic Growth Capital (Line 19 * Line 21)</b>	<b>21,881</b>	<b>30,869</b>	<b>(755)</b>	<b>30,114</b>	<b>28,480</b>	
27							
28	FEI	99,243	99,859	(1,516)	98,343		
29	FEVI		20,166	(2,390)	17,776		
30	FEW		142		142		
31	<b>Formulaic Sustainment/Other Capital (prior year * (1 + Line 11)) * (1 + Line 13))</b>	<b>99,243</b>	<b>120,167</b>	<b>(3,906)</b>	<b>116,261</b>	<b>117,213</b>	
32							
33	<b>Capital Tracked Outside of the Formula</b>						
34	Pension & OPEB (Capital Portion)		2,068	1,668	3,736	4,324	
35	Bio-Methane Upgraders		1,468		1,468	-	
36	Bio-Methane Interconnect		3,700		3,700	2,897	
37	NGT Assets		3,356	1,146	4,502	3,390	
38		-	10,592	2,814	13,406	10,611	
39							
40	<b>Total Capital expenditures Net of CIAC</b>		<b>161,627</b>			<b>156,304</b>	- Section 11- Sch 22 - Section 11- Sch 28
41							
42	Contributions In Aid Of Construction					6,448	
43							
44	<b>Total Capital expenditures before CIAC</b>					<b>162,752</b>	- Section 11- Sch 19

FORTISBC ENERGY INC.

Section 11

CAPITAL EXPENDITURES AND PLANT ADDITIONS  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000)

Schedule 19

Line No.	Particulars (1)	2015 Forecast (2)	Cross Reference (3)
1	<b>CAPITAL EXPENDITURES</b>		
2			
3	Growth Capital Expenditures	\$ 28,480	- Section 11- Sch 18
4	Sustaiment and Other Capital Expenditures	117,213	- Section 11- Sch 18
5	Forecast Capital Expenditures	10,611	- Section 11- Sch 18
6	CIAC	6,448	- Section 11- Sch 28
7	Total Regular Capital Expenditures	<u>\$ 162,752</u>	- Section 11- Sch 18
8			
9	<u>Special Projects - CPCN's</u>		
10			
11	Huntingdon Station	7,654	
12	Tilbury Expansion	156,463	
13	Total CPCN's	<u>\$ 164,117</u>	
14			
15	TOTAL CAPITAL EXPENDITURES	<u>\$ 326,869</u>	
16			
17			
18	<b>RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT ADDITIONS</b>		
19			
20	<u>Regular Capital</u>		
21	Regular Capital Expenditures	\$ 162,752	
22	Add - Opening WIP	64,926	
23	Less - Closing WIP	(60,516)	
24	Subtotal	167,162	
25	Add - AFUDC	1,996	
26	Add - Overhead Capitalized	32,548	- Section 11- Sch 11
27			
28	TOTAL REGULAR CAPITAL ADDITIONS TO GAS PLANT IN SERVICE	<u>\$ 201,706</u>	
29			
30	<u>Special Projects - CPCN's</u>		
31	CPCN Expenditures	\$ 164,117	
32	Add - Opening WIP	150,677	
33	Less - Closing WIP	(329,488)	
34	Subtotal	(14,694)	
35	Add - AFUDC	14,694	
36			
37	TOTAL CPCN ADDITIONS	<u>\$ -</u>	- Section 11- Sch 22
38			
39	TOTAL PLANT ADDITIONS	<u>\$ 201,706</u>	
40			

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

GAS PLANT IN SERVICE CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 20

Line No.	Particulars	Balance 12/31/2014	CPCN'S	2015 Additions	2015 AFUDC	2015 CapOH	Retirements	Transfers/ Recovery	Balance 12/31/2015	Mid-year GPIS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	<b>INTANGIBLE PLANT</b>									
2	117-00 Utility Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	175-00 Unamortized Conversion Expense	109	-	-	-	-	-	-	109	109
4	175-00 Unamortized Conversion Expense - Squamish	777	-	-	-	-	-	-	777	777
5	178-00 Organization Expense	728	-	-	-	-	-	-	728	728
6	179-01 Other Deferred Charges	-	-	-	-	-	-	-	-	-
7	401-00 Franchise and Consents	297	-	-	-	-	-	-	297	297
8	402-00 Utility Plant Acquisition Adjustment	62	-	-	-	-	-	-	62	62
9	402-00 Other Intangible Plant	1,907	-	-	-	-	-	-	1,907	1,907
10	431-00 Mfg'd Gas Land Rights	-	-	-	-	-	-	-	-	-
11	461-00 Transmission Land Rights	53,001	-	492	16	-	-	-	53,509	53,255
12	461-02 Transmission Land Rights - Mt. Hayes	610	-	-	-	-	-	-	610	610
13	461-10 Transmission Land Rights - Byron Creek	16	-	-	-	-	-	-	16	16
14	461-13 IP Land Rights Whistler	24	-	-	-	-	-	-	24	24
15	471-00 Distribution Land Rights	3,166	-	-	-	-	-	-	3,166	3,166
16	471-10 Distribution Land Rights - Byron Creek	1	-	-	-	-	-	-	1	1
17	402-01 Application Software - 12.5%	110,881	-	7,241	244	-	(10,274)	-	108,092	109,487
18	402-02 Application Software - 20%	25,017	-	6,391	141	-	(3,581)	-	27,968	26,493
19	TOTAL INTANGIBLE	196,596	-	14,124	401	-	(13,855)	-	197,266	196,931
20										
21	<b>MANUFACTURED GAS / LOCAL STORAGE</b>									
22	430-00 Manufact'd Gas - Land	31	-	-	-	-	-	-	31	31
23	431-00 Manufact'd Gas - Land Rights	-	-	-	-	-	-	-	-	-
24	432-00 Manufact'd Gas - Struct. & Improvements	998	-	-	-	-	-	-	998	998
25	433-00 Manufact'd Gas - Equipment	759	-	263	6	84	-	-	1,112	936
26	434-00 Manufact'd Gas - Gas Holders	2,940	-	-	-	-	-	-	2,940	2,940
27	436-00 Manufact'd Gas - Compressor Equipment	367	-	-	-	-	-	-	367	367
28	437-00 Manufact'd Gas - Measuring & Regulating Equipmer	875	-	-	-	-	-	-	875	875
29	443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes)	-	-	-	-	-	-	-	-	-
30	440/441-00 Land in Fee Simple and Land Rights (Tilbury)	15,164	-	-	-	-	-	-	15,164	15,164
31	442-00 Structures & Improvements (Tilbury)	4,959	-	-	-	-	-	-	4,959	4,959
32	443-00 Gas Holders - Storage (Tilbury)	16,499	-	-	-	-	-	-	16,499	16,499
33	446-00 Compressor Equipment (Tilbury)	-	-	-	-	-	-	-	-	-
34	447-00 Measuring & Regulating Equipment (Tilbury)	-	-	-	-	-	-	-	-	-
35	448-00 Purification Equipment (Tilbury)	-	-	-	-	-	-	-	-	-
36	449-00 Local Storage Equipment (Tilbury)	27,277	-	1,941	67	621	-	-	29,906	28,592
37	440/441-00 Land in Fee Simple and Land Rights (Mount Ha)	1,083	-	-	-	-	-	-	1,083	1,083
38	442-00 Structures & Improvements (Mount Hayes)	17,284	-	-	-	-	-	-	17,284	17,284
39	443-00 Gas Holders - Storage (Mount Hayes)	60,112	-	-	-	-	-	-	60,112	60,112
40	446-00 Compressor Equipment (Mount Hayes)	-	-	-	-	-	-	-	-	-
41	447-00 Measuring & Regulating Equipment (Mount Hayes)	-	-	-	-	-	-	-	-	-
42	448-00 Purification Equipment (Mount Hayes)	-	-	-	-	-	-	-	-	-
43	448-10 Piping (Mount Hayes)	11,488	-	-	-	-	-	-	11,488	11,488
44	448-20 Pre-treatment (Mount Hayes)	28,714	-	-	-	-	-	-	28,714	28,714
45	448-30 Liquefaction Equipment (Mount Hayes)	28,714	-	-	-	-	-	-	28,714	28,714
46	448-40 Send out Equipment (Mount Hayes)	22,960	-	-	-	-	-	-	22,960	22,960
47	448-50 Sub-station and Electric (Mount Hayes)	21,644	-	-	-	-	-	-	21,644	21,644
48	448-60 Control Room (Mount Hayes)	5,900	-	-	-	-	-	-	5,900	5,900
49	449-00 Local Storage Equipment (Mount Hayes)	1,354	-	4,800	-	-	-	-	6,154	3,754
50	TOTAL MANUFACTURED	269,122	-	7,004	73	705	-	-	276,904	273,013

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 21

Line No.	Particulars	Balance 12/31/2014	CPCN'S	2015 Additions	2015 AFUDC	2015 CapOH	Retirements	Transfers/ Recovery	Balance 12/31/2015	Mid-year GPIS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	<b>TRANSMISSION PLANT</b>									
2	460-00 Land in Fee Simple	\$ 10,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,627	\$ 10,627
3	461-00 Transmission Land Rights	1	-	-	-	-	-	-	1	1
4	461-02 Land Rights - Mt. Hayes	-	-	-	-	-	-	-	-	-
5	462-00 Compressor Structures	29,371	-	-	-	-	-	-	29,371	29,371
6	463-00 Measuring Structures	14,036	-	-	-	-	(21)	-	14,015	14,026
7	464-00 Other Structures & Improvements	6,485	-	-	-	-	-	-	6,485	6,485
8	465-00 Mains	1,154,448	-	11,489	512	3,677	(392)	-	1,169,734	1,162,091
9	465-00 Mains - INSPECTION	15,232	-	1,991	59	637	(1,226)	-	16,693	15,963
10	465-11 IP Transmission Pipeline - Whistler	42,173	-	-	-	-	-	-	42,173	42,173
11	465-30 Mains - Mt Hayes	6,299	-	-	-	-	-	-	6,299	6,299
12	465-10 Mains - Byron Creek	974	-	-	-	-	-	-	974	974
13	466-00 Compressor Equipment	180,884	-	2,187	109	700	(426)	-	183,454	182,169
14	466-00 Compressor Equipment - OVERHAUL	3,856	-	-	-	-	-	-	3,856	3,856
15	467-00 Measuring and Regulating Equipment - Mt. Hayes	5,342	-	-	-	-	-	-	5,342	5,342
16	467-00 Measuring & Regulating Equipment	48,106	-	-	-	-	(150)	-	47,956	48,031
17	467-10 Telemetry	12,039	-	276	15	88	(28)	-	12,390	12,215
18	467-31 IP Intermediate Pressure Whistler	313	-	-	-	-	-	-	313	313
19	467-20 Measuring & Regulating Equipment - Byron Creek	39	-	-	-	-	-	-	39	39
20	468-00 Communication Structures & Equipment	4,245	-	-	-	-	-	-	4,245	4,245
21	<b>TOTAL TRANSMISSION</b>	<b>1,534,470</b>	<b>-</b>	<b>15,943</b>	<b>695</b>	<b>5,102</b>	<b>(2,243)</b>	<b>-</b>	<b>1,553,967</b>	<b>1,544,219</b>
22										
23	<b>DISTRIBUTION PLANT</b>									
24	470-00 Land in Fee Simple	4,207	-	-	-	-	-	-	4,207	4,207
25	471-00 Distribution Land Rights	-	-	-	-	-	-	-	-	-
26	472-00 Structures & Improvements	21,566	-	-	-	-	(93)	-	21,473	21,520
27	472-10 Structures & Improvements - Byron Creek	107	-	-	-	-	-	-	107	107
28	473-00 Services	1,026,527	-	31,370	-	10,041	(3,467)	-	1,064,471	1,045,499
29	474-00 House Regulators & Meter Installations	199,026	-	-	-	-	(1,609)	-	197,417	198,222
30	477-00 Meters/Regulators Installations	72,150	-	21,275	4	6,809	-	-	100,238	86,194
31	475-00 Mains	1,311,121	-	22,307	87	7,143	(1,380)	-	1,339,278	1,325,200
32	476-00 Compressor Equipment	1,110	-	-	-	-	-	-	1,110	1,110
33	477-00 Measuring & Regulating Equipment	113,773	-	7,203	306	2,305	(818)	-	122,769	118,271
34	477-00 Telemetry	9,443	-	807	10	258	(6)	-	10,512	9,978
35	477-10 Measuring & Regulating Equipment - Byron Creek	163	-	-	-	-	-	-	163	163
36	478-10 Meters	231,190	-	14,276	-	-	(6,909)	-	238,557	234,874
37	478-20 Instruments	11,944	-	-	-	-	-	-	11,944	11,944
38	479-00 Other Distribution Equipment	-	-	-	-	-	-	-	-	-
39	<b>TOTAL DISTRIBUTION</b>	<b>3,002,327</b>	<b>-</b>	<b>97,238</b>	<b>407</b>	<b>26,556</b>	<b>(14,282)</b>	<b>-</b>	<b>3,112,246</b>	<b>3,057,287</b>
40										
41	<b>BIO GAS</b>									
42	472-00 Bio Gas Struct. & Improvements	185	-	-	-	-	-	-	185	185
43	475-10 Bio Gas Mains – Municipal Land	80	-	-	-	-	-	-	80	80
44	475-20 Bio Gas Mains – Private Land	472	-	579	-	185	-	-	1,236	854
45	418-10 Bio Gas Purification Overhaul	993	-	-	-	-	-	-	993	993
46	418-20 Bio Gas Purification Upgrader	6,339	-	-	-	-	-	-	6,339	6,339
47	477-10 Bio Gas Reg & Meter Equipment	783	-	-	-	-	-	-	783	783
48	478-30 Bio Gas Meters	658	-	1,159	-	-	-	-	1,817	1,238
49	474-10 Bio Gas Reg & Meter Installations	670	-	1,159	-	-	-	-	1,829	1,250
50	<b>TOTAL BIO-GAS</b>	<b>10,180</b>	<b>-</b>	<b>2,897</b>	<b>-</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>13,262</b>	<b>11,721</b>

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 22

Line No.	Particulars (1)	Balance 12/31/2014 (2)	CPCN'S (3)	2015 Additions (4)	2015 AFUDC (5)	2015 CapOH (6)	Retirements (7)	Transfers/ Recovery (8)	Balance 12/31/2015 (9)	Mid-year GPIS (10)
1	<b>Natural Gas for Transportation</b>									
2	476-10 NG Transportation CNG Dispensing Equipment	\$ 6,216	\$ -	\$ 2,096	\$ 6	\$ -	\$ -	\$ -	\$ 8,318	\$ 7,267
3	476-20 NG Transportation LNG Dispensing Equipment	4,009	-	800	-	-	-	-	4,809	4,409
4	476-30 NG Transportation CNG Foundations	970	-	104	-	-	-	-	1,074	1,022
5	476-40 NG Transportation LNG Foundations	556	-	-	-	-	-	-	556	556
6	476-50 NG Transportation LNG Pumps	63	-	-	-	-	-	-	63	63
7	476-60 NG Transportation CNG Dehydrator	244	-	-	-	-	-	-	244	244
8	476-70 NG Transportation LNG Dehydrator	-	-	-	-	-	-	-	-	-
9	TOTAL NG FOR TRANSPORTATION	<u>12,058</u>	<u>-</u>	<u>3,000</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,064</u>	<u>13,561</u>
10										
11	<b>GENERAL PLANT &amp; EQUIPMENT</b>									
12	480-00 Land in Fee Simple	29,700	-	402	-	-	-	-	30,102	29,901
13	481-00 Land Rights	-	-	-	-	-	-	-	-	-
14	482-00 Structures & Improvements	-	-	-	-	-	-	-	-	-
15	- Frame Buildings	16,288	-	-	-	-	-	-	16,288	16,288
16	- Masonry Buildings	113,046	-	6,230	114	-	-	-	119,390	116,218
17	- Leasehold Improvement	4,723	-	204	2	-	(69)	-	4,860	4,792
18	Office Equipment & Furniture	-	-	-	-	-	-	-	-	-
19	483-30 GP Office Equipment	4,401	-	599	4	-	(172)	-	4,832	4,617
20	483-40 GP Furniture	20,220	-	2,020	16	-	(683)	-	21,573	20,897
21	483-10 GP Computer Hardware	42,109	-	9,848	266	-	(3,380)	-	48,843	45,476
22	483-20 GP Computer Software	4,715	-	-	-	-	(274)	-	4,441	4,578
23	483-21 GP Computer Software	-	-	-	-	-	-	-	-	-
24	483-22 GP Computer Software	-	-	-	-	-	-	-	-	-
25	484-00 Vehicles	9,429	-	2,800	1	-	-	-	12,230	10,830
26	484-00 Vehicles - Leased	29,180	-	-	-	-	(1,578)	-	27,602	28,391
27	485-10 Heavy Work Equipment	876	-	-	-	-	-	-	876	876
28	485-20 Heavy Mobile Equipment	2,737	-	-	-	-	-	-	2,737	2,737
29	486-00 Small Tools & Equipment	49,477	-	3,576	-	-	(1,807)	-	51,246	50,362
30	487-00 Equipment on Customer's Premises	24	-	-	-	-	-	-	24	24
31	- VRA Compressor Installation Costs	-	-	-	-	-	-	-	-	-
32	488-00 Communications Equipment	-	-	-	-	-	-	-	-	-
33	- Telephone	6,431	-	-	-	-	(279)	-	6,152	6,292
34	- Radio	5,604	-	1,277	11	-	(1,434)	-	5,458	5,531
35	489-00 Other General Equipment	-	-	-	-	-	-	-	-	-
36	TOTAL GENERAL	<u>338,960</u>	<u>-</u>	<u>26,956</u>	<u>414</u>	<u>-</u>	<u>(9,676)</u>	<u>-</u>	<u>356,654</u>	<u>347,807</u>
37										
38	<b>UNCLASSIFIED PLANT</b>									
39	499-00 Plant Suspense	-	-	-	-	-	-	-	-	-
40	TOTAL UNCLASSIFIED	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
41										
42	TOTAL CAPITAL	<u>\$ 5,363,713</u>	<u>\$ -</u>	<u>\$ 167,162</u>	<u>\$ 1,996</u>	<u>\$ 32,548</u>	<u>\$ (40,056)</u>	<u>\$ -</u>	<u>\$ 5,525,363</u>	<u>\$ 5,444,538</u>
43										
44	Cross Reference	- Section 11- Sch 17		- Section 11- Sch 19					- Section 11- Sch 17	
45				- Section 11- Sch 19		- Section 11- Sch 19				

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

GAS PLANT IN SERVICE CONTINUITY SCHEDULE - NON REGULATED  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 23

Line No.	Particulars (1)	Balance 12/31/2014 (2)	CPCN'S (3)	2015 Additions (4)	2015 AFUDC (5)	2015 CapOH (6)	Retirements (7)	Transfers/ Recovery (8)	Balance 12/31/2015 (9)
1	<b>Non-Regulated Plant</b>								
2	Land	\$ 1,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054
3	BC Hydro Premium	176,594	-	-	-	-	-	-	176,594
4	Mobile Refueling Station	744	-	-	-	-	-	-	744
5									
6									
7	TOTAL NON-REGULATED PLANT	<u>\$ 178,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,392</u>
8									

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 24

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2015 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2014 (7)	12/31/2015 (8)
1	<b>INTANGIBLE PLANT</b>							
2	117-00 Utility Plant Acquisition Adjustment	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
3	175-00 Unamortized Conversion Expense	109	0.92%	1	-	-	57	58
4	175-00 Unamortized Conversion Expense - Squamish	777	10.04%	78	-	-	579	657
5	178-00 Organization Expense	728	0.96%	7	-	-	407	414
6	179-01 Other Deferred Charges	-	0.00%	-	-	-	-	-
7	401-00 Franchise and Consents	297	2.02%	4	-	-	194	198
8	402-00 Utility Plant Acquisition Adjustment	62	0.00%	-	-	-	62	62
9	402-00 Other Intangible Plant	1,907	2.05%	39	-	-	953	992
10	431-00 Mfg'd Gas Land Rights	-	0.00%	-	-	-	-	-
11	461-00 Transmission Land Rights	53,001	0.00%	-	-	-	1,766	1,766
12	461-02 Transmission Land Rights - Mt. Hayes	610	0.00%	-	-	-	-	-
13	461-10 Transmission Land Rights - Byron Creek	16	0.00%	-	-	-	19	19
14	461-13 IP Land Rights Whistler	24	0.00%	-	-	-	-	-
15	471-00 Distribution Land Rights	3,166	0.00%	-	-	-	248	248
16	471-10 Distribution Land Rights - Byron Creek	1	0.00%	-	-	-	1	1
17	402-01 Application Software - 12.5%	110,881	12.50%	13,860	-	(10,274)	48,545	52,131
18	402-02 Application Software - 20%	25,017	20.00%	5,003	-	(3,581)	10,957	12,379
19	TOTAL INTANGIBLE	196,596		18,992	-	(13,855)	63,788	68,925
20								
21	<b>MANUFACTURED GAS / LOCAL STORAGE</b>							
22	430-00 Manufact'd Gas - Land	31	0.00%	-	-	-	-	-
23	431-00 Manufact'd Gas - Land Rights	-	0.00%	-	-	-	-	-
24	432-00 Manufact'd Gas - Struct. & Improvements	998	3.40%	34	-	-	220	254
25	433-00 Manufact'd Gas - Equipment	759	6.54%	50	-	-	148	198
26	434-00 Manufact'd Gas - Gas Holders	2,940	2.35%	69	-	-	374	443
27	436-00 Manufact'd Gas - Compressor Equipment	367	5.19%	19	-	-	75	94
28	437-00 Manufact'd Gas - Measuring & Regulating Equipment	875	15.89%	139	-	-	628	767
29	443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes)	-	0.00%	-	-	-	-	-
30	440/441-00 Land in Fee Simple and Land Rights (Tilbury)	15,164	0.00%	-	-	-	1	1
31	442-00 Structures & Improvements (Tilbury)	4,959	3.57%	177	-	-	3,143	3,320
32	443-00 Gas Holders - Storage (Tilbury)	16,499	1.93%	318	-	-	11,358	11,676
33	446-00 Compressor Equipment (Tilbury)	-	0.00%	-	-	-	-	-
34	447-00 Measuring & Regulating Equipment (Tilbury)	-	0.00%	-	-	-	-	-
35	448-00 Purification Equipment (Tilbury)	-	0.00%	-	-	-	-	-
36	449-00 Local Storage Equipment (Tilbury)	27,277	4.24%	1,157	-	-	13,024	14,181
37	440/441-00 Land in Fee Simple and Land Rights (Mount Hayes)	1,083	0.00%	-	-	-	-	-
38	442-00 Structures & Improvements (Mount Hayes)	17,284	4.00%	691	-	-	2,474	3,165
39	443-00 Gas Holders - Storage (Mount Hayes)	60,112	1.67%	1,004	-	-	3,596	4,600
40	446-00 Compressor Equipment (Mount Hayes)	-	0.00%	-	-	-	-	-
41	447-00 Measuring & Regulating Equipment (Mount Hayes)	-	0.00%	-	-	-	-	-
42	448-00 Purification Equipment (Mount Hayes)	-	0.00%	-	-	-	-	-
43	448-10 Piping (Mount Hayes)	11,488	2.50%	287	-	-	1,028	1,315
44	448-20 Pre-treatment (Mount Hayes)	28,714	4.00%	1,149	-	-	4,114	5,263
45	448-30 Liquefaction Equipment (Mount Hayes)	28,714	2.50%	718	-	-	2,571	3,289
46	448-40 Send out Equipment (Mount Hayes)	22,960	2.50%	574	-	-	2,056	2,630
47	448-50 Sub-station and Electric (Mount Hayes)	21,644	2.50%	541	-	-	1,938	2,479
48	448-60 Control Room (Mount Hayes)	5,900	6.68%	394	-	-	1,410	1,804
49	449-00 Local Storage Equipment (Mount Hayes)	1,354	3.03%	41	-	-	3	44
50	TOTAL MANUFACTURED	269,122		7,362	-	-	48,161	55,523

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 25

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2015 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2014 (7)	12/31/2015 (8)
1	<b>TRANSMISSION PLANT</b>							
2	460-00 Land in Fee Simple	\$ 10,627	0.00%	\$ -	\$ -	\$ -	\$ 503	\$ 503
3	461-00 Transmission Land Rights	1	0.00%	-	-	-	-	-
4	461-02 Land Rights - Mt. Hayes	-	0.00%	-	-	-	-	-
5	462-00 Compressor Structures	29,371	3.66%	1,075	-	-	13,453	14,528
6	463-00 Measuring Structures	14,036	3.37%	473	-	(21)	5,847	6,299
7	464-00 Other Structures & Improvements	6,485	2.84%	184	-	-	2,278	2,462
8	465-00 Mains	1,154,448	1.47%	16,970	-	(392)	345,123	361,701
9	465-00 Mains - INSPECTION	15,232	14.72%	2,242	-	(1,226)	5,690	6,706
10	465-11 IP Transmission Pipeline - Whistler	42,173	1.43%	603	-	-	3,278	3,881
11	465-30 Mains - Mt Hayes	6,299	1.54%	97	-	-	404	501
12	465-10 Mains - Byron Creek	974	5.03%	49	-	-	1,084	1,133
13	466-00 Compressor Equipment	180,884	2.88%	5,209	-	(426)	73,651	78,434
14	466-00 Compressor Equipment - OVERHAUL	3,856	20.17%	778	-	-	2,138	2,916
15	467-00 Measuring and Regulating Equipment - Mt. Hayes	5,342	3.71%	198	-	-	780	978
16	467-00 Measuring & Regulating Equipment	48,106	4.28%	2,059	-	(150)	19,358	21,267
17	467-10 Telemetry	12,039	0.84%	101	-	(28)	6,442	6,515
18	467-31 IP Intermediate Pressure Whistler	313	4.15%	13	-	-	63	76
19	467-20 Measuring & Regulating Equipment - Byron Creek	39	0.00%	-	-	-	10	10
20	468-00 Communication Structures & Equipment	4,245	11.35%	482	-	-	3,843	4,325
21	TOTAL TRANSMISSION	1,534,470		30,533	-	(2,243)	483,945	512,235
22								
23	<b>DISTRIBUTION PLANT</b>							
24	470-00 Land in Fee Simple	4,207	0.00%	-	-	-	(9)	(9)
25	471-00 Distribution Land Rights	-	0.00%	-	-	-	-	-
26	472-00 Structures & Improvements	21,566	3.30%	712	-	(93)	7,210	7,829
27	472-10 Structures & Improvements - Byron Creek	107	4.67%	5	-	-	43	48
28	473-00 Services	1,026,527	2.37%	24,158	-	(3,467)	225,311	246,002
29	474-00 House Regulators & Meter Installations	199,026	7.36%	13,782	-	(1,609)	53,815	65,988
30	477-00 Meters/Regulators Installations	72,150	4.55%	3,283	-	-	3,641	6,924
31	475-00 Mains	1,311,121	1.55%	20,489	-	(1,380)	416,632	435,741
32	476-00 Compressor Equipment	1,110	26.58%	295	-	-	1,261	1,556
33	477-00 Measuring & Regulating Equipment	113,773	4.71%	5,359	-	(818)	38,366	42,907
34	477-00 Telemetry	9,443	0.26%	25	-	(6)	6,085	6,104
35	477-10 Measuring & Regulating Equipment - Byron Creek	163	0.00%	-	-	-	216	216
36	478-10 Meters	231,190	7.82%	17,492	-	(6,909)	103,643	114,226
37	478-20 Instruments	11,944	3.15%	376	-	-	2,051	2,427
38	479-00 Other Distribution Equipment	-	0.00%	-	-	-	-	-
39	TOTAL DISTRIBUTION	3,002,327		85,976	-	(14,282)	858,265	929,959
40								
41	<b>BIO GAS</b>							
42	472-00 Bio Gas Struct. & Improvements	185	3.78%	7	-	-	24	31
43	475-10 Bio Gas Mains – Municipal Land	80	1.25%	1	-	-	7	8
44	475-20 Bio Gas Mains – Private Land	472	2.44%	12	-	-	2	14
45	418-10 Bio Gas Purification Overhaul	993	13.29%	132	-	-	-	132
46	418-20 Bio Gas Purification Upgrader	6,339	6.67%	423	-	-	263	686
47	477-10 Bio Gas Reg & Meter Equipment	783	4.72%	37	-	-	90	127
48	478-30 Bio Gas Meters	658	10.00%	66	-	-	3	69
49	474-10 Bio Gas Reg & Meter Installations	670	5.22%	35	-	-	4	39
50	TOTAL BIO-GAS	10,180		713	-	-	393	1,106

FORTISBC ENERGY INC.

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2015 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2014 (7)	12/31/2015 (8)
1	<b>Natural Gas for Transportation</b>							
2	476-10 NG Transportation CNG Dispensing Equipment	\$ 6,216	4.99%	\$ 310	\$ -	\$ -	\$ 655	\$ 965
3	476-20 NG Transportation LNG Dispensing Equipment	4,009	5.01%	201	-	-	206	407
4	476-30 NG Transportation CNG Foundations	970	4.95%	48	-	-	76	124
5	476-40 NG Transportation LNG Foundations	556	5.05%	28	-	-	52	80
6	476-50 NG Transportation LNG Pumps	63	9.52%	6	-	-	12	18
7	476-60 NG Transportation CNG Dehydrator	244	5.15%	13	-	-	23	36
8	476-70 NG Transportation LNG Dehydrator	-	0.00%	-	-	-	-	-
9	TOTAL NG FOR TRANSPORTATION	<u>12,058</u>		<u>606</u>	<u>-</u>	<u>-</u>	<u>1,024</u>	<u>1,630</u>
10								
11	<b>GENERAL PLANT &amp; EQUIPMENT</b>							
12	480-00 Land in Fee Simple	29,700	0.00%	-	-	-	17	17
13	481-00 Land Rights	-	0.00%	-	-	-	-	-
14	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-
15	- Frame Buildings	16,288	5.33%	868	-	-	5,956	6,824
16	- Masonry Buildings	113,046	2.23%	2,521	-	-	20,639	23,160
17	- Leasehold Improvement	4,723	9.29%	439	-	(69)	1,286	1,656
18	Office Equipment & Furniture	-	0.00%	-	-	-	-	-
19	483-30 GP Office Equipment	4,401	6.67%	294	-	(172)	3,781	3,903
20	483-40 GP Furniture	20,220	5.00%	1,011	-	(683)	8,152	8,480
21	483-10 GP Computer Hardware	42,109	20.00%	8,422	-	(3,380)	16,674	21,716
22	483-20 GP Computer Software	4,715	12.50%	589	-	(274)	2,080	2,395
23	483-21 GP Computer Software	-	0.00%	-	-	-	-	-
24	483-22 GP Computer Software	-	19.61%	-	-	-	1	1
25	484-00 Vehicles	9,429	16.04%	1,512	-	-	3,847	5,359
26	484-00 Vehicles - Leased	29,180	8.55%	2,495	-	(1,578)	18,690	19,607
27	485-10 Heavy Work Equipment	876	6.47%	57	-	-	409	466
28	485-20 Heavy Mobile Equipment	2,737	16.44%	450	-	-	1,562	2,012
29	486-00 Small Tools & Equipment	49,477	5.00%	2,474	-	(1,807)	21,799	22,466
30	487-00 Equipment on Customer's Premises	24	8.33%	2	-	-	15	17
31	- VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-
32	488-00 Communications Equipment	-	0.00%	-	-	-	-	-
33	- Telephone	6,431	6.67%	429	-	(279)	3,642	3,792
34	- Radio	5,604	6.68%	374	-	(1,434)	2,825	1,765
35	489-00 Other General Equipment	-	0.00%	-	-	-	-	-
36	TOTAL GENERAL	<u>338,960</u>		<u>21,937</u>	<u>-</u>	<u>(9,676)</u>	<u>111,375</u>	<u>123,636</u>
37								
38	<b>UNCLASSIFIED PLANT</b>							
39	499-00 Plant Suspense	-	0.00%	-	-	-	-	-
40	TOTAL UNCLASSIFIED	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
41								
42	TOTALS	<u>\$ 5,363,713</u>		<u>\$ 166,119</u>	<u>\$ -</u>	<u>\$ (40,056)</u>	<u>\$ 1,566,951</u>	<u>\$ 1,693,014</u>
43	Less: Depreciation & Amortization transferred to biomethane BVA			(285)				
44	Less: Vehicle Depreciation Allocated To Capital Projects			(1,526)				
45	<b>Net Depreciation Expense</b>			<u>\$ 164,308</u>				
46								
47	Cross Reference		- Section 11- Sch 22		- Section 11- Sch 13		- Section 11- Sch 17	

FORTISBC ENERGY INC.

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE - NON REGULATED  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2015 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2014 (7)	12/31/2015 (8)
1	<b>Non-Regulated Plant</b>							
2	Land	\$ 1,054	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
3	BC Hydro Premium	176,594	2.40%	4,238	-	-	108,746	112,984
4	Mobile Refueling Station	744	5.00%	37	-	-	44	81
5								
6								
7	TOTAL NON-REGULATED PLANT	<u>\$ 178,392</u>		<u>\$ 4,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,790</u>	<u>\$ 113,065</u>
8								

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

CONTRIBUTIONS IN AID OF CONSTRUCTION  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 28

Line No.	Particulars (1)	Balance	Adjustment	2015 FORECAST		Balance	Cross Reference (7)
		12/31/2014 (2)		(3)	Additions (4)	Retirements (5)	
1	<b>CIAC</b>						
2							
3	Distribution Contributions	\$ 262,840	\$ -	\$ 5,994	\$ -	\$ 268,834	
4							
5	Transmission Contributions	144,672	-	454	-	145,126	
6							
7	Others	722	-	-	-	722	
8							
9	Software Tax Savings - Non-Infrastructure	-	-	-	-	-	
10	- Infrastructure/Custom	6,786	-	-	(1,717)	5,069	
11							
12	FEW Contribution for Whistler Pipeline	14,550	(14,550)	-	-	-	
13	Government Loans Contribution	15,000	-	-	(10,000)	5,000	
14							
15	Biomethane	546	-	-	-	546	
16							
17	TOTAL Contributions	445,116	(14,550)	6,448	(11,717)	425,297	- Section 11- Sch 17
18							
19							
20							
21	<b>Amortization</b>						
22							
23	Distribution Contributions	(81,975)	-	(4,958)	-	(86,933)	
24							
25	Transmission Contributions	(42,986)	-	(2,608)	-	(45,594)	
26							
27	Others	(391)	-	(108)	-	(499)	
28							
29	Software Tax Savings - Non-Infrastructure	-	-	-	-	-	
30	- Infrastructure/Custom	(5,090)	-	(848)	1,717	(4,221)	
31							
32	FEW Contribution for Whistler Pipeline	(1,180)	1,548	(368)	-	-	
33	Government Loans Contribution	-	-	-	-	-	
34							
35	Biomethane	(57)	-	(36)	-	(93)	
36							
37	TOTAL CIAC Amortization	(131,679)	1,548	(8,926)	1,717	(137,340)	- Section 11- Sch 17
38							
39	<b>NET CONTRIBUTIONS</b>	<u>\$ 313,437</u>	<u>\$ (13,002)</u>	<u>\$ (2,478)</u>	<u>\$ (10,000)</u>	<u>\$ 287,957</u>	
40							
41							- Section 11- Sch 13
42							

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 29

Line No.	Particulars (1)	Forecast	Opening	Gross	Less-	Net	Amortization	Recoveries		Balance	Mid-Year
		Balance	Bal. Transfer /					Additions	Taxes		
		12/31/2014	Adjustment	(4)	(5)	(6)	(7)	(8)	(9)	(10)	2015
1	<u>Margin Related Deferral Accounts</u>										
2	Commodity Cost Reconciliation Account (CCRA)	\$ 4	\$ -	\$ (5)	\$ 1	\$ (4)	\$ -	\$ -	\$ -	\$ (0)	\$ 2
3	Midstream Cost Reconciliation Account (MCRA)	(8,151)	-	106	(28)	78	-	5,508	(1,432)	(3,997)	(6,074)
4	Revenue Stabilization Adjustment Mechanism (RSAM)	767	-	-	-	-	-	7,236	(1,881)	6,122	3,444
5	Interest on CCRA / MCRA / RSAM / Gas Storage	(4,301)	-	1,338	(348)	990	295	22	(6)	(3,001)	(3,651)
6	Revelstoke Propane Cost Deferral Account	124	-	(167)	43	(124)	-	-	-	(0)	62
7	SCP Mitigation Revenues Variance Account	(851)	-	-	-	-	652	-	-	(199)	(525)
8											
9	<u>Energy Policy Deferral Accounts</u>										
10	Energy Efficiency & Conservation (EEC)	56,724	185	15,000	(3,900)	11,100	(6,302)	-	-	61,707	59,308
11	NGV Conversion Grants	37	-	45	(12)	33	(10)	-	-	60	49
12	Emmissions Regulations	3	-	-	-	-	-	-	-	3	3
13	On-Bill Financing Pilot Program	-	-	-	-	-	-	-	-	-	-
14	NGT Incentives	13,096	-	4,270	(1,110)	3,159	(1,446)	-	-	14,809	13,952
15	CNG and LNG Recoveries	(112)	-	-	-	-	112	-	-	0	(56)
16											
17	<u>Non-Controllable Items Deferral Accounts</u>										
18	Pension & OPEB Variance	11,191	-	-	-	-	(6,179)	-	-	5,012	8,101
19	BCUC Levies Variance	281	-	-	-	-	(281)	-	-	0	141
20	Customer Service Variance Account	(13,828)	-	-	-	-	3,456	-	-	(10,371)	(12,099)
21	Pension & OPEB Funding	(205,340)	10,054	(451)	-	(451)	-	-	-	(195,737)	(195,512)
22	US GAAP Pension & OPEB Funded Status	136,125	(10,054)	-	-	-	-	-	-	126,071	126,071

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION (Continued)  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 30

Line No.	Particulars	Forecast Balance 12/31/2014 (2)	Opening Bal. Transfer / Adjustment (3)	Gross Additions (4)	Less-Taxes (5)	Net Additions (6)	Amortization Expense (7)	Recoveries Rider (8)	Tax on Rider (9)	Balance 12/31/2015 (10)	Mid-Year Average 2015 (11)
1	<u>Application Costs Deferral Accounts</u>										
2	2014-2019 PBR Requirements	\$ 1,048	\$ -	\$ -	\$ -	\$ -	\$ (210)	\$ -	\$ -	\$ 838	\$ 943
3	2014 Long Term Resource Plan Application	46	-	-	-	-	(46)	-	-	0	23
4	AES Inquiry Cost	387	-	-	-	-	(132)	-	-	255	321
5	Generic Cost of Capital Application	843	-	-	-	-	(832)	-	-	11	427
6	2016 Cost of Capital Application	-	-	500	(130)	370	-	-	-	370	185
7	Amalgamation and Rate Design Application Costs	930	-	-	-	-	(462)	-	-	468	699
8	2015-2019 Annual Review Costs	-	-	275	(72)	204	-	-	-	204	102
9	2017 Rate Design Application	-	-	250	(65)	185	-	-	-	185	93
10	2017 Long Term Resource Plan Application	-	-	250	(65)	185	-	-	-	185	93
11	Huntingdon CPCN Application Costs	-	74	-	-	-	(74)	-	-	-	37
12											
13	<u>Other Deferral Accounts</u>										
14	Whistler Pipeline Conversion	10,897	-	-	-	-	(745)	-	-	10,151	10,524
15	2010-2011 Customer Service O&M and COS	17,811	-	-	-	-	(3,251)	-	-	14,560	16,185
16	Gas Asset Records Project	896	-	1,855	(482)	1,373	(382)	-	-	1,887	1,391
17	BC OneCall Project	690	-	245	(64)	181	(270)	-	-	602	646
18	Gains and Losses on Asset Disposition	35,546	-	-	-	-	(3,902)	-	-	31,644	33,595
19	Negative Salvage Provision/Cost	(31,628)	-	14,009	-	14,009	(21,237)	-	-	(38,856)	(35,242)
20	TESDA Overhead Allocation Variance	174	-	-	-	-	(174)	-	-	-	87
21	PCEC Start Up Costs	920	-	-	-	-	(44)	-	-	876	898
22	2014-2019 Earning Sharing Account	(2,472)	-	-	-	-	-	3,341	(869)	-	(1,236)
23											
24	<u>Residual Deferred Accounts</u>										
25	Depreciation Variance	(11)	-	-	-	-	11	-	-	0	(5)
26	BFI Costs and Recoveries	(100)	-	-	-	-	-	-	-	(100)	(100)
27	Fuelling Stations Variance Account	106	-	-	-	-	(53)	-	-	53	80
28	US GAAP Transitional Costs	(141)	-	-	-	-	70	-	-	(70)	(106)
29	Residual Delivery Rate Riders	22	-	-	-	-	(22)	-	-	(0)	11
30	Property Tax Deferral	(2,904)	-	-	-	-	1,448	-	-	(1,456)	(2,180)
31	Interest Variance	(849)	-	-	-	-	554	-	-	(295)	(572)
32	Interest Variance - Funding benefits via Customer Deposits	342	-	-	-	-	(302)	-	-	40	191
33	Tax Variance Account	19	-	-	-	-	(19)	-	-	0	10
34	NGV for Transportation Application	2	-	-	-	-	(2)	-	-	0	1
35	Rate Schedule 16 Application Costs	21	-	-	-	-	(21)	-	-	-	11
36	Gas Cost Variance Account (GCVA)	4,036	(4,036)	-	-	-	-	-	-	0	-
37	FEW 2014 Revenue Surplus/Deficiency	(79)	-	-	-	-	79	-	-	-	(40)
38	Capital Contribution to FEVI	13,002	(13,002)	-	-	-	-	-	-	-	-
39	FEI 2014 Rates Deficiency	1,318	(1,318)	-	-	-	-	-	-	-	-
40											
41	Total Deferred Charges for Rate Base	\$ 36,638	\$ (18,097)	\$ 37,519	\$ (6,230)	\$ 31,289	\$ (39,722)	\$ 16,107	\$ (4,188)	\$ 22,026	\$ 20,283
42	Cross Reference										

- Section 11- Sch 13

- Section 11- Sch 17

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON RATE BASE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 31

Line No.	Particulars	Forecast	Opening	Gross	Less-	Net	Amortization	Recoveries		Balance	Mid-Year
		Balance	Bal. Transfer /					Additions	Taxes		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<u>Non-Rate Base</u>										
2											
3	Biomethane Variance Account	1,364	-	-	-	-	-	-	-	1,364	1,364
4	EEC Incentives for AES / TES	185	(185)	-	-	-	-	-	-	-	-
5	KORP Feasibility Costs	109	-	-	-	-	-	-	-	109	109
6	US GAAP Uncertain Tax Positions	500	-	-	-	-	-	-	-	500	500
7	Mark to Market - Hedging Transactions	(2,800)	-	-	-	-	-	-	-	(2,800)	(2,800)
8	Huntingdon CPCN Application Costs	74	(74)	-	-	-	-	-	-	-	-
9	Huntingdon CPCN Pre-Feasibility Costs	538	-	35	-	35	-	-	-	573	555
10	Amalgamation Regulatory Account	1,413	-	24	-	24	-	(637)	165	966	1,189
11	Flow-Through Account	(2,833)	-	(85)	-	(85)	2,918	-	-	-	(1,417)
12	LMIPSU Application Costs	-	-	1,387	(340)	1,047	-	-	-	1,047	524
13	LMIPSU Development Costs	-	-	2,507	(603)	1,904	-	-	-	1,904	952
14	PEC Pipeline Development Costs and Commitment Fees	7,994	-	1,818	(338)	1,480	-	-	-	9,474	8,734
15	Revenue Stabilization Deferral Account (RSDA)	(74,524)	5,354	(1,497)	389	(1,108)	-	38,857	(10,103)	(41,523)	(55,347)
16	FEW Rider B Refund Deferral	(15)	-	21	(5)	15	-	-	-	0	(8)
17											
18	Total Deferred Charges for Non Rate Base	\$ (67,996)	\$ 5,096	\$ 4,209	\$ (897)	\$ 3,312	\$ 2,918	\$ 38,220	\$ (9,937)	\$ (28,387)	\$ (45,644)

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

NEGATIVE SALVAGE CONTINUITY  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 32

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Salvage Rate % (3)	2015 DEPRECIATION				Ending	
				Provision (Cr.) (4)	Open Bal Transfers (5)	Removal Costs (6)	Proceeds on Disposal (7)	12/31/2014 (8)	12/31/2015 (9)
1	<b>MANUFACTURED GAS / LOCAL STORAGE</b>								
2	442-00 Structures & Improvements (Tilbury)	\$ 4,959	0.36%	\$ 18	\$ -	\$ -	\$ -	\$ 54	\$ 72
3	443-00 Gas Holders - Storage (Tilbury)	16,499	0.40%	66	-	-	-	198	264
4	449-00 Local Storage Equipment (Tilbury)	27,277	0.35%	95	-	-	-	284	379
5	TOTAL MANUFACTURED	<u>48,735</u>		<u>179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>536</u>	<u>715</u>
6									
7	<b>TRANSMISSION PLANT</b>								
8	462-00 Compressor Structures	29,371	0.18%	53	-	-	-	360	413
9	463-00 Measuring Structures	14,036	0.08%	11	-	-	-	119	130
10	464-00 Other Structures & Improvements	6,485	0.14%	9	-	-	-	12	21
11	465-00 Mains	1,154,448	0.10%	1,154	-	-	-	6,984	8,138
12	466-00 Compressor Equipment	180,884	0.28%	506	-	-	-	1,920	2,426
13	467-00 Measuring & Regulating Equipment	48,106	0.19%	91	-	-	-	217	308
14	468-00 Communication Structures & Equipment	4,245	2.11%	90	-	-	-	266	356
15	TOTAL TRANSMISSION	<u>1,437,575</u>		<u>1,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,878</u>	<u>11,792</u>
16									
17	<b>DISTRIBUTION PLANT</b>								
18	472-00 Structures & Improvements	21,566	0.16%	35	-	-	-	118	153
19	473-00 Services	1,026,527	1.17%	11,511	-	(8,837)	-	5,538	8,212
20	474-00 House Regulators & Meter Installations	199,026	0.75%	1,372	-	(4,262)	-	(324)	(3,214)
21	477-00 Meters/Regulators Installations	72,150	0.60%	433	-	-	-	599	1,032
22	475-00 Mains	1,311,121	0.32%	4,069	-	(910)	-	12,079	15,238
23	476-00 Compressor Equipment	1,110	11.43%	127	-	-	-	457	584
24	477-00 Measuring & Regulating Equipment	113,773	0.45%	512	-	-	-	512	1,024
25	478-10 Meters	231,190	0.49%	1,084	-	-	-	2,259	3,343
26	TOTAL DISTRIBUTION	<u>2,976,463</u>		<u>19,143</u>	<u>-</u>	<u>(14,009)</u>	<u>-</u>	<u>21,226</u>	<u>26,360</u>
27									
28	<b>BIO GAS</b>								
29	475-10 Bio Gas Mains – Municipal Land	80	0.33%	-	-	-	-	1	1
30	475-20 Bio Gas Mains – Private Land	472	0.01%	-	-	-	-	1	1
31	478-30 Bio Gas Meters	658	0.22%	1	-	-	-	-	1
32	TOTAL BIO-GAS	<u>1,210</u>		<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>3</u>
33									
34	TOTALS	<u>\$ 4,463,983</u>		<u>\$ 21,237</u>	<u>\$ -</u>	<u>\$ (14,009)</u>	<u>\$ -</u>	<u>\$ 31,629</u>	<u>\$ 38,857</u>

35

Cross Reference

- Section 11- Sch 22

- Section 11- Sch 30

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

WORKING CAPITAL ALLOWANCE  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 33

Line No.	Particulars (1)	2014	2015		Change (5)	Cross Reference (6)
		APPROVED (2)	Existing 2014 Rates (3)	Revised Rates (4)		
						(Column (4) - Column (2))
1	<b>Cash Working Capital</b>					
2	Cash Required for					
3	Operating Expenses	\$ 12,259	\$ 11,727	\$ 12,097	\$ (162)	- Section 11- Sch 34
4						
5						
6	Less - Funds Available:					
7						
8	Reserve for Bad Debts	(6,680)	(7,927)	(7,927)	(1,247)	
9						
10	Withholdings From Employees	(4,872)	(5,292)	(5,292)	(420)	
11						
12	Subtotal	<u>707</u>	<u>(1,492)</u>	<u>(1,122)</u>	<u>(1,829)</u>	- Section 11- Sch 17
13						
14	<b>Other Working Capital Items</b>					
15	Construction Advances	(13)	(13)	(13)	-	
16	Transmission Line Pack Gas	3,510	2,251	2,251	(1,259)	
17	Gas in Storage	89,214	77,811	77,811	(11,403)	
18	Inventory - Materials & Supplies	1,536	1,567	1,567	31	
19	Refundable Contributions	(298)	(298)	(298)	-	
20						
21	Subtotal	<u>93,949</u>	<u>81,318</u>	<u>81,318</u>	<u>(12,631)</u>	- Section 11- Sch 17
22						
23	Total	<u>\$ 94,656</u>	<u>\$ 79,826</u>	<u>\$ 80,196</u>	<u>\$ (14,460)</u>	

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

CASH WORKING CAPITAL  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 34

Line No.	Particulars (1)	2015		Cash Working Capital (4)	Cross Reference (5)
		Days (2)	Expenses (3)		
1	<b>CASH WORKING CAPITAL</b>				
2					
3	Revenue Lag Days	39.0			- Section 11- Sch 35
4	Expense Lead Days	<u>35.4</u>			- Section 11- Sch 36
5					
6	Net Lead/(Lag) Days	<u>3.6</u>	\$ 1,189,023	<u>\$ 11,727</u>	- Section 11- Sch 33
7					
8					
9					
10	<b>CASH WORKING CAPITAL, REVISED RATES</b>				
11					
12	Revenue Lag Days	39.0			- Section 11- Sch 35
13	Expense Lead Days	<u>35.3</u>			- Section 11- Sch 36
14					
15	Net Lead/(Lag) Days	<u>3.7</u>	\$ 1,193,304	<u>\$ 12,097</u>	- Section 11- Sch 33
16					
17					
18					
19	<b>CASH WORKING CAPITAL CHANGE</b>			<u>\$ 370</u>	
20					
21					
22					
23	Cash working capital = Col. 2 x Col. 3 / 365 days				

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

CASH WORKING CAPITAL  
LAG TIME FROM DATE OF PAYMENT TO RECEIPT OF CASH  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 35

Line No.	Particulars (1)	2015			Cross Reference (5)
		Revenue At 2014 Rates (2)	Lag Days Service to Collection (3)	Dollar Days (4)	
1	<b>REVENUE</b>				
2					
3	Gas Sales and Transportation Service Revenue				
4	Residential and Commercial	\$ 1,223,652	38.4	\$ 46,965,314	- Section 11- Sch 7
5	Industrials & Others: Rates 4, 5, 7, 23, 25 and 27	95,494	44.3	4,233,116	
6	NGV Fuel - Stations	447	41.7	18,644	
7					
8	Rate 16, 46, 22, Burrard, FEVI (Oth Rev), SCP (Oth Rev)	70,260	41.9	2,944,188	
9					
10	Total Gas Sales	<u>1,389,852</u>	<u>39.0</u>	<u>54,161,262</u>	
11					
12	Other Revenues				
13	Late Payment Charges	2,542	38.5	97,914	- Section 11- Sch 9
14	Returned Cheque Charges	89	38.2	3,401	- Section 11- Sch 9
15	Connection Charges	3,033	38.4	116,417	- Section 11- Sch 9
16	Other Utility Income	20,527	38.3	785,972	- Section 11- Sch 9
17					
18					
19	Total Revenue	<u>\$ 1,416,043</u>	<u>39.0</u>	<u>\$ 55,164,966</u>	
20					
21					
22	<b>REVENUE, REVISED RATES</b>				
23					
24	Gas Sales and Transportation Service Revenue				
25	Residential and Commercial	\$ 1,236,873	38.4	\$ 47,472,836	- Section 11- Sch 7
26	Industrials & Others: Rates 4, 5, 7, 23, 25 and 27	97,176	44.3	4,308,235	
27	NGV Fuel - Stations	452	41.7	18,852	
28					
29	Rate 16, 46, 22, Burrard, FEVI (Oth Rev), SCP (Oth Rev)	70,731	41.9	2,965,477	
30					
31	Total Gas Sales	<u>1,405,231</u>	<u>39.0</u>	<u>54,765,400</u>	
32					
33	Other Revenues				
34	Late Payment Charges	2,542	38.5	97,914	- Section 11- Sch 9
35	Returned Cheque Charges	89	38.2	3,401	- Section 11- Sch 9
36	Connection Charges	3,033	38.4	116,417	- Section 11- Sch 9
37	Other Utility Income	20,527	38.3	785,972	- Section 11- Sch 9
38					
39					
40	Total Revenue	<u>\$ 1,431,422</u>	<u>39.0</u>	<u>\$ 55,769,104</u>	

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

CASH WORKING CAPITAL  
LEAD TIME IN PAYMENT OF EXPENSES  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 36

Line No.	Particulars (1)	2015			Cross Reference (5)
		Amount (2)	Lead Days Expense to Payment (3)	Dollar Days (4)	
1	<b>EXPENSES</b>				
2					
3	Operating And Maintenance				
4	Expenses	\$ 238,093	25.5	\$ 6,071,372	- Section 11- Sch 3
5	Transportation Costs	480	40.2	19,296	
6	Gas Purchases (excl Royalty Credits)	633,164	40.2	25,453,193	
7					
8	Taxes Other Than Income				
9	Property Taxes	61,015	2.0	122,030	- Section 11- Sch 12
10	Franchise Fees	8,769	420.3	3,685,611	
11	Carbon Tax	183,731	29.1	5,346,574	
12	GST - Net	11,910	38.8	463,310	
13	PST - Net	5,407	37.1	200,606	
14	Income Tax	46,453	15.2	706,086	- Section 11- Sch 14
15					
16	Total Expenses	<u>\$ 1,189,023</u>	<u>35.4</u>	<u>\$ 42,068,078</u>	
17					
18					
19	<b>EXPENSES, REVISED RATES</b>				
20					
21	Operating And Maintenance				
22	Expenses	\$ 238,093	25.5	\$ 6,071,372	- Section 11- Sch 3
23	Transportation Costs	480	40.2	19,296	
24	Gas Purchases (excl Royalty Credits)	633,164	40.2	25,453,193	
25					
26	Taxes Other Than Income				
27	Property Taxes	61,015	2.0	122,030	- Section 11- Sch 12
28	Franchise Fees	8,871	420.3	3,728,482	
29	Carbon Tax	183,731	29.1	5,346,574	
30	GST - Net	12,042	38.9	468,417	
31	PST - Net	5,458	37.1	202,479	
32	Income Tax	50,451	15.2	766,855	- Section 11- Sch 14
33					
34	Total Expenses	<u>\$ 1,193,304</u>	<u>35.3</u>	<u>\$ 42,178,698</u>	
35					
36					
37					

FORTISBC ENERGY INC.

» - Jan. 29, 2015

Section 11

DEFERRED INCOME TAX LIABILITY / ASSET  
 FOR THE YEAR ENDING DECEMBER 31, 2015  
 (\$000s)

Schedule 37

Line No.	Particulars (1)	2014 APPROVED (2)	2015 FORECAST (3)	Cross Reference (4)
1	Total DIT Liability- After Tax	(381,796)	(293,874)	
2				
3	Tax Gross Up	<u>(23,925)</u>	<u>(103,253)</u>	
4				
5	DIT Liability/Asset - End of Year	(405,722)	(397,127)	
6				
7	DIT Liability/Asset - Opening Balance	(404,569)	(394,733)	
8				
9	DIT Liability/Asset - Mid Year	<u>(405,146)</u>	<u>(395,930)</u>	
10				
11	Cross Reference		- Section 11- Sch 17	
12				
13				
14	Note: * Excludes Land, Software CIAC, and WIP.			

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

RETURN ON CAPITAL  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 38

Line No.	Particulars	----- Capitalization -----		%	Average Embedded Cost	Cost Component	Earned Return	Cross Reference
		(2)	(3)					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	2015 AT 2014 RATES							
2	Long-Term Debt		\$ 1,924,818	52.65%	6.61%	3.48%	\$ 127,192	- Section 11- Sch 39
3	Unfunded Debt		323,640	8.85%	1.75%	0.15%	5,664	
4	Common Equity		<u>1,407,571</u>	<u>38.50%</u>	<u>7.94%</u>	<u>3.06%</u>	<u>111,798</u>	
5								
6			<u>\$ 3,656,029</u>	<u>100.00%</u>		<u>6.69%</u>	<u>\$ 244,654</u>	- Section 11- Sch 17
7								
8								
9								
10	2015 REVISED RATES							
11	Long-Term Debt		\$ 1,924,818	52.64%	6.61%	3.48%	\$ 127,192	- Section 11- Sch 39
12	Unfunded Debt	\$ 323,640						
13	Adjustment, Revised Rates	227	323,867	8.86%	1.75%	0.16%	5,668	
14	Common Equity		<u>1,407,714</u>	<u>38.50%</u>	<u>8.75%</u>	<u>3.37%</u>	<u>123,175</u>	- Section 11- Sch 3
15								- Section 11- Sch 17
16			<u>\$ 3,656,399</u>	<u>100.00%</u>		<u>7.00%</u>	<u>\$ 256,035</u>	

FORTISBC ENERGY INC.

Evidentiary Update - Jan. 29, 2015

Section 11

EMBEDDED COST OF LONG-TERM DEBT  
FOR THE YEAR ENDING DECEMBER 31, 2015  
(\$000s)

Schedule 39

Line No.	Particulars (1)	Issue Date (2)	Maturity Date (3)	Coupon Rate (4)	Principal Amount of Issue (5)	Issue Expense (6)	Net Proceeds of Issue (7)	Effective Interest Cost (8)	Average Principal Outstanding (9)	Annual Cost (10)
1	Series A Purchase Money Mortgage	3-Dec-1990	30-Sep-2015	11.800%	\$ 58,943	\$ 855	\$ 74,100 *	12.054%	\$ 55,857	\$ 6,733
2	Series B Purchase Money Mortgage	30-Nov-1991	30-Nov-2016	10.300%	157,274	2,228	161,516 **	10.461%	163,744	17,129
3										
4	Medium Term Note - Series 11	21-Sep-1999	21-Sep-2029	6.950%	150,000	2,290	147,710	7.073%	150,000	10,610
5	2004 Long Term Debt Issue - Series 18	29-Apr-2004	1-May-2034	6.500%	150,000	1,915	148,085	6.598%	150,000	9,897
6	2005 Long Term Debt Issue - Series 19	25-Feb-2005	25-Feb-2035	5.900%	150,000	1,663	148,337	5.980%	150,000	8,970
7	2006 Long Term Debt Issue - Series 21	25-Sep-2006	25-Sep-2036	5.550%	120,000	784	119,216	5.595%	120,000	6,714
8	2007 Medium Term Debt Issue - Series 22	2-Oct-2007	2-Oct-2037	6.000%	250,000	2,303	247,697	6.067%	250,000	15,168
9	2008 Medium Term Debt Issue - Series 23	13-May-2008	13-May-2038	5.800%	250,000	2,412	247,588	5.869%	250,000	14,673
10	2009 Med.Term Debt Issue- Series 24	24-Feb-2009	24-Feb-2039	6.550%	100,000	1,234	98,766	6.645%	100,000	6,645
11	2011 Medium Term Debt Issue - Series 25	9-Dec-2011	9-Dec-2041	4.250%	100,000	1,410	98,590	4.334%	100,000	4,334
12	FEI 2015 Issue - Series A Renewal	30-Sep-2015	30-Sep-2045	5.400%	75,000	750	74,250	5.468%	19,110	1,045
13								0.000%	-	-
14										
15	FEVI L/T Debt Issue - 2008	16-Feb-2008	15-Feb-2038	6.050%	250,000	2,001	247,999	6.109%	250,000	15,273
16	FEVI L/T Debt Issue - 2010	6-Dec-2010	6-Dec-2040	5.200%	100,000	1,164	98,836	5.278%	100,000	5,278
17										
18	LILO Obligations - Kelowna							6.469%	20,963	1,356
19	LILO Obligations - Nelson							7.983%	3,382	270
20	LILO Obligations - Vernon							9.276%	10,037	931
21	LILO Obligations - Prince George							8.182%	26,057	2,132
22	LILO Obligations - Creston							7.330%	2,483	182
23										
24	Vehicle Lease Obligation							2.716%	9,243	251
25										
26	Sub-Total								\$ 1,930,876	\$ 127,591
27	Less: Fort Nelson Division Portion of Long Term Debt								6,058	399
28	Total								\$ 1,924,818	\$ 127,192
29										
30	*Includes adjustment of \$16,012 for BC Hydro Premium (Series A).									Average Embedded Cost 6.61%
31	**Includes adjustment of \$6,470 for BC Hydro Premium (Series B).									
32	Cross Reference									

- Section 11- Sch 38

## 13. SERVICE QUALITY INDICATORS

### 13.1 INTRODUCTION AND OVERVIEW

The Commission in the PBR Decision and Order G-138-14 established SQIs for FEI's PBR Plan and benchmarks to serve as a "target" for each SQI. Further, as described below, FEI, FBC and interveners who elected to participate in workshops, have been successful in reaching a Consensus Recommendation setting out a joint recommendation for SQI performance ranges for each SQI.

SQIs form the basis of determining a utility's quality of service and represent a broad range of business processes that are important elements to the customer experience. In a PBR environment, SQIs are used to monitor the utility's performance to ensure that any cost reductions by the utility as a result of implementing productivity initiatives do not result in degradation of the quality of service to customers during the PBR period.

In the subsections below, FEI reports on its performance as measured against the SQIs approved by the Commission in the PBR Decision and Order G-138-14. 2014 results have been provided for comparison to the benchmarks and thresholds.

FEI's 2014 results indicate that the Company's overall performance is better than the benchmark and representative of a high level of service quality. For those SQIs with benchmarks, seven are performing better than the approved benchmarks with the remaining two performing better than the threshold and within the performance range. For the four SQIs that are informational only, performance remains at a consistent level with prior years.

### 13.2 CONSENSUS RECOMMENDATION

As noted above, the Commission in the PBR Decision established SQIs for FEI's PBR Plan and benchmarks to serve as a "target" for each SQI. To establish the satisfactory SQI performance ranges around the benchmark "targets", the Commission directed FEI and FBC "in consultation with stakeholders, to develop a performance range for each SQI covering the range of scores where performance would be found to be satisfactory". This process was to take place prior to the first Annual Review.

On October 6, 2014, FEI and FBC invited all registered interveners in the PBR proceeding to participate in workshops to address the Commission directive to develop performance ranges. FEI, FBC and all interveners that elected to participate in the workshops were successful in reaching a Consensus Recommendation setting out a joint recommendation for SQI performance ranges.

**FORTISBC ENERGY INC.**

2014-2019 PBR PLAN – ANNUAL REVIEW FOR 2015 RATES

1 The Consensus Recommendation is being considered by the Commission as part of a separate  
 2 compliance filing. For ease of reference, a copy of the filing letter and text of the Consensus  
 3 Recommendation (without attachments) is appended to this Annual Review filing as Appendix  
 4 C.

### 5 **13.3 OVERVIEW OF SERVICE QUALITY INDICATORS AND BENCHMARKS**

6 This section reviews FEI's SQI performance for 2014 and also describes the performance of the  
 7 informational SQIs.

8  
 9 As future Annual Reviews are expected to occur in the Fall of the year, FEI expects that the SQI  
 10 results for future years will be reviewed in the normal course at the following year's Annual  
 11 Review, at the same time that the actual O&M and capital numbers and final earnings sharing  
 12 will be calculated for the prior year. For example, FEI expects that 2015 SQI results will be  
 13 reviewed in the Annual Review to set 2016 delivery rates.

14  
 15 The Commission approved a balanced set of SQIs covering safety, responsiveness to customer  
 16 needs, and reliability. Nine of the SQIs have benchmarks while four are informational SQIs and  
 17 do not have benchmarks. For three of the SQIs, the benchmarks, against which FEI's actual  
 18 performance will be measured over the PBR period, were set by the Commission using a three  
 19 year average of the Company's recent performance for the years 2010, 2011 and 2012. For  
 20 other SQIs, the benchmarks were as proposed by FEI and approved by the Commission.

### 21 **13.4 REVIEW OF THE PERFORMANCE OF SERVICE QUALITY INDICATORS**

22 For each SQI, Table 13-1 provides a comparison of FEI's actual performance for 2014 to the  
 23 Commission-approved benchmarks and includes the performance range thresholds that have  
 24 been agreed to in the Consensus Recommendation that was submitted to the Commission for  
 25 approval on January 14, 2015. Actual results for 2014 are also provided for the four  
 26 informational SQIs.

27  
 28 **Table 13-1: Approved SQI, Benchmarks and Actual Performance**

Performance Measure	Description	Benchmark	Threshold	2014 Results
<b>Safety SQIs</b>				
Emergency Response Time	Percent of calls responded to within one hour	97.7%	96.2%	96.7%
Telephone Service Factor (Emergency)	Percent of emergency calls answered within 30 seconds or less	95%	92.8%	95.8%
All Injury frequency rate (AIFR)	3 year average of lost time injuries plus medical treatment injuries per 200,000 hours worked	2.08	2.95	2.22
Public Contacts with Pipelines	3 year average of number of line damages per 1,000 BC One calls received	16	16	11
<b>Responsiveness to the Customer Needs SQIs</b>				
First Contact Resolution	Percent of customers who achieved call resolution in one call	78%	74%	80%

Performance Measure	Description	Benchmark	Threshold	2014 Results
Billing Index	Measure of customer bills produced meeting performance criteria	5.0	≤5.0	0.89
Meter Reading Accuracy	Number of scheduled meters that were read	95%	92%	97%
Telephone Service Factor (Non-Emergency)	Percent of non-emergency calls answered within 30 seconds or less	70%	68%	74.9%
Meter Exchange Appointment	Percent of appointments met for meter exchanges	95%	93.8%	95.5%
Customer Satisfaction Index	Informational indicator - measures overall customer satisfaction	-	-	8.5
Telephone Abandon Rate	Informational indicator – percent of calls abandoned by the customer before speaking to a customer service representative	-	-	1.8%
<b>Reliability SQIs</b>				
Transmission Reportable Incidents	Informational indicator – number of reportable incidents to outside agencies	-	-	2
Leaks per KM of Distribution System Mains	Informational indicator - measures the number of leaks on the distribution system per KM of distribution system mains	-	-	0.0059

1  
2 In the following sections, FEI reviews each SQI's individual performance in 2014. Discussion is  
3 also provided for the informational SQIs.

#### 4 **13.4.1 Safety Service Quality Indicators**

##### 5 Emergency Response Time

6 This SQI measures the utility's responsiveness to on average 25,500 annual emergency events  
7 that include gas odour calls, carbon monoxide calls, house fires and hit lines. It is calculated as:

$$8 \quad \frac{9 \quad \text{Number of emergency calls responded to within one hour}}{10 \quad \text{Total number of emergency calls in the year}}$$

11  
12 2014 performance was 96.7 percent and within the performance range (the benchmark is 97.7  
13 percent and the threshold is 96.2 percent).

14 Over the past eight years, there has been a slight negative trend in performance as it is  
15 becoming increasingly challenging to respond to emergencies. There are many variables  
16 affecting the response time including time of day (during business hours or after business  
17 hours), number and type of events, available resources, location (travel times and traffic  
18 congestion) and weather conditions. FEI sets its staffing levels to meet its operational  
19 requirements activities (i.e., meter exchange appointments) and to respond to emergency calls  
20 as required. From 2010 to 2014, FEI has maintained a stable customer service technician  
21 staffing level (i.e., technicians are generally first responders to emergencies). FEI is targeting to  
22 improve results through changes to technician shift schedules to provide more emergency  
23 response capacity in the late afternoon and early evening. Most of the changes require union  
24 notification and agreement and cannot come into effect until 2015.

1 *Telephone Service Factor (Emergency)*

2 This indicator measures the percentage of emergency calls answered within 30 seconds and is  
3 calculated as:

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

4  
5  
6  
7  
8 2014 performance was 95.8 percent and better than the benchmark of 95 percent approved by  
9 the Commission. The telephone service factor (TSF) is a measure of how well the Company  
10 can balance costs and service levels, with the overall objective to maintain a consistent TSF  
11 level. This ensures the Company is staying within appropriate cost levels and maintaining  
12 adequate service for its customers. The principal factors influencing the TSF results include the  
13 volume of inbound calls received and the resources available to answer those calls. Staffing is  
14 matched to the calls forecast based on historical data in order to reach the service level  
15 benchmark desired.

16  
17 The 2014 result was consistent with the performance observed in recent years since the  
18 repatriation of the call centre function from its previous third party provider starting in 2012 (i.e.,  
19 97 percent in 2012, 96 percent in 2013).

20 *All Injury Frequency Rate*

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

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

25  
26  
27 For the purpose of this SQI and as approved by the Commission, the measurement of  
28 performance is based on the three year rolling average of the annual results.

29  
30 The three year rolling average of the annual results including 2014 results was 2.22, which is  
31 within the performance range (the benchmark is 2.08 and the threshold is 2.95). The three year  
32 rolling average was negatively affected by the 2013 annual AIFR result of 3.02 when the  
33 Company experienced a number of ergonomic related injuries linked to work-related hazards  
34 (i.e., slips, trips and falls). The Company continues to focus on this area of improvement  
35 through its efforts on proactive safety management and increasing ergonomic and safety  
36 awareness with its employees. In 2014, AIFR has improved with the annual results at 1.73 and  
37 better than the benchmark of 2.08.

1 **Public Contact with Pipelines**

2 This metric measures the overall effectiveness of the Company's efforts to minimize damage to  
3 the gas system through public awareness, which is designed to reduce interruptions and the  
4 associated public safety and service issues to customers. This indicator is calculated as:

5           Number of Line Damages per 1,000 BC One Calls received

6  
7 For the purpose of this service quality indicator, the measurement of performance is based on  
8 the three year rolling average of the annual results. The threshold of 16 is the same as the  
9 benchmark and reflects the trend and improvement in recent years.

10  
11 The three year rolling average of the annual results including 2014 results was 11, below and  
12 better than the benchmark of 16 approved by the Commission. Principal factors influencing  
13 results for this metric include economic growth (i.e., construction activity), damage prevention  
14 awareness programs, and heightened public awareness created by the BC One Call program.  
15 The current three year rolling average result reflects an ongoing positive trend for this metric.  
16 Increased awareness through targeted workshops with municipalities and excavating  
17 contractors together with a higher number of calls generated by the BC One Call program have  
18 contributed to the improved performance. The increase in BC One calls is related to increased  
19 funding of the BC One Call program which has raised awareness.

20 **13.4.2 Responsiveness to Customer Needs Service Quality Indicators**

21 **First Contact Resolution**

22 First Call Resolution (FCR) measures the percentage of customers who achieve resolution in  
23 one contact with FEI. The Company determines the first contact resolution results using a  
24 customer survey methodology, tracking the number of customers who responded that their  
25 issue was resolved in the first contact with the Company.

26  
27 2014 performance was 80 percent, better than the energy industry call centre average of 70  
28 percent and also better than the benchmark of 78 percent approved by the Commission.  
29 The FCR rate is impacted by factors such as the quality and effectiveness of the Company's  
30 coaching and training programs. The FCR rate is also heavily influenced by the composition  
31 of the different call drivers as some call types are simpler to resolve in the first call than  
32 others. For example, a move call is simpler to resolve in one call than a high bill call. A  
33 high bill call may require a site visit to the customer in order to provide the right resolution or it  
34 may require more in-depth investigation.

35  
36 The 2014 result was consistent with the performance observed in recent years since the  
37 repatriation of the call centre function from its previous third party provider starting in 2012 (i.e.,  
38 78 percent in 2012, 81 percent in 2013).

### Billing Index

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

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

The differential between the benchmark and the actual for each is then divided by three to determine the billing index. The objective is to achieve a score of five or less. The relevant formula calculation and proposed benchmark for each of the three sub-measures, using illustrative results, is presented below.

**Table 13-2: Calculation of Billing Index**

Billing sub-measure	Percent achieved (PA)	Adjustment	Result
Percentage of bills accurate based upon input data	99.9%	* See formula below	5.0
Percentage of bills delivered to Canada Post within two days of date that the statement file is created	95%	$(100\% - PA) * 100$	5.0
Percentage of customers billed within two business days of the scheduled billing date	95%	$(100\% - PA) * 100$	5.0
Billing Service Quality Indicator (arithmetic average of sub-measures 1 to 3)			5.0

\* IF  $[PA \geq 99.9\%, 5000 * (1 - PA), 100 * (1.05 - PA)]$

2014 performance was 0.89, better than the benchmark of 5.0 approved by the Commission. The Billing Index is impacted by factors such as the performance of the Company's billing system, weather variability which can cause a high volume of billing checks and estimation issues, and mail delivery by Canada Post. No significant billing issues have arisen in 2014.

### Meter Reading Accuracy

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

1                    Number of scheduled meters read

2                    Number of scheduled meters for reading

3

4                    2014 performance was 97 percent, better than the benchmark of 95 percent approved by the  
5 Commission. 2014 marks the second year of this service being provided by FEI's current third  
6 party provider. Performance in 2013 was at 92.5 percent, which was lower due to the transition  
7 period for the new meter reading contractor. Factors influencing this SQI's performance include  
8 the resources available, system issues impacting the Company's billing system or the reading  
9 collections systems, training and the quality of training provided to meter readers, weather  
10 conditions including road and highway conditions and traffic related issues.

11

12                    Telephone Service Factor (Non-Emergency)

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

15                    Number of non-emergency calls answered within 30 seconds

16                    Number of non-emergency calls received

17

18                    2014 performance was 74.9 percent, better than the benchmark of 70 percent approved by the  
19 Commission. Similar to the TSF (Emergency), this is a measure of how well the Company can  
20 balance costs and service levels with the overall objective to maintain a consistent TSF level.  
21 This ensures the Company is staying within appropriate cost levels and maintaining adequate  
22 service for its customers. Principal factors influencing the TSF results include volume of  
23 inbound calls received and the resources available to answer those calls. Staffing is matched to  
24 the calls forecasted based on historical data in order to reach the service level benchmark  
25 desired. Other factors that can influence the TSF are billing system related issues and weather  
26 patterns that may generate high numbers of billing related queries. Additionally, the complexity  
27 of the calls can also influence TSF results as more complex calls require more time for the  
28 Company's representatives to resolve. Examples of complex calls include high bills queries,  
29 meter reading estimate concerns and collections calls.

30

31                    The 2014 result was consistent with the performance observed in recent years since the  
32 repatriation of the call centre function starting in 2012 from its previous third party provider (i.e.,  
33 76 percent in 2012, 73 percent in 2013). The 2014 result has been achieved with the Company  
34 targeting 75 percent as the benchmark, the service level in place prior to the Commission  
35 approving the revised target of 70 percent in mid-September 2014. In future years, actual  
36 results may be lower than that observed in the past, reflective of the revised target of 70 percent  
37 approved by the Commission.

1 **Meter Exchange Appointments**

2 The Meter Exchange Appointments SQI measures FEI's performance in meeting appointments  
3 for meter exchanges (excluding industrial meters). The calculation for percentage meter  
4 exchange appointments met is calculated as:

$$\frac{\text{Number of meter exchange appointments met}}{\text{Number of meter exchange appointments made}}$$

7  
8 2014 performance was 95.5 percent, which was better than the benchmark of 95 percent  
9 approved by the Commission. Principal factors influencing results are the number of  
10 emergencies requiring the same resources, weather and traffic conditions. As discussed earlier  
11 with respect to the emergency response time SQI, FEI sets its staffing levels to meet its  
12 operational requirements activities (i.e., meter exchange appointments) and to respond to  
13 emergency calls as required. The 2014 result was consistent with the performance observed in  
14 recent years (i.e., 97 percent in 2012, 97 percent in 2013).

15 **Customer Satisfaction Index**

16 The Customer Satisfaction Index, an informational indicator as approved by the Commission,  
17 measures overall customer satisfaction with the Company. The index reflects customer  
18 feedback about important service touch points including the contact centre, perceived accuracy  
19 of meter reading, energy conservation information and field services. The Index includes  
20 feedback from both residential and mass market commercial customers.

21  
22 The 2014 year-end average index score was 8.5, up slightly from previous years. In  
23 comparison, year-end results for both 2012 (when the study was first introduced), and 2013  
24 were stable at 8.3.

25  
26 In 2014, especially strong results were achieved for contact centre service, which rose from an  
27 average 8.2 in 2013 to 8.5 in 2014. Both field services and perceived accuracy of meter reading  
28 recorded higher scores than those recorded in the previous year. Field service was up from an  
29 average 8.9 in 2012 and 2013, to 9.2 in 2014. The average score for the accuracy of meter  
30 reading rose from 7.9 in 2013 to 8.1 in 2014. Satisfaction with energy conservation information  
31 remained stable at 7.6. .

32 **Telephone Abandon Rate**

33 The Telephone Abandon Rate, an informational indicator as approved by the Commission,  
34 measures the percent of calls abandoned by the customer before speaking to a customer  
35 service representative. Abandon rates can be due to waiting times, or due to customers  
36 receiving their required information through informational messages in our Interactive Voice  
37 Response (IVR) system such that the customer no longer needs to speak to an agent.

38

1 The 2014 result was 1.8 percent and consistent with the Company's prior years' results (i.e.,  
2 2012 at 2.2 percent and 2013 at 2.1 percent).

### 3 **13.4.3 Reliability Service Quality Indicators**

#### 4 Transmission Reportable Incidents

5 The Transmission Reportable Incidents metric, an informational indicator as approved by the  
6 Commission, measures the number of reportable incidents to outside agencies for transmission  
7 assets as defined by the Oil and Gas Commission (OGC). The metric is intended to be an  
8 indicator of the integrity of the transmission system.

9  
10 The 2014 result was two reported incidents and consistent with recent years' historical results.  
11 In the past, the practice has been to report only on the higher pressure transmission events  
12 designated as serious. However, the OGC has new reporting criteria effective October 1, 2014,  
13 which require the Company to report on more incidents and events. As of October 1, 2014, the  
14 Company will be reporting Transmission Reportable Incidents based on the new OGC reporting  
15 criteria, including Level 1, 2, and 3 reportable incidents for both transmission and intermediate  
16 pressure assets that operate at a pressure exceeding 100 psi. This will include pipelines, mains,  
17 services, stations, LNG plants and compressor stations, but will exclude distribution assets that  
18 operate below 100 psi. This change in the OGC reporting criteria will likely increase the number  
19 of events reported going forward and will limit the comparability of historical performance data  
20 for this metric.

#### 21 Leaks per KM of Distribution System Mains

22 The Leaks per KM of Distribution System Mains metric, an informational indicator as approved  
23 by the Commission, measures the number of leaks on the distribution system per KM of  
24 distribution system mains. The metric is intended to be an indicator of the integrity of the  
25 distribution system. Each year, approximately one fifth of the distribution system is surveyed for  
26 leaks, with the number of leaks varying from year to year, depending on the condition of the  
27 pipe surveyed.

28  
29 The 2014 result was 0.0059 and better than recent years' results (i.e., 2012 at 0.0085 and 2013  
30 at 0.0075). Influencing the results is the condition of the distribution system as some sections of  
31 the pipeline system are more prone to leaks depending on soil conditions, age of the pipelines,  
32 pipeline material and the location of the pipeline. As the distribution system ages, the expected  
33 number of leaks may increase depending on the Company's pipeline renewal/replacement  
34 activities. Increases in leak survey activity levels will generally also result in a higher number of  
35 leaks detected.

1 **13.5 SUMMARY**

2 In summary, FEI's 2014 SQI results indicate that the Company's overall performance is better  
3 than the benchmark and representative of a high level of service quality. For those SQIs with  
4 benchmarks, seven are performing better than the approved benchmarks with the remaining  
5 two performing better than the threshold and within the performance range as proposed in the  
6 Consensus Recommendation. For the four SQIs that are informational only, performance  
7 remained at a consistent level with prior years.

8