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October 29, 2019

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

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

Dear Mr. Wruck:

**Re: FortisBC Energy Inc. and FortisBC Inc. (collectively FortisBC)**  
**Project No. 1598996**  
**Application for Approval of a Multi-Year Rate Plan for 2020 through 2024**  
**FortisBC Inc. Application for Approval of 2020 Rates on an Interim Basis,**  
**effective January 1, 2020 (Application)**

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On March 11, 2019, FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (collectively FortisBC or the Companies) applied to the British Columbia Utilities Commission (BCUC) for approval of Multi-Year Rate Plans (MRPs) for the years 2020 through 2024 (MRP Application). On July 8, 2019, the Companies filed comments on the procedural matters outlined in Exhibit A-5 (Pre-filed Comments), and proposed to file separate applications for interim 2020 rates. On July 15, 2019, the BCUC issued Order G-159-19 establishing a regulatory timetable for the review of the MRP Application. The regulatory timetable was subsequently amended by Order G-241-19.

The MRP Application will set the framework for the proposed MRPs. Once the MRP framework is established, rates will be set each year by way of an annual review proceeding, similar to how rates were set each year under the 2014-2019 PBR plans. Given the current regulatory timetable for the review of the MRP Application, it will not be possible for the filing and examination of annual review materials to be completed in time to implement permanent rates for January 1, 2020.

Therefore, FBC hereby respectfully applies for approval of 2020 rates, on an interim basis pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA), based on its proposals in the MRP Application and the best information available at the time of this filing.

## **1. APPROVAL SOUGHT**

Specifically, with this Application, FBC requests BCUC approval, pursuant to sections 59 to 61 and 89 of the UCA, for a general rate increase, on an interim and refundable basis, of 1.00 percent effective January 1, 2020.

A draft form of order sought is included in Appendix C.

FBC submits that the information included in this Application is sufficient, on a prima facie basis, for the BCUC to approve the interim rates without further process. FBC will file an application for 2020 permanent rates (the Annual Review for 2020 Rates) following a decision on the MRP Application, which will be subject to a fulsome regulatory review as described in Section C1.7 of the MRP Application. Any variance between the interim rates and permanent rates will be refunded to or collected from customers following the approval of permanent rates.

Under the proposed MRP framework, the majority of cost items are forecast on a cost of service basis. The exceptions are Base Operations and Maintenance (O&M) Expense, and, for FEI, Growth Capital. The 2020 interim revenue requirements, as set out in the Financial Schedules in Appendix A, are consistent with the proposed MRP Plan in the MRP Application, including the results of the various studies submitted in Section D of the MRP Application: the Depreciation Study, Lead-Lag Study for Cash Working Capital, Shared Services and Corporate Services Studies, and the Capitalized Overheads Study<sup>1</sup>. Any changes to the proposed MRP directed by the BCUC in its final decision on the MRP Application will be reflected in FBC's Annual Review for 2020 Rates.

FBC has not included in its requested interim rates the Innovation Funding Account rate rider<sup>2</sup> described in Section C5.3.2.2 of the MRP Application. For clarity, FBC has also not included in its requested interim rates any forecast amounts for 2020 for the various Traditional Incentives (Earnings Sharing Mechanism) or Targeted Incentives proposed in Section C8 of the MRP Application.

## **2. 2020 INTERIM REVENUE REQUIREMENTS**

Figure 2-1 below summarizes FBC's 2020 interim revenue requirements, which results in a revenue deficiency based on existing rates of \$8.065 million, equivalent to a rate increase of 2.16 percent<sup>3</sup>. Appendix A, Schedule 1 provides a detailed breakdown of the major categories presented in Figure 2-1 below. The components of the revenue deficiency are

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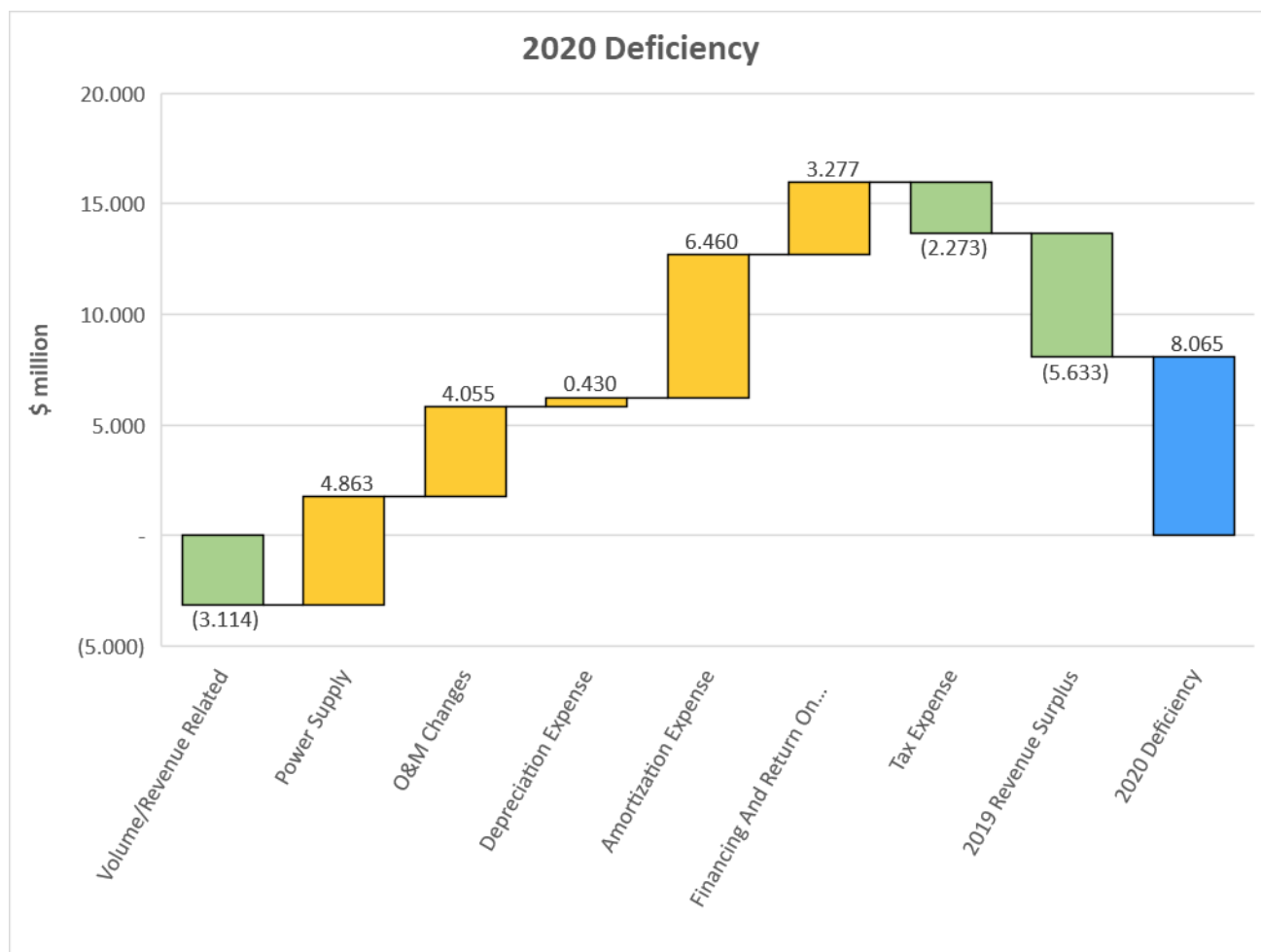
<sup>1</sup> In Schedule 1 of Appendix A, FBC has updated the study impacts from those presented in the MRP Application to reflect the impact on 2020 interim rates.

<sup>2</sup> The Innovation Funding Account is described in Section C5.3.2.2 of the MRP Application. It is proposed to be funded by way of a rate rider of \$0.30 per customer per month and will be implemented upon approval by the BCUC.

<sup>3</sup> Appendix A, Schedule 1.

shown in Figure 2-1. Items that decrease the interim revenue requirements (which include the absence of a revenue surplus as in 2019) are shown in green, while items causing an increase are shown in yellow. The total interim revenue deficiency for 2020 is shown in blue.

**Figure 2-1: 2020 Revenue Deficiency (\$ millions)**



FBC is requesting an interim rate increase of 1.00 percent, effective January 1, 2020.

FBC retains a net revenue surplus<sup>4</sup> consisting of a revenue deficiency (debit) of \$0.896 million in respect of 2018 revenue requirements plus a revenue surplus (credit) of \$5.633 million in respect of 2019 revenue requirements. The net credit of \$4.737 million before tax (\$3.458 million after tax<sup>5</sup>), by itself, would provide a rate decrease of approximately 1.25 percent at existing rates. FBC is not requesting approval to amortize the revenue surplus, either in whole or in part, in this Application. FBC will request approval for disposition of

<sup>4</sup> Orders G-131-18 and G-246-18 approved FBC to hold the 2018 revenue deficiency and 2019 revenue surplus in a deferral account to be returned to customers at a future date. The amount held in the Revenue Surplus deferral account attracts a return at FBC's after tax weighted average cost of debt.

<sup>5</sup> Appendix A, Schedule 12.1, Line 6.

some or all of the revenue surplus, as the case may be, in the Annual Review for 2020 Rates.

The request for an interim increase of 1.00 percent instead of the 2.16 percent calculated in the Financial Schedules recognizes that some or all of the net revenue surplus will be available for mitigation of the 2020 permanent rates.

## **2.1 *COST ITEMS DETERMINED BY FORMULA***

Under the proposed MRP framework, the only cost items set by formula for FBC are Base O&M Expense. FBC's Total O&M expense for 2020 is comprised of an inflation-indexed component and forecast components. The inflation-indexed component is described in Section C2 of the MRP Application, while the forecast O&M components are described in Section C4.4.

In the sections below, FBC provides the calculations of the inflation factor and the total O&M forecast.

### **2.1.1 Calculation of Inflation Factor**

This section provides the calculation of the Inflation Factor (or I-Factor) used for calculating the 2020 Unit Cost O&M amounts according to Section C1.3 of the MRP Application. In the MRP Application, FortisBC proposed to continue the use of a 55 percent labour and 45 percent non-labour weighted composite I-Factor consisting of the following inflation indexes: labour indexed to Statistics Canada's AWE:BC and non-labour indexed to the All-items Index for CPI:BC. Table 2-1 below provides the I-Factor calculation.

**Table 2-1: I-Factor Calculation**

Date	CANSIM 326-0020 2002 = 100 BC CPI index	CANSIM 281-0063 BC AWE \$	12 Mth Average		Year over year % change		I-Factor %	MRP Year
			CPI index	AWE \$	CPI %	AWE %		
Jul-2017	125.6	938.01						
Aug-2017	125.9	939.14						
Sep-2017	125.7	951.26						
Oct-2017	125.6	950.87						
Nov-2017	125.9	951.42						
Dec-2017	125.2	957.18						
Jan-2018	126.1	957.53						
Feb-2018	127.0	958.49						
Mar-2018	127.4	963.49						
Apr-2018	127.7	953.31						
May-2018	128.4	959.08						
Jun-2018	128.6	965.49	126.6	953.77				
Jul-2018	129.7	971.82						
Aug-2018	129.6	980.28						
Sep-2018	128.9	976.11						
Oct-2018	129.4	981.47						
Nov-2018	128.9	983.05						
Dec-2018	129.0	983.05						
Jan-2019	129.1	983.05						
Feb-2019	129.8	983.05						
Mar-2019	130.7	983.05						
Apr-2019	131.2	983.05						
May-2019	131.8	983.05						
Jun-2019	131.9	983.05	130.0	981.17	2.692%	2.873%	2.792%	2020

## 2.1.2 O&M Expense (Schedule 20)

As shown in Appendix A, Schedule 20, FBC's total O&M expense for 2020 is comprised of an inflation-indexed component and forecast components. Table 2-2 below shows the total O&M expense. The line items in the table are discussed in the sections below.

**Table 2-2: O&M Expense**

Line No.	Particulars	\$000s Unless Otherwise Stated	Reference
1	2019 Base Unit Cost O&M (\$/ customer)	\$ 416.00	
2	I-Factor	2.792%	Appendix A, Schedule 3, Line 7
3	2020 Unit Cost O&M (\$/customer)	\$ 427.61	Line 1 x (1 + Line 2)
4	2020 Average Customer Forecast	143,015	Appendix A, Schedule 18, Column 6, Line 8
5	2020 Inflation-Indexed OM	\$ 61,155	
6	Forecast O&M	2,817	Appendix A, Schedule 20, Column 3, Line 16
7	Total Gross O&M	63,972	
8	Capitalized Overhead at 15%	(9,596)	Appendix A, Schedule 20, Column 4, Line 20
9	Net O&M Expense	\$ 54,376	

### **2.1.2.1 Base O&M**

The large majority of O&M expense for 2020 is the inflation-indexed Base O&M component, as shown in line 5 of Table 2-2.

The 2019 Base Unit Cost O&M in line 1 of Table 2-2 is calculated by dividing the 2019 Base O&M of \$57.670 million<sup>6</sup> by the forecast 2019 average customer count of 138,649<sup>7</sup>. Included in this Base O&M Expense are cross charges between FBC and FEI as set out in the Shared Services Study (Section D4 of the MRP Application) and the Corporate Services Study (Section D5 of the MRP Application), which address the allocation of common corporate service costs from Fortis Inc. and FortisBC Holdings Inc. to FBC and FEI.

The calculation of the I-Factor for 2020 in line 2 of Table 2-2 is shown in Section 2.1.1 above.

The inflation-indexed component of FBC's O&M expense in line 5 of Table 2-2 is described in Section C2.6 of the MRP Application, and is derived by multiplying the 2020 Unit Cost O&M<sup>8</sup> (line 3) by a 2020 forecast of average number of customers (line 4). As described in Section C1.4.1 of the MRP Application, the Companies have proposed a true-up mechanism that will hold customers and the utilities whole for variances between forecast and actual customer counts.

### **2.1.2.2 Forecast O&M**

Line 6 of Table 2-2 shows FBC's forecast O&M items as outlined in Sections C2.4 and C4.4 of the MRP Application. FBC has proposed flow-through treatment for these items due to their uncontrollable nature, because they drive incremental revenues that are also afforded flow-through treatment, or because of the uncertainty in scope, costs and timing. These O&M items include:

- pension and OPEB;
- insurance premiums;
- Upper Bonnington Old Units Annual Inspection; and
- BCUC levies.

The following table compares the 2020 forecast with the 2019 approved for the aforementioned O&M flow-through items<sup>9</sup>. In the MRP Application, the items listed at lines 3, 4, 6, and 7 are proposed to be included in Base O&M for the MRP term.

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<sup>6</sup> Exhibit B-10, response to BCUC IR 1.34.1.

<sup>7</sup> Exhibit B-1, page C-44, line 10.

<sup>8</sup> 2020 UCOM is equal to 2019 UCOM multiplied by 1 plus the Inflation Factor from the Table 2-1 above.

<sup>9</sup> Variances in O&M flow-through items are captured in the currently approved and proposed Flow-Through Deferral Account then returned to, or recovered from customers in the following year.

**Table 2-3: Forecast O&M Expense<sup>10</sup>, (\$000s)**

Line No.	Description	Approved 2019	Forecast 2020	Change
1	Pension/OPEB (O&M Portion)	\$ 1.692	\$ 1.025	\$ (0.667)
2	Insurance Premiums	1.283	1.596	0.313
3	Advanced Metering Infrastructure Project	(1.161)	-	1.161
4	Mandatory Reliability Standards Incremental O&M	0.940	-	(0.940)
5	Upper Bonnington Old Unit Annual Inspections	(0.042)	(0.041)	0.001
6	Employer Health Tax	0.576	-	(0.576)
7	MSP Reduction	(0.168)	-	0.168
8	BCUC Levies	-	0.237	0.237
9	Forecast O&M	\$ 3.120	\$ 2.817	\$ (0.303)

Including FBC's capitalized overhead rate of 15 percent, FBC's forecast net O&M expense is 2020 is \$54.376 million as shown in Table 2-2.

## 2.2 FORECAST ITEMS

### 2.2.1 Capital Expenditures (Schedule 4)

The MRP Application requests approval of the level of forecast capital to be incorporated in rates over the MRP term as set out in Section C3.4.1. As shown in Appendix A, Schedule 4 (and in Table C3-21 of the MRP Application), 2020 Regular Capital expenditures are forecast at \$93.524 million, as also shown in. Also included in the 2020 capital are expenditures related to separately approved CPCN and Special Projects of \$23.225 million related to the Corra Linn Spillway Gate Replacement, Upper Bonnington Old Units Refurbishment, and Grand Forks Terminal Station Reliability projects.

Similar to O&M, FBC proposes to forecast and afford flow-through treatment<sup>11</sup> to certain capital items due to their uncontrollable nature, because they drive incremental revenues, are related to clean growth initiatives or because of the uncertainty in scope, costs and timing. In 2019, expenditures for the capital portion of pension and OPEB, AMI software sustainment capital, and Z-factors (Mandatory Reliability Standards incremental capital and the capital-relation portion of the Employer Health Tax and MSP premium reduction) totalled \$3.945 million. All of these expenditures are included in the regular capital expenditures forecast in 2020.

Total capital expenditures (both forecast capital and CPCN and Special Project) are before capitalized overheads and financing costs and are forecast at \$116.749 million.

<sup>10</sup> FBC Annual Review for 2019 Rates, Order G-246-18 compliance filing, Schedule 20, Lines 25-31.

<sup>11</sup> Variances in Capital flow-through items are captured in the currently approved and proposed Flow-Through Deferral Account then returned to, or recovered from customers in the following year.



### **2.2.2 Load and Revenue Forecast (Schedule 17)**

As shown in Appendix A, Schedule 17, the 2020 sales load is forecast, using previously approved methods, at 3,429 GWh, an increase of 110 GWh or 3.3 percent compared to the 2019 Approved forecast. The load increase is mostly due to an industrial customer added in November 2018; overall industrial load is forecast to increase by 118 GWh. The commercial load increased slightly (12 GWh) based on Gross Domestic Product (GDP) growth as projected by the Conference Board of Canada. Updated forecasts from wholesale customers are lower by 10 GWh than in 2019. The Residential load also decreased by 8 GWh due to a lower residential use per customer (UPC).

Revenue at 2019 rates is forecast to be \$373.293 million in 2020.

### **2.2.3 Cost of Energy (Schedule 19)**

Power Supply expense, as shown in Appendix A, Schedule 19, is forecast to increase in 2020 by \$4.863 million, primarily due to an increased gross load and to increased purchases under the Company's power purchase agreement with BC Hydro.

### **2.2.4 Other Revenue (Schedule 23)**

As shown in Appendix A, Schedule 23, Other Revenue is forecast to increase in 2020 by approximately \$0.355 million. The main driver of this increase is Apparatus and Facilities Rental, reflecting an increase in rental rates as well as a greater number of third party facility connections.

### **2.2.5 Depreciation and Amortization (Schedule 21)**

As shown in Appendix A, Schedule 21, Depreciation expense has increased by \$0.430 million as a net result of changes to depreciation rates as determined in the 2017 Depreciation Study (Section D2.3 and Appendix D2-2 of the MRP Application), net additions to rate base, and a transition to amortization accounting for certain assets in the General Plant category<sup>12</sup>. Amortization expense increased by \$6.460 million, primarily due to differences in amortization of the Flow-through deferral accounts, resulting from a higher net margin (revenue less power supply) variance in 2018 compared to 2019 projected. In total, the 2019 Forecast depreciation and amortization expense is higher than 2019 Approved by \$6.890 million.

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<sup>12</sup> Associated with the transition (discussed in Section D2.3.1.2 and Appendix D-2 of the MRP Application) is the retirement of assets older than the recommended amortization period, along with their accumulated depreciation balances. The result was changes in the allocation of costs from the original costs to accumulated depreciation to recognize the retirements with no change in the net rate base amounts for these assets, and a reduction in depreciation expense due to the lower asset balance.



### **2.2.6 Taxes (Schedules 22, 24)**

Property taxes and income taxes are shown in Appendix A, Schedules 22 and 24 respectively. Property taxes are forecast to increase by 2.2 percent or \$0.361 million from 2019 Approved. The increase is driven by changes in property tax rates and assessed values and changes in revenues to calculate grants in lieu of taxes.

There has been no change in the income tax rate of 27 percent from 2019. Income taxes are forecast to decrease in 2020 by \$2.634 million, primarily due to an increase in the legislated allowed rate of Capital Cost Allowance in the first year of service, offset in part by the amortization of the regulatory flow-through accounts refunded to customers, in addition to the generally offsetting impacts of higher before-tax earnings and other tax timing items.

### **2.2.7 Financing and Return on Equity (Schedules 26, 27)**

FBC anticipates issuing long-term debt of \$100 million at a rate of 4.00 percent for a term of 30 years during 2020. As shown in Appendix A, Schedule 27, FBC is forecasting a short-term debt rate for 2020 of 2.90 percent, lower than the 3.55 percent rate embedded in the 2019 approved. Overall, interest expense (shown in Appendix A, Schedule 26, lines 1 and 2) is forecast to increase from 2019 Approved by \$0.850 million, primarily due to the higher rate base in 2020.

Increases in rate base increase the equity return by \$2.426 million. In calculating 2020 rates, FBC has utilized its approved capital structure and return on equity of 40 percent and 9.15 percent, respectively<sup>13</sup>.

## **2.3 PBR ELEMENTS**

The setting of rates for 2020 includes elements related to the conclusion of the 2014-2019 PBR plan, which are discussed in this section. Calculations for the 2019 Projected Flow-through account and Earnings Sharing Mechanism, and 2018 Service Quality Indicator results, are included as Appendix B.

### **2.3.1 True-Up of PBR Rate Base**

During the term of the 2014-2019 PBR plan, capital expenditures within the defined dead band (10 percent on an annual basis, or 15 percent on a two-year basis) have been excluded from rate base. For FBC, the cumulative amount of capital excluded from rate base is \$17.088 million (Appendix B, Table 3, Line 31). As provided in the 2014-2019 PBR plan, this amount is added to plant in service effective January 1, 2020.

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<sup>13</sup> Order G-47-14 approved a capital structure for FBC of 60.0 percent debt and 40.0 percent equity with an equity risk premium of 40 basis points over the benchmark ROE, which was set at 8.75 percent by Order G-129-16.

Also included in the January 1, 2020 adjustment to plant in service is the \$8.651 million in 2019 expenditures that are projected to exceed the dead band (Appendix B, Table 3, Line 28). Under the 2014-2019 PBR plan, expenditures outside of the dead band enter rate base on January 1 of the following year. The total adjustment to plant in service at January 2020 is forecast to be \$25.739 million (\$17.088 million plus \$8.651 million) as shown in Schedule 6.1, Line 19.

Correspondingly, depreciation expense reflects the aforementioned adjustments to 2020 opening plant.

### 2.3.2 2019 Projected Flow-Through Account

FBC forecasts a net variance of \$4.856 million credit for 2020 in flow-through items. The variance is primarily the result of lower power purchase expense, interest expense and income taxes, offset in part by lower sales revenue and higher depreciation expense. A true-up of \$1.121 million credit to the 2018 Projected Flow-through account results in a return to customers of \$5.977 million (after tax) in 2020. The 2019 Projected Flow-through and 2018 true-up can be found in Appendix B, Table 1.

Similarly, an adjustment to include the difference between the projected and final actual amounts for 2019 subject to flow-through treatment will be recorded in the deferral account in 2020 and amortized in 2021 rates.

### 2.3.3 2019 Projected Earnings Sharing Mechanism

For 2020, FBC is proposing to return through rates a \$0.230 million pre-tax credit (\$0.168 million<sup>14</sup> after tax) as shown in Table 2-3 below. This amount is composed of:

- 2019 projected sharing on formula O&M and capital expenditures;
- An adjustment for actual customer growth; and
- The true-up of the 2018 projected earnings sharing to actual.

**Table 2-3: Summary of Earnings Sharing to be Returned in 2020<sup>15</sup> (\$ millions)**

Line No.	Description	After-tax Amount	Reference
1	2019 Projected Sharing	\$ 0.130	Table 3, Line 48
2	2018 Actual Customer Growth Adjustment	0.011	Table 4, Line 18
3	2018 Projected vs. Actual Ending Balance True-Up	0.026	Table 5, Line 3
4			
5	2019 After-Tax Amount Returned to Customers	0.168	
6	2020 Pre-Tax Amount Returned to Customers	0.230	

<sup>14</sup> Appendix A, Schedule 12, Line 27, Column 6

<sup>15</sup> Financing on the deferral account balances is included in the deferred charges schedule in Appendix A, Schedule 12, Line 33.

Details of the calculations can be found in Tables 3, 4, and 5 in Appendix B.

FBC is projecting 2019 formula-driven O&M savings at \$0.500 million, and 2019 capital expenditures in excess of the formula by \$12.835 million. The \$12.835 million excess 2019 capital expenditures will exceed the dead band by \$8.651 million; therefore, FBC has removed the \$8.651 million amount above the dead band in the calculation of 2019 earnings sharing, as shown in Line 28 of Table 3 in Appendix B.

### **2.3.4 Service Quality Indicators**

In 2016, the Commission issued its Reasons for Decision accompanying Order G-44-16 in FBC's All Injury Frequency Rate Compliance Filing. The Commission determined that it was appropriate to review FBC's service quality for a year in the following year's annual review.

The review of FBC's 2018 SQI results, as presented Appendix C5-2 of the MRP Application, indicates that FBC has met its service quality targets in 2018 with the exception of the System Average Interruption Duration Index (SAIDI), which performed below the benchmark and below the threshold. The 2018 SAIDI result was influenced by the implementation of the Outage Management System (OMS), a system used to record distribution outages based on the outage start time and by large snowfall events, as explained on page 13 of Appendix C5-2 to the MRP Application. FBC has included both 2018 and year-to-date September 2019 SQI results in Table 6 of Appendix B.

## **3. CONCLUSION**

FBC is requesting an interim and refundable rate increase, effective January 1, 2020, of 1.0 percent, which is less than the 2.16 percent calculated in the attached Financial Schedule, recognizing that some or all of the net revenue surplus will be available for mitigation of the 2020 permanent rates. The interim rate increase proposed in this Application will result in an increase to the annual bill of a residential customer of \$13.42 or 1.00 percent on January 1, 2020.

Following a decision in the MRP Application, FBC will file its annual review materials to set permanent rates.

If further information is required, please contact the undersigned.

Sincerely,

**on behalf of FORTISBC**

***Original signed:***

Doug Slater

Attachments

cc (email only): Registered Parties

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**Appendix A**  
**FINANCIAL SCHEDULES**

**FORTISBC INC.**

FBC 2020 Interim Rates Application - Oct. 29, 2019

Appendix A

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

Schedule 1

Line No.	Particulars	2020 Forecast		Cross Reference
	(1)	(2)	(3)	(4)
1	<b>VOLUME/REVENUE RELATED</b>			
2	Customer Growth and Volume	(2.759)		
3	Change in Other Revenue	<u>(0.355)</u>	(3.114)	-
4				
5	<b>POWER SUPPLY</b>			
6	Power Purchases (net of customer growth and volume)	4.050		
7	Wheeling	0.202		
8	Water Fees	<u>0.611</u>	4.863	-
9				
10	<b>O&amp;M CHANGES</b>			
11	Resetting Base O&M	(0.000)		
12	Shared Services Study	0.338		
13	Corporate Services Study	(0.308)		
14	Other Gross O&M	4.741		
15	Capitalized Overhead Change	<u>(0.716)</u>	4.055	-
16				
17	<b>DEPRECIATION EXPENSE</b>			
18	Depreciation Rate Change (Depreciation Study)	2.742		
19	Amortization Accounting Transition	(6.403)		
20	Depreciation from Net Additions	<u>4.091</u>	0.430	
21		0.430		
22	<b>AMORTIZATION EXPENSE</b>			
23	CIAC Depreciation Rate Change (Depreciation Study)	0.189		
24	CIAC from Net Additions	(0.216)		
25	Deferral Accounts	<u>6.487</u>	6.460	
26				
27	<b>FINANCING AND RETURN ON EQUITY</b>			
28	Financing Rate Changes	(0.842)		
29	Financing Ratio Changes	(1.703)		
30	Resetting Rate Base	1.096		
31	Cash Working Capital - Lead/Lag Study	(0.058)		
32	CPCN Projects (Corra Linn, UBO, Grand Forks Terminal)	1.394		
33	Other Rate Base Growth	<u>3.391</u>	3.277	
34				
35	<b>TAX EXPENSE</b>			
36	Property and Other Taxes Changes	0.361		
37	Other Income Taxes Changes	<u>(2.634)</u>	(2.273)	
38				
39	2019 Revenue Surplus		(5.633)	
40				
41	Revenue Deficiency (Surplus)		<u>\$ 8.065</u>	Schedule 16, Line 6, Column 4
42				
43	Revenue at Existing Rates		<u>373.293</u>	Schedule 16, Line 5, Column 3
44	Rate Change		<u>2.16%</u>	

**FORTISBC INC.**

FBC 2020 Interim Rate Case - Oct. 29, 2019

Appendix A

**UTILITY RATE BASE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 2

Line		2019	2020		
No.	Particulars	Approved	at Revised Rates	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Plant in Service, Beginning <sup>1</sup>	\$ 2,040,679	\$ 2,033,326	\$ (7,353)	Schedule 6.1, Line 19, Column 3
2	Opening Balance Adjustment	12,007	25,739	13,732	Schedule 6.1, Line 19, Column 4
3	Net Additions	66,540	111,728	45,188	Schedule 6.1, Line 19, Columns 5+6+7
4	Plant in Service, Ending	2,119,226	2,170,793	51,567	
5					
6	Accumulated Depreciation Beginning	\$ (631,022)	\$ (586,983)	\$ 44,039	Schedule 7.1, Line 19, Column 5
7	Opening Balance Adjustment	-	(561)	(561)	Schedule 7.1, Line 19, Column 6
8	Net Additions	(42,176)	(53,690)	(11,514)	Schedule 7.1, Line 19, Columns 7+8+9+10
9	Accumulated Depreciation Ending	(673,198)	(641,234)	31,964	
10					
11	CIAC, Beginning	\$ (199,444)	\$ (209,945)	\$ (10,501)	Schedule 9, Line 1, Column 2
12	Opening Balance Adjustment	-	-	-	
13	Net Additions	(8,876)	(11,107)	(2,231)	Schedule 9, Line 1, Column 4
14	CIAC, Ending	(208,320)	(221,052)	(12,732)	
15					
16	Accumulated Amortization Beginning - CIAC	\$ 71,910	\$ 76,111	\$ 4,201	Schedule 9, Line 3, Column 2
17	Opening Balance Adjustment	-	-	-	
18	Net Additions	4,172	4,199	27	Schedule 9, Line 3, Column 4
19	Accumulated Amortization Ending - CIAC	76,082	80,310	4,228	
20					
21	Net Plant in Service, Mid-Year	\$ 1,303,960	\$ 1,363,252	\$ 59,292	
22					
23	Adjustment for timing of Capital additions	\$ 7,170	\$ 10,513	\$ 3,343	
24	Capital Work in Progress, No AFUDC	8,921	11,228	2,307	
25	Unamortized Deferred Charges	14,480	18,270	3,790	Schedule 11, Line 16, Column 8
26	Working Capital	2,107	(158)	(2,265)	Schedule 13, Line 15, Column 3
27	Utility Plant Acquisition Adjustment	5,307	5,121	(186)	
28					
29	Mid-Year Utility Rate Base	\$ 1,341,945	\$ 1,408,226	\$ 66,281	
30					



**FORTISBC INC.**

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Appendix A

**FORMULA INFLATION FACTORS  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 3

Line No.	Particulars (1)	Reference (2)	2020 (3)	Cross Reference (4)
1	<b>Cost Drivers for O&amp;M</b>			
2	CPI		2.692%	
3	AWE		2.873%	
4	Labour Split			
5	Non Labour		45.000%	
6	Labour		55.000%	
7	Inflation Factor for Costs	(Line 2 x Line 5) + (Line 3 x Line 6)	2.792%	

**FORTISBC INC.**

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**CAPITAL EXPENDITURES  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 4

Line No.	Particulars	2020	Cross Reference
	(1)	(2)	(3)
1	<b>Forecast Capital Expenditures</b>		
2	Growth Capital	\$ 27,029	
3	Sustainment Capital	50,743	
4	Other Capital	15,752	
5	Total Forecast Capital	<u>\$ 93,524</u>	
6			
7	Flow-Through Capital Expenditures	<u>\$ -</u>	
8			
9	<b>Total Regular Capital Expenditures</b>	<u>\$ 93,524</u>	
10			
11	<b>CPCN and Special Projects</b>		
12	Corra Linn Spillway Gate Replacement	11,861	
13	Upper Bonnington Old Units Refurbishment	6,394	
14	Grand Forks Terminal Station	4,970	
15	Total CPCN and Special Projects	<u>\$ 23,225</u>	
16			
17	<b>Total Capital Expenditures Before CIAC</b>	<u>\$ 116,749</u>	

**CAPITAL EXPENDITURES TO PLANT RECONCILIATION  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 5

Line No.	Particulars (1)	2020 (2)	Cross Reference (3)
1	<b>CAPITAL EXPENDITURES</b>		
2			
3	Forecast Capital Expenditures	93,524	
4	Flow-Through Capital Expenditures	-	
5	Total Regular Capital Expenditures	<u>\$ 93,524</u>	Schedule 4, Column 2, Line 9
6			
7	<b>CPCN and Special Projects</b>		
8	Corra Linn Spillway Gate Replacement	11,861	
9	Upper Bonnington Old Units Refurbishment	6,394	
10	Grand Forks Terminal Station	4,970	
11	Total CPCN and Special Projects	<u>\$ 23,225</u>	Schedule 4, Column 2, Line 15
12			
13	<b>Total Capital Expenditures</b>	<u>\$ 116,749</u>	Schedule 4, Column 2, Line 17
14			
15			
16	<b>RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT</b>		
17			
18	Regular Capital Expenditures	\$ 93,524	Schedule 5, Column 2, Line 5
19	Add - Capitalized Overheads	9,596	Schedule 20, Line 20, Column 4
20	Add - AFUDC	710	
21	Gross Capital Expenditures	<u>\$ 103,830</u>	
22	Change in Work in Progress	3,581	
23	<b>Total Additions to Plant</b>	<u>\$ 107,411</u>	
24			
25			
26	<b>CPCN and Special Projects</b>	\$ 23,225	Schedule 5, Column 2, Line 11
27	Add - AFUDC	2,437	
28	Gross Capital Expenditures	<u>25,662</u>	
29	Change in Work in Progress	<u>(4,637)</u>	
30	<b>Total Additions to Plant</b>	<u>\$ 21,026</u>	
31			
32	<b>Grand Total Additions to Plant</b>	<u>\$ 128,437</u>	Schedule 6.1, Line 19, Columns 5 + 6

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**PLANT IN SERVICE CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 6

Line No.	Account	Particulars	12/31/19	Opening Bal. Adjustment	CPCNs	Additions	Retirements	12/31/20	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		<b>Hydraulic Production Plant</b>							
2	330	Land Rights	\$ 962	\$ -	\$ -	\$ -	\$ -	\$ 962	
3	331	Structures and Improvements	19,539	165	-	636	(94)	20,245	
4	332	Reservoirs, Dams & Waterways	35,681	402	12,731	3,699	(52)	52,459	
5	333	Water Wheels, Turbines and Gen.	108,364	21	6,112	1,215	(608)	115,104	
6	334	Accessory Equipment	47,042	185	1,310	1,045	(257)	49,324	
7	335	Other Power Plant Equipment	45,715	257	-	1,097	(97)	46,972	
8	336	Roads, Railroads and Bridges	1,287	-	-	-	-	1,287	
9			<u>\$ 258,589</u>	<u>\$ 1,030</u>	<u>\$ 20,153</u>	<u>\$ 7,691</u>	<u>\$ (1,109)</u>	<u>\$ 286,353</u>	
10		<b>Transmission Plant</b>							
11	350	Land Rights-R/W	\$ 9,155	\$ 82	\$ -	\$ 631	\$ -	\$ 9,869	
12	350.1	Land Rights-Clearing	8,380	82	-	631	-	9,094	
13	353	Station Equipment	249,656	5,518	873	3,472	(254)	259,266	
14	355	Poles Towers & Fixtures	116,435	1,400	-	4,166	(130)	121,870	
15	356	Conductors and Devices	113,016	1,153	-	4,166	(140)	118,195	
16	359	Roads and Trails	1,121	-	-	-	-	1,121	
17			<u>\$ 497,764</u>	<u>\$ 8,236</u>	<u>\$ 873</u>	<u>\$ 13,066</u>	<u>\$ (524)</u>	<u>\$ 519,415</u>	
18		<b>Distribution Plant</b>							
19	360	Land Rights-R/W	\$ 6,792	\$ -	\$ -	\$ -	\$ -	\$ 6,792	
20	360.1	Land Rights-Clearing	11,546	-	-	-	-	11,546	
21	362	Station Equipment	250,582	-	-	18,017	(263)	268,335	
22	364	Poles Towers & Fixtures	230,406	8,623	-	12,187	(605)	250,610	
23	365	Conductors and Devices	352,239	2,574	-	27,098	(755)	381,157	
24	368	Line Transformers	165,419	1,287	-	8,125	(1,575)	173,256	
25	369	Services	9,521	-	-	-	-	9,521	
26	370	Meters	30	-	-	-	(3)	27	
27	370.1	AMI Meters	39,686	386	-	146	-	40,218	
28	371	Installation on Customers' Premises	938	-	-	-	-	938	
29	373	Street Lighting and Signal System	12,920	-	-	903	(103)	13,720	
30			<u>\$ 1,080,080</u>	<u>\$ 12,870</u>	<u>\$ -</u>	<u>\$ 66,476</u>	<u>\$ (3,304)</u>	<u>\$ 1,156,121</u>	

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**PLANT IN SERVICE CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 6.1

Line No.	Account	Particulars	12/31/19	Opening Bal. Adjustment	CPCNs	Additions	Retirements	12/31/20	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		<b>General Plant</b>							
2	389	Land	\$ 11,105	\$ -	\$ -	\$ -	\$ -	\$ 11,105	
3	390	Structures - Frame & Iron	-	-	-	-	-	-	
4	390.1	Structures - Masonry	44,335	324	-	1,757	-	46,417	
5	390.2	Operation Building	14,671	-	-	1,757	-	16,428	
6	390.1	Leasehold Improvements	2,872	-	-	-	-	2,872	
7	391	Office Furniture & Equipment	4,632	72	-	234	(243)	4,695	
8	391.1	Computer Equipment	16,427	1,874	-	3,675	(2,435)	19,541	
9	391.2	Computer Software	31,994	-	-	5,330	(4,188)	33,136	
10	391.2	AMI Software	9,592	-	-	1,425	-	11,017	
11	392.1	Light Duty Vehicles	5,264	901	-	930	(892)	6,202	
12	392.1	Heavy Duty Vehicles	23,687	-	-	2,171	-	25,858	
13	394	Tools and Work Equipment	8,206	324	-	812	(860)	8,483	
14	397	Communication Structures & Equipment	9,660	108	-	2,088	(1,708)	10,148	
15	397.1	Fibre	9,480	-	-	-	(1,448)	8,033	
16	397.2	AMI Communications Structure & Equipment	4,970	-	-	-	-	4,970	
17			<u>\$ 196,894</u>	<u>\$ 3,603</u>	<u>\$ -</u>	<u>\$ 20,179</u>	<u>\$ (11,772)</u>	<u>\$ 208,904</u>	
18									
19		<b>Total Plant in Service</b>	<u>\$ 2,033,326</u>	<u>\$ 25,739</u>	<u>\$ 21,026</u>	<u>\$ 107,411</u>	<u>\$ (16,709)</u>	<u>\$ 2,170,793</u>	
20									
21		Cross Reference			Schedule 5 Line 30 Column 2	Schedule 5 Line 23 Column 2			

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 7

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/19	Opening Bal. Adjustment	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/20	Cross Reference
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1		<b>Hydraulic Production Plant</b>										
2	330	Land Rights	\$ 962	1.07%	\$ (414)	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ (403)	
3	331	Structures and Improvements	19,703	1.68%	4,935	5	331	(94)	18	-	5,195	
4	332	Reservoirs, Dams & Waterways	48,813	1.90%	7,146	9	927	(52)	1,785	-	9,815	
5	333	Water Wheels, Turbines and Gen.	114,497	1.79%	20,132	29	2,049	(608)	748	-	22,350	
6	334	Accessory Equipment	48,537	3.13%	12,481	13	1,519	(257)	160	-	13,916	
7	335	Other Power Plant Equipment	45,972	2.12%	17,361	12	975	(97)	-	-	18,250	
8	336	Roads, Railroads and Bridges	1,287	1.44%	419	-	19	-	-	-	438	
9			<u>\$ 279,771</u>		<u>\$ 62,060</u>	<u>\$ 68</u>	<u>\$ 5,831</u>	<u>\$ (1,109)</u>	<u>\$ 2,711</u>	<u>\$ -</u>	<u>\$ 69,560</u>	
10		<b>Transmission Plant</b>										
11	350	Land Rights-R/W	\$ 9,237	0.00%	\$ (3)	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ (1)	
12	350.1	Land Rights-Clearing	8,463	1.27%	2,148	2	107	-	-	-	2,258	
13	353	Station Equipment	256,048	2.33%	86,607	64	5,966	(254)	313	-	92,696	
14	355	Poles Towers & Fixtures	117,835	2.52%	31,585	31	2,969	(130)	419	-	34,874	
15	356	Conductors and Devices	114,169	2.52%	25,348	30	2,877	(140)	419	-	28,534	
16	359	Roads and Trails	1,121	1.96%	369	-	22	-	-	-	391	
17			<u>\$ 506,873</u>		<u>\$ 146,054</u>	<u>\$ 129</u>	<u>\$ 11,942</u>	<u>\$ (524)</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 158,752</u>	
18		<b>Distribution Plant</b>										
19	360	Land Rights-R/W	\$ 6,792	0.00%	\$ (2)	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 0	
20	360.1	Land Rights-Clearing	11,546	1.25%	2,500	3	144	-	-	-	2,647	
21	362	Station Equipment	250,582	2.61%	75,184	68	6,540	(263)	2,256	-	83,785	
22	364	Poles Towers & Fixtures	239,028	2.73%	64,464	57	6,525	(605)	764	-	71,205	
23	365	Conductors and Devices	354,813	2.38%	108,697	97	8,445	(755)	1,274	-	117,758	
24	368	Line Transformers	166,706	3.13%	36,690	44	5,218	(1,575)	1,337	-	41,715	
25	369	Services	9,521	0.51%	6,698	3	49	-	-	-	6,749	
26	370	Meters	30	6.68%	1,211	-	2	(3)	-	-	1,210	
27	370.1	AMI Meters	40,072	6.25%	3,897	11	2,505	-	-	-	6,412	
28	371	Installation on Customers' Premises	938	0.00%	938	-	-	-	-	-	938	
29	373	Street Lighting and Signal System	12,920	4.95%	4,601	4	640	(103)	-	-	5,141	
30			<u>\$ 1,092,949</u>		<u>\$ 304,878</u>	<u>\$ 289</u>	<u>\$ 30,067</u>	<u>\$ (3,304)</u>	<u>\$ 5,631</u>	<u>\$ -</u>	<u>\$ 337,561</u>	

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 7.1

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/19	Opening Bal. Adjustment	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/20	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1		<b>General Plant</b>										
2	389	Land	\$ 11,105	0.00%	\$ 31	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 34	
3	390	Structures - Frame & Iron	-	0.56%	-	-	-	-	-	-	-	
4	390.1	Structures - Masonry	44,660	2.53%	9,407	12	1,130	-	-	-	10,549	
5	390.2	Operation Building	14,671	1.63%	6,492	4	239	-	-	-	6,735	
6	390.1	Leasehold Improvements	2,872	1.63%	2,593	1	47	-	-	-	2,641	
7	391	Office Furniture & Equipment	4,704	4.42%	1,287	2	208	(243)	-	-	1,254	
8	391.1	Computer Equipment	18,301	21.60%	7,360	9	3,953	(2,435)	-	-	8,887	
9	391.2	Computer Software	31,994	8.96%	15,092	21	2,867	(4,188)	-	-	13,792	
10	391.2	AMI Software	9,592	10.00%	4,349	3	959	-	-	-	5,312	
11	392.1	Light Duty Vehicles	6,164	3.81%	909	1	235	(892)	75	-	327	
12	392.1	Heavy Duty Vehicles	23,687	6.50%	8,064	6	1,540	-	75	-	9,685	
13	394	Tools and Work Equipment	8,530	4.11%	4,181	4	351	(860)	-	-	3,676	
14	397	Communication Structures & Equipment	9,768	3.44%	6,555	5	336	(1,708)	62	-	5,250	
15	397.1	Fibre	9,480	6.97%	6,273	3	661	(1,448)	-	-	5,489	
16	397.2	AMI Communications Structure & Equipment	4,970	6.67%	1,398	1	331	-	-	-	1,730	
17			<u>\$ 200,497</u>		<u>\$ 73,991</u>	<u>\$ 75</u>	<u>\$ 12,856</u>	<u>\$ (11,772)</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 75,362</u>	
18												
19	108	Total Accumulated Depreciation	<u>\$ 2,080,091</u>		<u>\$ 586,983</u>	<u>\$ 561</u>	<u>\$ 60,695</u>	<u>\$ (16,709)</u>	<u>\$ 9,704</u>	<u>\$ -</u>	<u>\$ 641,234</u>	
20												
21		Cross Reference			Schedule 6.1							
22					Line 19							
23					Columns 3+4+5							



**FORTISBC INC.**

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Appendix A

Schedule 8

**SCHEDULE NOT APPLICABLE**

FORTISBC INC.

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Appendix A

**CONTRIBUTIONS IN AID OF CONSTRUCTION CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 9

Line No.	Particulars	12/31/19	Adjustment	Additions	Retirements	12/31/20	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	<b>CIAC</b>	\$ 209,945	\$ -	\$ 11,107	\$ -	\$ 221,052	
2							
3	<b>Amortization</b>	(76,111)	-	(4,199)	-	(80,310)	
4							
5	<b>Net CIAC</b>	<u>\$ 133,834</u>	<u>\$ -</u>	<u>\$ 6,908</u>	<u>\$ -</u>	<u>\$ 140,742</u>	

**FORTISBC INC.**

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Appendix A

Schedule 10

**SCHEDULE NOT APPLICABLE**

## Schedule 11

[illegible]



**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE cont'd**  
**FOR THE YEAR ENDING DECEMBER 31, 2020**  
**(\$000s)**

Schedule 12.1

Line			Opening Bal./	Gross	Less	Amortization		Mid-Year	
No.	Particulars	12/31/19	Transfer/Adj.	Additions	Taxes	Expense	12/31/20	Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<b>Deferral Accounts Financed at Weighted Average Cost of Debt</b>								
2									
3	<u>1. Forecasting Variance Accounts</u>								
4									
5	<u>2. Rate Smoothing Accounts</u>								
6	2018 - 2019 Revenue Surplus	\$ (3,458)	\$ -	\$ -	\$ -	\$ -	\$ (3,458)	\$ (3,458)	
7									
8	<u>3. Benefits Matching Accounts</u>								
9	CPCN Projects Preliminary Engineering <sup>1</sup>	\$ 300	\$ -	\$ (300)	\$ -	\$ -	\$ -	\$ 150	
10	2016 Long Term Electric Resource Plan	310	-	-	-	(103)	207	258	
11	2017 Rate Design Application	585	-	-	-	(146)	439	512	
12	2020 Revenue Requirements	862	-	-	-	(172)	690	776	
13	2019 - 2022 Multi-Year DSM Expenditure Schedule	108	-	-	-	(36)	72	90	
14	2018 Joint Pole Use Audit	79	-	-	-	(29)	50	64	
15	EV Charging Stations Rate Design and Tariff Application	16	-	-	-	-	16	16	
16		\$ 2,260	\$ -	\$ (300)	\$ -	\$ (487)	\$ 1,473	\$ 1,866	
17	<u>4. Retroactive Expense Accounts</u>								
18									
19	<u>5. Other Accounts</u>								
20	US GAAP Pension and OPEB Transitional Obligation	\$ 1,389	\$ -	\$ (347)	\$ -	\$ -	\$ 1,042	\$ 1,215	
21	Advanced Metering Infrastructure Radio-Off Shortfall	87	-	-	-	(18)	69	78	
22		\$ 1,476	\$ -	\$ (347)	\$ -	\$ (18)	\$ 1,111	\$ 1,293	
23									
24									
25	<b>Total Deferral Accounts at Weighted Average Cost of Debt</b>	\$ 278	\$ -	\$ (647)	\$ -	\$ (505)	\$ (874)	\$ (298)	
26									
27	Financing Costs at WACD	\$ 155	\$ -	\$ (11)		\$ (155)	\$ (11)	\$ 72	
28									
29	<b>Deferral Accounts Financed at WACC</b>								
30									
31	<u>3. Benefit Matching Accounts</u>								
32	On Bill Financing (OBF) Participant Loans	\$ 6	\$ -	\$ (1)	\$ -	\$ -	\$ 5	\$ 5	
33									
34	Financing Costs at AFUDC	\$ 0	\$ -	\$ -		\$ (0)	\$ -	\$ 0	
35									
36	<b>Deferral Accounts Non-Interest Bearing</b>	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 50	
37									
38	<b>Total Non Rate Base Deferral Accounts (including financing)</b>	\$ (7,268)	\$ -	\$ (788)	\$ -	\$ 5,952	\$ (2,105)	\$ (4,686)	

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

**FORTISBC INC.**

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Appendix A

**WORKING CAPITAL ALLOWANCE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 13

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>Cash Working Capital</b>				
2	Cash Working Capital	\$ 5,077	\$ 6,332	\$ 1,255	Schedule 14, Line 35, Column 5
3					
4	Add: Funds Unavailable				
5	Customer Loans	470	470	-	
6	Employee Loans	350	340	(10)	
7	Uncollectible Accounts	2,000	-	(2,000)	
8	Inventory (average monthly investment)	650	630	(20)	
9					
10	Less: Funds Available				
11	Average Customer Deposits	(5,470)	(7,930)	(2,460)	
12	Average Provincial Sales Tax	(600)	-	600	
13	Average Goods and Services Tax	(370)	-	370	
14					
15	Total	\$ 2,107	\$ (158)	\$ (2,265)	

17 Note: Uncollectible Accounts, Provincial Sales Tax and Goods and Services Tax included in Cash Working Capital calculation (Schedule 14) beginning in 2020.



**CASH WORKING CAPITAL  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Line No.	Particulars	2020 at Revised Rates	Lag (Lead) Days	Extended	Weighted Average Lag (Lead) Days	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	<b>REVENUE</b>					
2	<b>Sales Revenue</b>					
3	Residential Tariff Revenue	\$ 189,032	56.0	\$ 10,586		
4	Commercial Tariff Revenue	95,595	45.1	4,311		
5	Wholesale Tariff Revenue	50,297	37.5	1,886		
6	Industrial Tariff Revenue	40,617	38.0	1,543		
7	Lighting Tariff Revenue	3,581	34.6	124		
8	Irrigation Tariff Revenue	2,236	47.0	105		
9						
10	<b>Other Revenue</b>					
11	Apparatus and Facilities Rental	5,024	90.0	452		
12	Contract Revenue	1,844	62.2	115		
13	Transmission Revenue	1,230	65.2	80		
14	Late Payment Charges	936	54.0	51		
15	Connection Charge	420	30.5	13		
16	Other Recoveries	169	63.4	11		
17						
18	Total	<u>\$ 390,981</u>		<u>\$ 19,277</u>	49.3	
19						
20	<b>EXPENSES</b>					
21	Power Purchases	\$ 149,115	51.5	7,679		
22	Wheeling	5,437	46.9	255		
23	Water Fees	11,076	1.4	16		
24	Operating & Maintenance	54,376	28.6	1,555		
25	Property Taxes	17,074	4.9	84		
26	GST and PST	8,939	45.4	406		
27	Income Tax	5,193	15.2	79		
28						
29	Total	<u>\$ 251,210</u>		<u>\$ 10,074</u>	(40.1)	
30						
31	Net Lag (Lead) Days				9.2	
32						
33	Total Expenses				\$ 251,210	
34						
35	Cash Working Capital				<u>\$ 6,332</u>	

**FORTISBC INC.**

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Appendix A

Schedule 15

**SCHEDULE NOT APPLICABLE**

**FORTISBC INC.**

FBC 2020 Interim Rates Application - Oct. 29, 2019

Appendix A

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

Schedule 16

Line		2019	2020 Forecast				
No.	Particulars	Approved	at Existing Rates	Revised Revenue	at Revised Rates	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	<b>ENERGY VOLUMES</b>						
2	Sales Volume (GWh)	3,319	3,429		3,429	110	Schedule 17, Line 9, Column 3
3							
4	<b>REVENUE</b>						
5	Sales	\$ 370,534	\$ 373,293	\$ -	\$ 373,293	\$ 2,759	Schedule 17, Line 19, Column 3
6	Deficiency (Surplus)	-	-	8,065	8,065	8,065	
7	Total	370,534	373,293	8,065	381,358	10,824	Schedule 18, Line 8, Column 5
8							
9	<b>EXPENSES</b>						
10	Cost of Energy	160,765	165,628	-	165,628	4,863	Schedule 19, Line 31, Column 3
11	O&M Expense (net)	50,321	54,376	-	54,376	4,055	Schedule 20, Line 21, Column 4
12	Depreciation & Amortization	48,473	55,363	-	55,363	6,890	Schedule 21, Line 11, Column 3
13	Property Taxes	16,713	17,074	-	17,074	361	Schedule 22, Line 7, Column 3
14	Other Revenue	(9,268)	(9,623)	-	(9,623)	(355)	Schedule 23, Line 9, Column 3
15	2019 Revenue Surplus	5,633	-	-	-	(5,633)	
16	Utility Income Before Income Taxes	97,897	90,475	8,065	98,540	643	
17							
18	Income Taxes	7,827	3,015	2,178	5,193	(2,634)	Schedule 24, Line 13, Column 3
19							
20	<b>EARNED RETURN</b>	\$ 90,071	\$ 87,460	\$ 5,888	\$ 93,347	\$ 3,277	Schedule 26, Line 5, Column 7
21							
22	<b>UTILITY RATE BASE</b>	\$ 1,341,649	\$ 1,408,226		\$ 1,408,226	\$ 66,577	Schedule 2, Line 29, Column 3
23	<b>RATE OF RETURN ON UTILITY RATE BASE</b>	6.71%	6.21%		6.63%	-0.08%	Schedule 26, Line 5, Column 6

FORTISBC INC.

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Appendix A

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

Schedule 17

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>ENERGY VOLUME SOLD (GWh)</b>				
2	Residential	1,349	1,341	(8)	
3	Commercial	935	947	12	
4	Wholesale	594	584	(10)	
5	Industrial	385	503	118	
6	Lighting	13	42	29	
7	Irrigation	42	11	(31)	
8					
9	Total	3,319	3,429	110	
10					
11	<b>REVENUE AT EXISTING RATES</b>				
12	Residential	\$ 187,887	\$ 185,034	\$ (2,853)	
13	Commercial	94,508	93,573	(935)	
14	Wholesale	49,519	49,233	(286)	
15	Industrial	32,414	39,758	7,344	
16	Lighting	2,661	3,505	844	
17	Irrigation	3,544	2,189	(1,355)	
18					
19	Total	\$ 370,534	\$ 373,293	\$ 2,760	

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

Schedule 18

Line No.	Particulars	2019 Approved Revenue (2)	2020 Forecast			Average Number of Customers (6)	GWh (7)	Cross Reference (8)
			Revenue at Existing Rates (3)	Effective Increase (4)	Revenue at Revised Rates (5)			
1	Residential	\$ 187,887	\$ 185,034	\$ 3,998	\$ 189,032	124,023	1,341	
2	Commercial	94,508	93,573	2,022	95,595	16,445	947	
3	Wholesale	49,519	49,233	1,064	50,297	6	584	
4	Industrial	32,414	39,758	859	40,617	52	503	
5	Lighting	2,661	3,505	76	3,581	1,410	42	
6	Irrigation	3,544	2,189	47	2,236	1,078	11	
7								
8	Total	<u>\$ 370,534</u>	<u>\$ 373,293</u>	<u>\$ 8,065</u>	<u>\$ 381,358</u>	<u>143,015</u>	<u>3,429</u>	
9								
10	Effective Increase				<u>2.16%</u>			

**FORTISBC INC.**

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

Schedule 19

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>POWER PURCHASES</b>				
2	Gross Load (GWh)	3,602	3,727	125	
3					
4	<b>Power Purchase Expense</b>				
5	Brilliant	\$ 41,865	\$ 41,540	\$ (325)	
6	BC Hydro PPA	52,174	53,849	1,675	
7	Waneta Expansion	40,221	39,986	(235)	
8	Market and Contracted Producers	10,637	13,579	2,942	
9	Independent Power Producers	76	86	10	
10	Self-Generators	93	75	(18)	
11	Balancing Pool	-	-	-	
12					
13	Total	\$ 145,065	\$ 149,115	\$ 4,050	
14					
15	<b>WHEELING</b>				
16	<b>Wheeling Nomination (MW months)</b>				
17	Okanagan Point of Interconnection	2,400	2,400	-	
18	Creston	471	438	(33)	
19					
20	<b>Wheeling Expense</b>				
21	Okanagan Point of Interconnect	\$ 4,514	\$ 4,610	\$ 96	
22	Creston	577	548	(29)	
23	Other	144	279	135	
24	Total	\$ 5,235	\$ 5,437	\$ 202	
25					
26	<b>WATER FEES</b>				
27	Plant Entitlement Use in previous year (GWh)	1,574	1,624	50	
28					
29	Water Fees	\$ 10,465	\$ 11,076	\$ 611	
30					
31	Total	\$ 160,765	\$ 165,628	\$ 4,863	

FORTISBC INC.

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Appendix A

**OPERATING AND MAINTENANCE EXPENSE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 20

Line No.	Particulars	Formula O&M	Forecast O&M	Total O&M	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b><u>Inflation Indexed O&amp;M</u></b>				
2	2019 Base Unit Cost	\$ 416.00			
3	I Factor	2.792%			Schedule 3, Line 7, Column 3
4	2020 Base Unit Cost	<u>\$ 427.61</u>			
5	2020 Average Customer Forecast	143,015			
6	2020 Inflation Indexed O&M	<u>\$ 61,155</u>		\$ 61,155	
7					
8					
9	<b>O&amp;M Tracked Outside of Formula</b>				
10	Pension & OPEB (O&M Portion)		\$ 1,025		
11	Insurance Premiums		1,596		
12	Upper Bonnington Old Unit Inspections		(41)		
13	BCUC levies		237		
14					
15					
16	Total		<u>\$ 2,817</u>	2,817	
17					
18	<b>Total Gross O&amp;M</b>			<u>\$ 63,972</u>	
19					
20	Capitalized Overhead - 15% of Total Gross O&M			(9,596)	
21	<b>Net O&amp;M Expense</b>			<u>\$ 54,376</u>	

**DEPRECIATION AND AMORTIZATION EXPENSE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 21

Line No.	Particulars (1)	2019 Approved (2)	2020 Forecast (3)	Change (4)	Cross Reference (5)
1	<b>Depreciation</b>				
2	Depreciation Expense	\$ 60,265	\$ 60,695	\$ 430	Schedule 7.1, Line 19, Column 7
3					
4	<b>Amortization</b>				
5	Rate Base deferrals	\$ 5,313	\$ 4,633	\$ (680)	Schedule 11, Line 16, Column 6
6	Non-Rate Base deferrals	(13,119)	(5,952)	7,167	Schedule 12.1, Line 38, Column 6
7	Utility Plant Acquisition Adjustment	186	186	-	
8	CIAC	(4,172)	(4,199)	(27)	Schedule 9, Line 3, Column 4
9		(11,792)	(5,332)	6,460	
10					
11	Total	\$ 48,473	\$ 55,363	\$ 6,890	



**FORTISBC INC.**

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**PROPERTY AND SUNDRY TAXES  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 22

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Generating Plant	\$ 3,082	\$ 3,083	\$ 1	
2	Transmission and Distribution	6,705	6,795	90	
3	Substation Equipment	3,741	3,871	130	
4	Land and Buildings	1,019	1,105	86	
5	1% In-Lieu of Municipal Taxes	2,166	2,220	54	
6					
7	Total	<u>\$ 16,713</u>	<u>\$ 17,074</u>	<u>\$ 361</u>	

**FORTISBC INC.**

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

Schedule 23

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Apparatus and Facilities Rental	\$ 4,878	\$ 5,024	\$ 146	
2	Contract Revenue	1,766	1,844	78	
3	Transmission Access Revenue	1,230	1,230	-	
4	Interest Income	16	26	10	
5	Late Payment Charges	861	936	75	
6	Connection Charge	376	420	44	
7	Other Recoveries	142	143	1	
8					
9	Total	\$ 9,268	\$ 9,623	\$ 355	

**INCOME TAXES**  
**FOR THE YEAR ENDING DECEMBER 31, 2020**  
**(\$000s)**

Schedule 24

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>EARNED RETURN</b>	\$ 90,071	\$ 93,347	\$ 3,276	Schedule 16, Line 20, Column 5
2	Deduct: Interest on Debt	(40,956)	(41,806)	(850)	Schedule 26, Lines 1+2, Column 7
3	Adjustments to Taxable Income	(27,954)	(37,502)	(9,548)	Schedule 24, Line 29, Column 3
4	Accounting Income After Tax	\$ 21,161	\$ 14,040	\$ (7,121)	
5					
6	1 - Current Income Tax Rate	73.00%	73.00%	0.00%	
7	Taxable Income	\$ 28,988	\$ 19,232	\$ (9,756)	
8					
9	Current Income Tax Rate	27.00%	27.00%	0.00%	
10	Income Tax - Current	\$ 7,827	\$ 5,193	\$ (2,634)	
11					
12	Previous Year Adjustment	-	-	-	
13	Total Income Tax	\$ 7,827	\$ 5,193	\$ (2,634)	
14					
15					
16	<b>ADJUSTMENTS TO TAXABLE INCOME</b>				
17	Addbacks:				
18	Depreciation	\$ 60,265	\$ 60,695	\$ 430	Schedule 21, Line 2, Column 3
19	Amortization of Deferred Charges	(7,806)	(1,319)	6,487	Schedule 21, Lines 5+6, Column 3
20	Amortization of Utility Plant Acquisition Adjustment	186	186	-	Schedule 21, Line 7, Column 3
21	Pension & OPEB Expense	5,304	4,832	(472)	
22					
23	Deductions:				
24	Capital Cost Allowance	(67,203)	(82,890)	(15,687)	Schedule 25, Line 19, Column 6
25	CIAC Amortization	(4,172)	(4,199)	(27)	Schedule 21, Line 8, Column 3
26	Pension & OPEB Contributions	(5,537)	(5,100)	437	
27	Overheads Capitalized Expensed for Tax Purposes	(8,880)	(9,596)	(716)	Schedule 20, Line 20, Column 4
28	All Other	(111)	(111)	-	
29	Total	\$ (27,954)	\$ (37,502)	\$ (9,548)	

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

Schedule 25

Line No.	Class	CCA Rate	12/31/2019 UCC Balance	Adjustments	2020 Additions	2020 CCA	12/31/2020 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1(a)	4%	\$ 174,164	\$ -	\$ -	\$ (6,967)	\$ 167,198
2	1(b)	6%	31,621	-	3,177	(2,183)	32,615
3	2	6%	13,729	-	-	(824)	12,905
4	3	5%	764	-	-	(38)	726
5	6	10%	3	-	-	(0)	2
6	8	20%	4,238	-	946	(1,131)	4,052
7	9	25%	-	-	-	-	-
8	10	30%	4,736	-	2,953	(2,750)	4,940
9	12	100%	-	-	-	-	-
10	14.1	5%	8,611	-	-	(431)	8,180
11	14.1	7%	1,307	-	1,141	(211)	2,237
12	17	8%	101,934	-	29,816	(11,733)	120,018
13	42	12%	4,040	-	1,949	(836)	5,154
14	45	45%	3	-	-	(1)	2
15	46	30%	6,654	-	-	(1,996)	4,658
16	47	8%	451,203	-	67,316	(44,174)	474,345
17	50	55%	3,339	-	9,429	(9,615)	3,152
18							
19	Total		\$ 806,346	\$ -	\$ 116,728	\$ (82,890)	\$ 840,183

**RETURN ON CAPITAL  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

## Appendix A

Line No.	Particulars	2019 Approved Earned Return (2)	2020				Earned Return Change (8)	Cross Reference (9)	
			Amount (3)	Ratio (4)	Average Embedded Cost (5)	Cost Component (6)			Earned Return (7)
1	Long Term Debt	\$ 38,068	\$ 785,000	55.74%	5.10%	2.85%	\$ 40,068	\$ 2,000	Schedule 27, Line 10, Column 6
2	Short Term Debt	2,888	59,936	4.26%	2.90%	0.12%	1,738	(1,150)	
3	Common Equity	49,115	563,290	40.00%	9.15%	3.66%	51,541	2,426	
4									
5	Total	<u>\$ 90,071</u>	<u>\$ 1,408,226</u>	<u>100.00%</u>		<u>6.63%</u>	<u>\$ 93,347</u>	<u>\$ 3,276</u>	
6									
7	Cross Reference		Schedule 2						
			Line 29						
			Column 3						

FORTISBC INC.

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Appendix A

**EMBEDDED COST OF LONG TERM DEBT  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 27

Line No.	Particulars	Issue Date	Maturity Date	Average Principal Outstanding	Interest Rate	Interest Expense	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Series G	August 28, 1993	August 28, 2023	\$ 25,000	8.800%	\$ 2,200	
2	Series I	December 1, 1997	December 1, 2021	25,000	7.810%	1,953	
3	Series 1 - 05	November 9, 2005	November 9, 2035	100,000	5.600%	5,600	
4	Series 1 - 07	July 4, 2007	July 4, 2047	105,000	5.900%	6,195	
5	MTN - 09	June 2, 2009	June 2, 2039	105,000	6.100%	6,405	
6	MTN - 10	November 24, 2010	November 24, 2050	100,000	5.000%	5,000	
7	MTN - 14	October 28, 2014	October 28, 2044	200,000	4.000%	8,000	
8	MTN - 17	December 4, 2017	December 6, 2049	75,000	3.620%	2,715	
9	MTN - 20	July 1, 2020	July 1, 2050	50,000	4.000%	2,000	
10	Total			<u>\$ 785,000</u>		<u>\$ 40,068</u>	
11							
12	Average Embedded Cost				<u>5.10%</u>		

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**Appendix B**  
**PBR ELEMENTS**

## PBR ELEMENTS

### A. FLOW-THROUGH DEFERRAL ACCOUNT

**Table 1: 2019 Flow-through Deferral Account Additions**

Line No.	Description	Approved 2019	Projected 2019	Variance
1	Revenue	\$ (370.534)	\$ (369.704)	\$ 0.830
2				
3	Power Purchase Expense	145.065	140.022	(5.043)
4				
5	Wheeling	5.235	5.608	0.373
6				
7	Water Fees	10.465	10.420	(0.045)
8				
9	O&M Tracked Outside of Formula			
10	Insurance Premiums	1.283	1.387	0.104
11	Advanced Metering Infrastructure Project	(1.161)	(1.161)	-
12	Mandatory Reliability Standards Incremental O&M	0.940	0.871	(0.069)
13	Upper Bonnington Unit 3 Annual Inspection	(0.042)	(0.042)	-
14	Employer Health Tax	0.576	0.576	-
15	MSP Premium Reduction	(0.168)	(0.168)	-
16				
17	Property Tax	16.713	16.654	(0.059)
18				
19	Depreciation and Amortization	48.473	49.215	0.742
20				
21	Other Revenue	(9.268)	(9.207)	0.061
22				
23	Interest Expense	40.956	39.988	(0.968)
24				
25	Income Tax	7.827	7.079	(0.748)
26				
27	Working Capital Adjustment for AMI			(0.035)
28				
29	2019 After-Tax Flow-Through Addition to Deferral Account			(4.856)
30				
31	2018 Ending Deferral Account Balance True-Up			\$ (1.121)
32	2019 After-Tax Amortization			\$ (5.977)



## **B. EARNINGS SHARING**

**Table 2: Summary of Earnings Sharing to be Returned in 2020<sup>1</sup> (\$ millions)**

Line No.	Description	After-tax Amount	Reference
1	2019 Projected Sharing	\$ 0.130	Table 3, Line 48
2	2018 Actual Customer Growth Adjustment	0.011	Table 4, Line 18
3	2018 Projected vs. Actual Ending Balance True-Up	<u>0.026</u>	Table 5, Line 3
4			
5	2019 After-Tax Amount Returned to Customers	<u>0.168</u>	
6	2020 Pre-Tax Amount Returned to Customers	<u>0.230</u>	

<sup>1</sup> Financing on the deferral account balances is included in the deferred charges schedule in Attachment A, Schedule 12, Line 33.

**Table 3: Calculation of 2019 Projected Earnings Sharing (\$ millions)**

Line No.	Description		Reference						
1	Approved Formula O&M	\$ 56.081	G-38-18						
2									
3	Actual/Projected Gross O&M	58.806							
4									
5	Less: O&M Tracked Outside of Formula								
6	Pension/OPEB (O&M Portion)	1.692							
7	Insurance Premiums	1.387							
8	Advanced Metering/Infrastructure Costs/Savings	(1.161)							
9	MRS Incremental Operating Expense	0.940							
10	Upper Bonnington Old Units Annual Inspection	(0.041)							
11	MSP Premium Reduction	0.408							
12	Total	3.225	Sum of Lines 6 - 11						
13									
14	Actual/Projected Base O&M	55.581	Line 3 - Line 12						
15									
16	O&M Subject to Sharing	\$ (0.500)	Line 14 - Line1						
17			Annual Capital Expenditures						
18			2014	2015	2016	2017	2018	2019P	
19									
20	Cumulative Formula Capital Expenditures	\$ 259.385	\$ 42.193	\$ 42.384	\$ 42.874	\$ 43.254	\$ 43.818	\$ 44.862	G-139-14
21									
22	Cumulative Total Regular Capital Expenditures	336.425	49.061	49.043	49.512	62.908	64.592	61.309	Notes 1, 2
23									
24	Less: Capital Expenditures Tracked Outside of Formula								
25	Cumulative Pension and OPEB	25.104	6.396	4.253	3.674	3.539	3.630	3.612	
26									
27	Actual/Projected Base Capital Expenditures	311.321	42.665	44.791	45.838	59.369	60.962	57.697	Line 22 - Line 25
28	Deadband Adjustment	(34.848)	-	-	-	(12.075)	(14.122)	(8.651)	Adjustment to stay within deadband
29	Actual/Projected Base Capital Expenditures for ESM Calculation	276.473	42.665	44.791	45.838	47.294	46.840	49.046	Line 27 - Line 28
30									
31	Actual/Projected Cumulative Base Capital Expenditure Variance	17.088	0.472	2.408	2.964	4.040	3.022	4.184	Line 29 - Line 20
32									
33	Single Year Deadband % Variance (After Adjustment)		0.97%	5.16%	6.37%	8.63%	6.37%	8.63%	Line 31 ÷ (Lines 20 + 25)
34	Two Year Cumulative Deadband % Variance (After Adjustment)			6.13%	11.53%	15.00%	15.00%	15.00%	Line 33, sum of two years
35									
36	Equity Component of Rate Base	40.00%	G-139-14						
37	Approved Return on Equity	9.15%	G-75-13/G-47-14						
38	After Tax Capital Expenditures Subject to Sharing	0.625	Product of Lines 31, 36 & 37						
39									
40	Tax Rate	27.00%	G-139-14						
41									
42	Before Tax Capital Expenditures Subject to Sharing	0.857	Line 38 ÷ (1 - Line 40)						
43									
44	Total Before Tax Sharing Account	0.356	Line 16 + Line 42						
45	Sharing Percentage	50.00%	G-139-14						
46									
47	2018 Projected Earnings Sharing (Pre-Tax)	\$ 0.178	Line 44 x Line 45						
48	2018 Projected Earnings Sharing (After-Tax)	\$ 0.130	Line 47 x (1- Line 40)						
49									
50	Note 1: 2014 through 2018 are actual results from BCUC Annual Reports. 2014 Regular Capital Expenditures restated to correct treatment of capitalized inventory and transfer of land purchased for the Kootenav Operations Centre to CPCN-related capital upon approval of the project.								

**Table 4: Calculation of Earnings Sharing Adjustment for Actual Customer Growth (\$ millions)**

Line No.	Description		Reference
1	Average Customers 2018	137,299	
2	Average Customers 2017	134,246	
3	Growth in Average Customers	3,054	Line 1 - Line 2
4	Average Customer Growth	2.275%	Line 3 ÷ Line 2
5		50%	G-139-14
6	Average Customer Growth to be recast in Formula	1.137%	
7	2018 Net Inflation Factor	0.671%	G-38-18 Compliance Filing, Section 11, Schedule 3, Line 9, Column 7
8	2017 Reforecast Formulaic Capital	\$ 43.491	Annual Review for 2019 Rates, Table 10-3, Line 9
9	2018 Reforecast Formulaic Capital	\$ 44.281	Line 8 x (1 + Line 7) x (1 + Line 6)
10	2018 Year Formulaic Capital	\$ 43.818	G-38-18 Compliance Filing, Section 11, Schedule 4, Line 17, Column 4
11			
12	Increase in Capital Requirements from Actual Growth	\$ 0.463	Line 9 - Line 10
13	Mid-Year	\$ 0.231	Line 12 x 0.5
14			
15	Equity Cost Component	3.66%	G-38-18 Compliance Filing, Section 11, Schedule 26, Line 3, Column 6
16	Debt Cost Component	3.03%	G-38-18 Compliance Filing, Section 11, Schedule 26, Lines 1+2, Column 6
17	Earned Return on Incremental Capital Requirements (Pre-Tax)	\$ 0.015	Line 13 x (line 15 + Line 16)
18	Earned Return on Incremental Capital Requirements (After-Tax)	\$ 0.011	Line 17 x 0.73

**Table 5: Calculation of 2018 Actual Earnings Sharing True-Up (\$ millions)**

Line No.	Description	After-tax Amount	Reference
1	2018 Actual Earnings Sharing Account Ending Balance	\$ (0.226)	2018 Annual Report to BCUC
2	2018 Projected Earnings Sharing Account Ending Balance	(0.252)	G-246-18 Compliance Filing, Section 11, Schedule 12, Line 26, Column 2
3	2018 Earnings Sharing Account True-Up	\$ 0.026	

## C. SERVICE QUALITY INDICATORS

**Table 6: Service Quality Indicators, 2018 and 2019 YTD**

Performance Measure	Description	Benchmark	Threshold	2018 Results	2019 Sep TYD Results
<b>Safety SQIs</b>					
Emergency Response Time	Percent of calls responded to within two hours	93%	90.60%	94%	95%
All Injury frequency rate (AIFR)	3 year average of lost time injuries plus medical treatment injuries per 200,000 hours worked	1.64	2.39	1.28	1.21
<b>Responsiveness to the Customer Needs SQIs</b>					
First Contact Resolution	Percent of customers who achieved call resolution in one call	78%	72%	82%	81%
Billing Index	Measure of customer bills produced meeting performance criteria	5	≤5.0	0.29	2.01
Meter Reading Accuracy	Number of scheduled meters that were read	97%	94%	99%	99%
Telephone Service Factor (Non-Emergency)	Percent of non-emergency calls answered within 30 seconds or less	70%	68%	72%	69%
Customer Satisfaction Index	Informational indicator - measures overall customer satisfaction	-	-	8.3	8.3
Telephone Abandon Rate	Informational indicator – percent of calls abandoned by the customer before speaking to a customer service representative	-	-	5.30%	6.10%
<b>Reliability SQIs</b>					
System Average Interruption Duration Index (SAIDI) – Normalized	3 year average of SAIDI (average of cumulative customer outage time)	2.22	2.62	3.10	3.07
System Average Interruption Frequency Index (SAIFI) - Normalized	3 year average of SAIFI (average customer outage)	1.64	2.5	1.62	1.52
Generator Forced Outage Rate	Informational indicator – Percent of time a generating unit is removed from service due to component failure or other events.	-	-	0.40%	0.10%



**ORDER NUMBER**

**G-xx-xx**

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

and

FortisBC Energy Inc. and FortisBC Inc.  
Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024  
FortisBC Inc. Application for Approval of 2020 Rates on an Interim Basis, effective January 1, 2020

**BEFORE:**

[Panel Chair]  
Commissioner  
Commissioner

on **Date**

**ORDER**

**WHEREAS:**

- A. On March 11, 2019, FortisBC Energy Inc. and FortisBC Inc. (FBC) (collectively, FortisBC) applied to the British Columbia Utilities Commission (BCUC) for approval of a proposed Multi-Year Rate Plan for the years 2020 through 2024, pursuant to sections 59 to 61 of the UCA, seeking approval of a rate-setting framework for FortisBC for the upcoming five years, including, among other things, incentive mechanisms, an innovation fund, a forecast of capital expenditures, service quality indicators and approval of deferral accounts, updated depreciation rates, capitalization rates and other supporting studies (the MRP Application);
- B. By Order G-64-19 dated March 20, 2019, the BCUC established a public hearing process and by Order G-241-19 dated October 8, 2019, the BCUC issued an amended regulatory timetable for review of the MRP Application;
- C. On October 29, 2019, FBC applied to the BCUC, pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA), for approval for a general rate increase of 1.0 percent, on an interim and refundable basis (with interest at the average prime rate of FBC's principal bank applied to any refundable amounts), effective January 1, 2020 (Interim Rate Application) pending the Annual Review for 2020 Rates process which will commence after the conclusion of and the BCUC's decision in the MRP Application proceeding;
- D. The BCUC has reviewed the Interim Rate Application and finds that approval is warranted.

**NOW THEREFORE** pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, the BCUC orders as follows:

- 1. FBC's Interim Rate Application for a 1.0 percent rate increase, on an interim and refundable basis, effective January 1, 2020, is approved.

2. FBC is directed to refund/recover the difference between the interim rates and permanent rates, as determined by the BCUC following the final determination in the MRP Application and FBC's Annual Review for 2020 Rates process, with interest calculated on any refundable amounts at the average prime rate of FBC's principal bank for its most recent year.
3. FBC is directed to file with the BCUC, within 30 days of the issuance of this order, amended tariff pages in accordance with the terms of this order.

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

BY ORDER

(X. X. last name)  
Commissioner