



**Doug Slater**  
Director, Regulatory Affairs

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

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

**FortisBC**  
16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (778) 578-3874  
Cell: (778) 214-3842  
Fax: (604) 576-7074  
Email: [doug.slater@fortisbc.com](mailto:doug.slater@fortisbc.com)  
[www.fortisbc.com](http://www.fortisbc.com)

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 Energy Inc. Application for Approval of 2020 Rates on an Interim Basis, effective January 1, 2020 (Application)**

---

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 sets 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 plan. Given the current regulatory timetable for review of the MRP Application, it will not be possible for the filing and examination of annual review materials to be concluded in time to implement permanent rates for January 1, 2020.

FEI 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

With this Application, FEI requests BCUC approval, pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, of a delivery rate increase, on an interim and refundable basis, of 2.00 percent effective January 1, 2020.

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

FEI 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. FEI 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, 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 from the MRP Application directed by the BCUC in its final decision on the MRP Application will be reflected in FEI's Annual Review for 2020 Rates.

FEI 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. FEI has also not included any forecast of any 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 FEI's 2020 interim revenue requirements, which results in a revenue deficiency based on existing rates of \$29.874 million, equivalent to a rate increase of 3.67 percent<sup>3</sup>. Appendix A, Schedule 1 provides a detailed breakdown of the major categories presented in Figure 2-1 below. Items that decrease the interim revenue

---

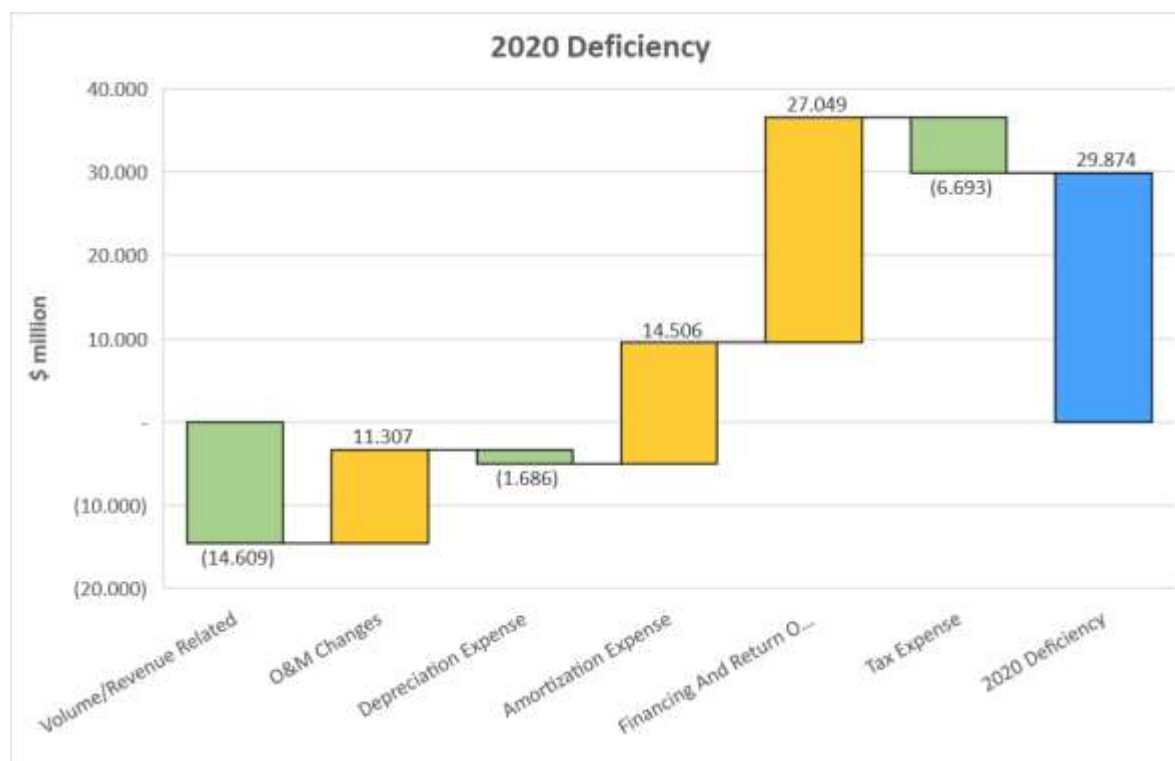
<sup>1</sup> In Schedule 1 of Appendix A, FEI has updated the study impacts from those presented in the MRP Application to reflect the impact on 2020 interim rates.

<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 \$0.40 per customer per month and will be implemented upon approval by the BCUC.

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

requirements 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)**



FEI is requesting an interim rate increase of 2.00 percent, effective January 1, 2020.

FEI retains a net revenue surplus<sup>4</sup> in respect of 2017 and 2018 revenue requirements of \$42.854 million before tax (\$33.040 million after tax<sup>5</sup>), which, by itself would provide a rate decrease of approximately 1.66 percent at existing rates. FEI is not requesting approval to amortize the revenue surplus, either in whole or in part, in this Application. FEI will request approval for the disposition of some or all of the revenue surplus in the Annual Review for 2020 Rates.

FEI's request for an interim increase of 2.00 percent, instead of the 3.67 percent calculated in the Financial Schedules, recognizes that some or all of the surplus will be available for mitigation of the 2020 permanent rates.

<sup>4</sup> Orders G-182-16 and G-196-17 approved FEI to hold the 2017 and 2018 revenue surplus balances in a deferral account to be returned to customers at a future date. The amount held in the 2017-2018 Revenue Surplus deferral account attracts a return at FEI's after tax weighted average cost of capital.

<sup>5</sup> Appendix A, Schedule 12, Line 6

## 2.1 *COST ITEMS DETERMINED BY FORMULA*

Under the proposed MRP framework, the only cost items set by formula for FEI are Base O&M Expense and Growth Capital Expenditures. FEI'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, FEI provides the calculations of the inflation factor, the total O&M forecast and the total Growth and Flow-through capital 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 and Unit Cost Growth Capital 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		CANSIM 281-0063		12 Mth Average		Year over year % change		I-Factor %	MRP Year
	BC CPI index	BC AWE \$	CPI index	AWE \$	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, FEI'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	\$000 Unless otherwise stated		Reference
1	2019 Base Unit Cost O&M (\$/Customer)	\$ 250.00		MRP Application, Exhibit B-1, Section 2.4.2
2	I -Factor	2.792%		Schedule 3, Line 7
3	2020 Unit Cost O&M (\$/Customer)	\$ 256.98		Line 1 x (1 + Line 2)
4	2020 Average Customer Forecast	1,047,729		Schedule 19, Line 30
5	2020 Inflation-Indexed O&M	\$ 269,245		Line 3 x Line 4 / 1000
6	Forecast O&M	39,254		Schedule 20, Line 16
7	Total Gross O&M	\$ 308,499		Line 5 + Line 6
8	Biomethane O&M Transferred to the BVA	(1,744)		Schedule 20, Line 19
9	Capitalized Overhead (16%)	(49,360)		Schedule 20, Line 20
10	Net O&M	<u>\$ 257,395</u>		Sum of Lines 7 through 9

### 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 derivation of the 2019 Base Unit Cost O&M in line 1 of Table 2-2 is shown on page C-19 of the MRP Application. 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 is described in Section C2.6 of the MRP Application and is derived by multiplying the 2020 Unit Cost O&M<sup>6</sup> (UCOM) by a 2020 forecast of average number of customers. As described in the MRP Application, Section C1.4.1, the Companies have proposed a true-up mechanism that will hold customers and the utilities whole for variances between forecast and actual customer counts.

<sup>6</sup> 2020 UCOM is equal to 2019 UCOM multiplied by 1 plus the Inflation Factor from the Table 2-1 above.

### 2.1.2.2 Forecast O&M

Line 6 of Table 2-2 shows FEI's forecast O&M items as outlined in Sections C2.4 and C4.4 of the MRP Application. FEI has proposed flow-through treatment for these 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. These O&M flow-through items include:

- pension and OPEB;
- insurance premiums;
- BCUC levies;
- integrity digs;
- expenditures for biomethane;
- expenditures for Natural Gas for Transportation (NGT); and
- expenditures for LNG production.

The following table compares the 2020 forecast with the 2019 approved for the aforementioned O&M flow-through items<sup>7</sup>.

**Table 2-3: O&M Flow-Through Items Comparison**

Line No	Particulars	2019 Approved	2020 Forecast	Difference
		\$000	\$000	\$000
1	Pension and OPEB (O&M Portion)	\$ 13,795	\$ 14,917	\$ 1,122
2	Insurance	5,473	7,560	2,087
3	Biomethane O&M	1,369	1,797	428
4	NGT O&M	2,339	1,574	(765)
5	LNG Production O&M	7,432	5,797	(1,635)
6	Integrity Digs	-	2,500	2,500
7	BCUC fees	-	5,109	5,109
8	Employer Health Tax	2,630	-	(2,630)
9	MSP	(829)	-	829
10	Total	<u>\$ 32,209</u>	<u>\$ 39,254</u>	<u>\$ 7,045</u>
11				
12	<b>References</b>			
13	- 2019: Annual Review for 2019 Rates Compliance filing G-237-18 and			
14	G-10-19 dated January 30, 2019, Section 11, Schedule 20			
15	- 2020: Appendix A, Schedule 20			

<sup>7</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.

In this Application, FEI has also included its proposed capitalized overhead rate of 16 percent from the MRP Application. In sum, FEI's 2020 net O&M expense is forecast at \$257.395 million as shown above in Table 2-2, Line 10.

### 2.1.3 Capital Expenditures (Schedule 4)

As shown in Appendix A, Schedule 4, FEI's total Capital Expenditures for 2020 are comprised of an inflation-indexed Growth Capital component, forecast components afforded flow-through treatment and forecast regular capital components<sup>8</sup>. Table 2-4 below shows the total Capital Expenditures. The items in the table are discussed in the sections below.

**Table 2-4: Capital Expenditures**

Line No	Particulars	\$000 Unless otherwise	Reference
1	2019 Base Unit Cost Growth Capital (\$/GCA)	\$ 3,811.00	MRP Application, Exhibit B-1, Section 3.3
2	I -Factor	2.792%	Schedule 3, Line 7
3	2020 Unit Cost Growth Capital (\$/GCA)	\$ 3,917.40	Line 1 x (1 + Line 2)
4	2020 Gross Customer Additions	17,750	Schedule 4, Line 5
5	2020 Inflation-Indexed Growth Capital	\$ 69,534	Line 3 x Line 4 / 1000
6	2020 Growth Capital CIAC	2,464	Schedule 4, Line 7
7	2020 Growth Capital Total	\$ 71,998	Line 5 + Line 6
8	Flow-through Capital items	13,415	Schedule 4, Lines 12 through 15
9	Sustainment Capital	111,530	Schedule 4, Line 16
10	Other Capital	49,770	Schedule 4, Line 17
11	Total	<u>\$ 246,713</u>	Sum of Lines 7 through 10
12			
13	Note: GCA = Gross Customer Addition		

#### 2.1.3.1 Growth Capital Expenditures

FEI's Growth Capital Expenditures for 2020 of \$69.534 million, shown in Appendix A, Schedule 4 and from Table 2-4 above, are determined using an inflation-indexed unit cost per gross customer addition. The inflation-indexed Growth Capital is described in Section C3.3 of the MRP Application and is derived by multiplying the 2020 Unit Cost Growth Capital<sup>9</sup> (UCGC) by a 2020 forecast of gross customer additions. As described in the MRP Application, Section C1.4.1, the Companies have proposed a true-up mechanism that will hold customers and the utilities whole for variances between forecast and actual customer counts.

<sup>8</sup> Sustainment and Other capital

<sup>9</sup> 2020 UCGC is equal to 2019 UCGC multiplied by 1 plus the Inflation Factor from the Table 2-1 above.

### 2.1.3.2 Forecast Capital Expenditures

FEI has two types of forecast capital expenditures, forecast expenditures that are afforded flow-through treatment and a forecast of regular capital expenditures.

#### 2.1.3.2.1 Capital Items with Flow-through Treatment

Similar to O&M, FEI proposes to forecast and afford flow-through treatment 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. These capital items, included in Table 2-4, line 8 above, consist of:

- pension and OPEB related to Growth Capital;
- capital expenditures for biomethane; and
- capital expenditures related to NGT.

The following table compares the 2020 forecast with the 2019 approved for the aforementioned Capital flow-through items<sup>10</sup>.

**Table 2-5: Capital Flow-Through Items Comparison**

Line No	Particulars	2019	2020	Difference
		Approved \$000	Forecast \$000	
1	Pension and OPEB (Capital Portion)	\$ 3,565	\$ 2,659	\$ (906)
2	Biomethane Upgraders	11,300	3,500	(7,800)
3	Biomethane Interconnect	1,561	2,325	764
4	NGT Assets	8,455	4,931	(3,524)
5	Employer Health Tax	481	-	(481)
6	MSP	(152)	-	152
7	Total	<u>\$ 25,210</u>	<u>\$ 13,415</u>	<u>\$ (11,795)</u>
8				
9	<b>References</b>			
10	- 2019: Annual Review for 2019 Rates Compliance filing G-237-18 and			
11	G-10-19 dated January 30, 2019, Section 11, Schedule 20			
12	- 2020: Appendix A, Schedule 20			
13				
14	<b>Notes</b>			
15	- 2020 Pension and OPEB is the <b>Growth</b> Capital portion only			

<sup>10</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.



#### **2.1.3.2.2 Forecast of Regular Capital Expenditures (Sustainment and Other)**

The MRP Application requests approval of the level of forecast capital to be incorporated in rates over the term of the Proposed MRP as set out in the errata to the MRP Application dated May 9, 2019<sup>11</sup>, Table C3-5. As shown in Appendix A, Schedule 4, (and in Table 2-4, lines 9 and 10 above) 2020 Regular Capital expenditures are forecast at \$161.300 million<sup>12</sup>. Also, included in the 2020 capital expenditures are expenditures related to separately approved CPCN and Special Projects of \$66.000<sup>13</sup> million related to FEI's Lower Mainland Intermediate Pressure System Upgrade.

## **2.2 OTHER FORECAST ITEMS**

### **2.2.1 Demand and Revenue Forecast (Schedule 17)**

As shown in Appendix A, Schedule 17, the 2020 demand is forecast at 236.2 petajoules (PJs), an increase of 0.8 PJs compared to the 2019 Approved forecast. While overall 2020 demand is similar to 2019 approved, residential demand is 1.6 PJs lower, commercial demand is 1.2 PJs higher, industrial demand is 1.2 PJs higher. FEI's 2020 revenue forecast at 2019 rates is \$1,328.842 million and gross margin forecast is \$860.806 million. FEI's forecast of demand for natural gas is based upon methods that are consistent with those used in prior years<sup>14</sup>, and provides a reasonable estimate of future natural gas demand for 2020.

### **2.2.2 Cost of Energy (Schedule 18)**

While FEI 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. As shown in Appendix A, Schedule 18, the total cost of gas for the purposes of this Application has been determined by multiplying forecast sales volumes using the demand forecast included on Schedule 17 by the existing (as of October 1, 2019) unit gas cost recovery charges for each rate schedule. The 2020 forecast total cost of gas included in this Application is \$468.036 million.

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

As shown in Appendix A, Schedule 23, Other Revenue is forecast to decrease in 2020 by approximately \$2.04 million. The main driver of this decrease is from a decrease in Southern Crossing Pipeline (SCP) Third Party Revenue. The decrease in the SCP Third Party Revenue for 2020 is related to the forecast of the mitigation revenue associated with the

---

<sup>11</sup> Exhibit B-1-2.

<sup>12</sup> \$111.530 million of Sustainment Capital and \$49.770 million of Other Capital.

<sup>13</sup> Appendix A, Schedule 5, Line 8.

<sup>14</sup> With the exception of residential and commercial use rates which, as per the recommendation in the MRP Application, have been calculated using the ETS method.

west-to-east capacity on SCP – this forecast mitigation is based on the current forward market price differentials for summer 2020.

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

As shown in Appendix A, Schedule 21, depreciation expense has increased by \$1.686 million as a net result of changes to depreciation rates as determined in the 2017 Depreciation Study (Section D2.2 and Appendix D2-1 of the MRP Application) and net additions to rate base including capital expenditures that were within the earnings sharing dead band during the Current PBR term. Amortization expense (deferred charges) increased by \$14.506 million, primarily due to the net result of increases to net salvage amortization due to both changes to net-salvage rates as determined in the 2017 Depreciation Study (Section D2.2 and Appendix D2-1 of the MRP Application) and increases in plant balances, offset by credits residing in the 2019 Projected Flow-through deferral account. In total, the 2020 Forecast depreciation and amortization expense is higher than 2019 Approved by \$12.820 million.

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

As shown in Appendix A, Schedules 22 and 24, property taxes are forecast to increase by 1.7 percent or \$1.186 million from 2019 Approved. Increases are 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 \$12.986 million, primarily due to an increase in the legislated rate of Capital Cost Allowance in the first year of service and an increase in capitalized overheads expensed for tax purposes due to the proposed increase in FEI's capitalized overhead rate to 16 percent, offset by higher before-tax earnings and other tax timing items.

#### **2.2.6 Financing and Return on Equity (Schedule 26)**

FEI anticipates issuing long-term debt of \$150 million at a rate of 3.90 percent for a term of 30 years during 2020. As shown in Appendix A, Schedule 26, FEI is forecasting a short-term debt rate for 2020 of 2.90 percent, lower than the 3.10 percent rate embedded in the 2019 approved. Overall, interest expense is forecast to increase from 2019 Approved by \$10.560 million primarily due to the increase in rate base.

The increases in rate base also increase the equity return by \$21.604 million. In calculating 2020 rates, FEI has utilized its approved capital structure and return on equity of 38.5 percent and 8.75 percent, respectively<sup>15</sup>.

---

<sup>15</sup> Order G-129-16 approved a capital structure for FEI of 38.5 percent equity and 8.75 percent Return on Equity.

## **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 in Appendix B.

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

During the Current PBR term, 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 FEI, the cumulative amount of capital excluded from rate base is \$65.006 million<sup>16</sup>. As provided in the PBR Plan, this amount is added to plant in service effective January 1, 2020.

Also included in the January 1, 2020 adjustment to plant in service is the \$51.176 million<sup>17</sup> in 2019 expenditures that exceeded the dead band. (Appendix B, Table 3, Line 28. Under the Current 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 \$116.182 million (\$65.006 million plus \$51.176 million)<sup>18</sup>.

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

### **2.3.2 2019 Projected Flow-Through Account**

FEI projects a net variance of \$21.940 million credit for 2020 in flow-through items, shown in Table 1 of Appendix B. The variance is primarily the result of higher projected delivery margin and lower income taxes offset in part by higher LNG production costs. A true-up of \$11.617 million credit from the 2018 Projected Flow-through amounts results in a return to customers of \$35.776 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, FEI is proposing to return through rates a \$1.344 million pre-tax credit (\$0.981 million<sup>19</sup> after tax) as shown in Appendix B, Table 2 and included below. This amount is composed of:

---

<sup>16</sup> Appendix B, Table 3, Line 38.

<sup>17</sup> Appendix B, Table 3, Line 35, Column 2019.

<sup>18</sup> Appendix A, Schedule 6.2, Line 35, Column 4.

<sup>19</sup> Appendix A, Schedule 12, Line 19, Column 6.

- 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, including financing.

**Table 2-6: Summary of Earnings Sharing to be Returned in 2020<sup>20</sup> (\$ millions)**

<u>Line</u> <u>No.</u>	<u>Particulars</u>	<u>After-tax</u> <u>Amount</u>	<u>Reference</u>
1	2019 Projected Sharing	0.365	Table 10-2, Line 51
2	2018 Actual Customer Growth adjustment	0.134	Table 10-3, Line 34
3	2018 Projected vs. Actual ending balance true-up	0.452	Table 10-4, Line 3
4	Financing	0.030	Table 10-5, Line 5
5			
6	<b>2020 after-tax amount collected from customers</b>	<b>0.981</b>	
7	<b>2020 pre-tax amount collected from customers</b>	<b>1.344</b>	Line 6 / 0.73

Details of the calculations can be found in Tables 2, 3, 4, 5 and 6 included in Appendix B.

FEI is projecting 2019 formula-driven O&M savings at \$2.000 million, and 2019 capital expenditures in excess of the formula by \$67.066 million. The \$67.066 million excess 2019 capital expenditures will exceed the dead band by \$51.176 million, therefore FEI has removed the \$51.176 million amount above the dead band in the calculation of 2019 earnings sharing, as shown in Line 35 of Table 3 in Appendix B.

### **2.3.4 Service Quality Indicators**

It has been FEI's practice to review the prior year's SQI results in each of the subsequent year's annual reviews. The review of FEI's 2018 SQI results, as presented in Appendix C5-1 of the MRP Application, indicates that FEI has met its service quality targets in 2018. FEI has included both 2018 and year-to-date September 2019 SQI results in Appendix B.

## **3. CONCLUSION**

FEI is requesting an interim and refundable rate increase, effective January 1, 2020, of 2.00 percent, which is less than the 3.67 percent calculated in the attached Financial Schedules. Following a decision in the MRP Application, FEI will file its annual review materials to set permanent rates for 2020.

<sup>20</sup> Financing on the deferral account balances is included in the deferred charges schedule in Appendix A, Schedule 12, Line 33.

The interim rate increase proposed in this Application will result in an increase to the annual bill of a residential customer of approximately \$8 or 1.00 percent<sup>21</sup> on January 1, 2020. Before that time, FEI will also be filing for approval of commodity rates for January 1, 2020. At this time FEI is forecasting an overall decrease in commodity rates, which will assist with rate mitigation for customers.

If further information is required, please contact the undersigned.

Sincerely,

**on behalf of FORTISBC**

***Original signed:***

Doug Slater

Attachments

cc (email only): Registered Parties

---

<sup>21</sup> Assuming 90 GJ consumption.

---

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

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

Schedule 1

Line No.	Particulars	2020 Forecast		Cross Reference
	(1)	(2)	(3)	(4)
1	<b>VOLUME/REVENUE RELATED</b>			
2	Customer Growth and Volume	\$ (16.649)		
3	Change in Other Revenue	2.040	\$ (14.609)	
4				
5	<b>O&amp;M CHANGES</b>			
6	Resetting Base O&M	\$ (0.741)		
7	Shared Services Study	(0.338)		
8	Corporate Services Study	(0.122)		
9	Gross O&M Change	18.286		
10	Capitalized Overhead Change	(5.778)	11.307	
11				
12	<b>DEPRECIATION EXPENSE</b>			
13	Depreciation Rate Change (Depreciation Study)	\$ 3.500		
14	Depreciation from Net Additions	(5.186)	(1.686)	
15				
16	<b>AMORTIZATION EXPENSE</b>			
17	CIAC Amortization Rate Change (Depreciation Study)	\$ 0.300		
18	CIAC from Net Additions	0.279		
19	Net Salvage Rate Change (Depreciation Study)	10.900		
20	Deferrals	3.027	14.506	
21				
22	<b>FINANCING AND RETURN ON EQUITY</b>			
23	Financing Rate Changes	\$ (6.606)		
24	Financing Ratio Changes	(2.495)		
25	Resetting Rate Base	3.831		
26	Cash Working Capital - Lead/Lad Study	(0.149)		
27	CPCN - LMIPSU	23.993		
28	Rate Base Growth	8.476	27.049	
29				
30	<b>TAX EXPENSE</b>			
31	Property and Other Taxes	\$ 1.178		
32	Other Income Taxes Changes	(7.871)	(6.693)	
33				
34	<b>REVENUE DEFICIENCY (SURPLUS)</b>		<b>\$ 29.874</b>	Schedule 16, Line 11, Column 4
35				
36	Non-Bypass Margin @ Existing Rates		813.048	Schedule 19, Line 17, Column 3
37	Rate Change		<u>3.67%</u>	

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 2

Line No.	Particulars	2019 Approved	2020 at Revised Rates	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Plant in Service, Beginning	\$ 6,193,927	\$ 6,966,693	\$ 772,766	Schedule 6.2, Line 35, Column 3
2	Opening Balance Adjustment	64,049	116,182	52,133	Schedule 6.2, Line 35, Column 4
3	Net Additions	708,717	571,087	(137,630)	Schedule 6.2, Line 35, Column 5+6+7
4	Plant in Service, Ending	6,966,693	7,653,962	687,269	
5					
6	Accumulated Depreciation Beginning	\$ (2,066,879)	\$ (2,195,330)	\$ (128,451)	Schedule 7.2, Line 35, Column 5
7	Opening Balance Adjustment	-	-	-	Schedule 7.2, Line 35, Column 6
8	Net Additions	(155,720)	(94,717)	61,003	Schedule 7.2, Line 35, Column 7+8
9	Accumulated Depreciation Ending	(2,222,599)	(2,290,047)	(67,448)	
10					
11	CIAC, Beginning	\$ (435,028)	\$ (440,515)	\$ (5,487)	Schedule 9, Line 6, Column 2
12	Opening Balance Adjustment	(2,705)	-	2,705	
13	Net Additions	(5,812)	(6,366)	(554)	Schedule 9, Line 6, Column 5+6
14	CIAC, Ending	(443,545)	(446,881)	(3,336)	
15					
16	Accumulated Amortization Beginning - CIAC	\$ 162,663	\$ 171,519	\$ 8,856	Schedule 9, Line 13, Column 2
17	Opening Balance Adjustment	-	-	-	
18	Net Additions	9,028	8,449	(579)	Schedule 9, Line 13, Column 5+6
19	Accumulated Amortization Ending - CIAC	171,691	179,968	8,277	
20					
21	Net Plant in Service, Mid-Year	\$ 4,194,134	\$ 4,857,776	\$ 663,642	
22					
23	Adjustment for timing of Capital additions	\$ 269,916	\$ 188,089	\$ (81,827)	
24	Capital Work in Progress, No AFUDC	43,820	41,686	(2,134)	
25	Unamortized Deferred Charges	(46,662)	9,515	56,177	Schedule 11.1, Line 22, Column 10
26	Working Capital	35,933	41,292	5,359	Schedule 13, Line 14, Column 3
27	Deferred Income Taxes Regulatory Asset	465,348	476,580	11,232	Schedule 15, Line 6, Column 3
28	Deferred Income Taxes Regulatory Liability	(465,348)	(476,580)	(11,232)	Schedule 15, Line 6, Column 3
29	LIFO Benefit	(195)	(104)	91	
30					
31	Mid-Year Utility Rate Base	\$ 4,496,946	\$ 5,138,254	\$ 641,308	



FORTISBC ENERGY INC.

FEI 2020 Interim Rates Application - Oct 29, 2019

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>Formula Cost Drivers</b>			
2	CPI		2.692%	
3	AWE		2.873%	
4	Labour Split			
5	Non Labour		45.000%	
6	Labour		55.000%	
7	CPI/AWE - Net Inflation Factor	(Line 2 x Line 5) + (Line 3 x Line 6)	<u>2.792%</u>	

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 4

Line No.	Particulars	Growth CapEx	Other CapEx	Forecast CapEx	Total CapEx	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	<b>Inflation Indexed Capital Growth</b>					
2	UCGC	\$ 3,811				
3	I Factor	2.792%				Schedule 3, Line 7, Column 3
4	2020 Unit Cost Growth Capital	\$ 3,917				
5	2020 GCA	17,750				
6	2020 Inflation Indexed Growth Capital	\$ 69,534			\$ 69,534	
7	2020 Growth CIAC				2,464	
8	2020 Inflation Indexed Gross Growth Capital				71,998	
9						
10						
11	<b>Capital Tracked Outside of Formula</b>					
12	Pension & OPEB (Growth Capital Portion)			\$ 2,659		
13	Biomethane Upgraders			3,500		
14	Biomethane Interconnect			2,325		
15	NGT Assets			4,931		
16	Sustainment Capital			111,530		
17	Other Capital			49,770		
18	Sub-total			\$ 174,715	174,715	
19						
20	<b>Total Capital Expenditures Before CIAC</b>				\$ 246,713	

**CAPITAL EXPENDITURES TO PLANT RECONCILIATION  
FOR THE YEARS ENDING DECEMBER 31, 2020 to DECEMBER 31, 2025  
(\$000s)**

Schedule 5

Line No.	Particulars (1)	2020 Formula (2)	Cross Reference (3)
1	<b>CAPEX</b>		
2	Growth Capital Expenditures	\$ 71,998	Schedule 4, Line 8
3	Forecast Capital Expenditures	174,715	Schedule 4, Line 18
4	Total Capital Expenditures	<u>\$ 246,713</u>	
5			
6	<b>Special Projects and CPCN's</b>		
7	LMIPSU	\$ 66,000	
8	Total Capital Expenditures	<u>\$ 66,000</u>	
9			
10	<b>Total Capital Expenditures</b>	<u>\$ 312,713</u>	
11			
12			
13	<b>RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT</b>		
14			
15	Regular Capital Expenditures	\$ 246,713	Line 4
16	Add - Capitalized Overheads	49,360	Schedule 20, Line 23
17	Add - AFUDC	3,827	
18	Gross Capital Expenditures	<u>299,900</u>	
19	Change in Work in Progress	-	
20	<b>Total Regular Additions to Plant</b>	<u>\$ 299,900</u>	
21			
22	Special Projects and CPCN's Capital Expenditures	\$ 66,000	Line 8
23	Add - AFUDC	-	
24	Gross Capital Expenditures	<u>66,000</u>	
25	Change in Work in Progress	310,177	
26	<b>Total Special Projects and CPCN Additions to Plant</b>	<u>\$ 376,177</u>	
27			
28	<b>Grand Total Additions to Plant</b>	<u>\$ 676,077</u>	

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

Schedule 6

Line No.	Account	Particulars	12/31/2019	Opening Bal Adjustment	CPCN's	Additions	Retirements	12/31/2020	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		<b>INTANGIBLE PLANT</b>							
2	175-10	Unamortized Conversion Expense	\$ 108	\$ 2	\$ -	\$ -	\$ -	\$ 110	
3	175-00	Unamortized Conversion Expense - Squamish	769	13	-	-	-	782	
4	178-00	Organization Expense	721	12	-	-	-	733	
5	401-01	Franchise and Consents	294	5	-	-	-	299	
6	402-11	Utility Plant Acquisition Adjustment	61	1	-	-	-	62	
7	402-03	Other Intangible Plant	1,888	31	-	-	-	1,920	
8	440-02	Water/Land Rights Tilbury	4,257	71	-	-	-	4,328	
9	461-01	Transmission Land Rights	50,915	849	-	1	-	51,765	
10	461-02	Transmission Land Rights - Mt. Hayes	603	10	-	-	-	613	
11	461-12	Transmission Land Rights - Byron Creek	16	0	-	-	-	16	
12	461-13	IP Land Rights Whistler	24	0	-	-	-	24	
13	471-01	Distribution Land Rights	3,184	53	90	-	-	3,327	
14	471-11	Distribution Land Rights - Byron Creek	1	0	-	-	-	1	
15	402-01	Application Software - 12.5%	115,784	1,931	-	9,725	(56,259)	71,181	
16	402-02	Application Software - 20%	23,132	386	-	9,495	(2,909)	30,104	
17			<b>\$ 201,758</b>	<b>\$ 3,365</b>	<b>\$ 90</b>	<b>\$ 19,221</b>	<b>\$ (59,168)</b>	<b>\$ 165,266</b>	
18									
19		<b>MANUFACTURED GAS / LOCAL STORAGE</b>							
20	430-00	Manufact'd Gas - Land	\$ 31	\$ 1	\$ -	\$ -	\$ -	\$ 31	
21	432-00	Manufact'd Gas - Struct. & Improvements	982	16	-	-	-	999	
22	433-00	Manufact'd Gas - Equipment	919	15	-	-	-	934	
23	434-00	Manufact'd Gas - Gas Holders	2,926	49	-	-	-	2,975	
24	436-00	Manufact'd Gas - Compressor Equipment	363	6	-	-	-	369	
25	437-00	Manufact'd Gas - Measuring & Regulating Equipment	1,219	20	-	-	-	1,239	
26	440-00	Land in Fee Simple and Land Rights (Tilbury)	15,017	250	-	-	-	15,267	
27	442-00	Structures & Improvements (Tilbury)	94,488	1,576	-	-	-	96,064	
28	443-00	Gas Holders - Storage (Tilbury)	178,223	2,972	-	-	-	181,195	
29	448-11	Piping (Tilbury)	38,858	648	-	-	-	39,506	
30	448-21	Pre-treatment (Tilbury)	31,657	528	-	-	-	32,185	
31	448-31	Liquefaction Equipment (Tilbury)	85,339	1,423	-	-	-	86,762	
32	449-00	Local Storage Equipment (Tilbury)	30,028	501	-	-	-	30,529	
33	440-01	Land in Fee Simple and Land Rights (Mount Hayes)	1,072	18	-	-	-	1,090	
34	442-01	Structures & Improvements (Mount Hayes)	18,860	315	-	-	-	19,174	
35	443-05	Gas Holders - Storage (Mount Hayes)	60,066	1,002	-	-	-	61,067	
36	448-41	Send out Equipment (Tilbury)	6,646	111	-	-	-	6,757	
37	448-51	Sub-station and Electric (Tilbury)	35,920	599	-	-	-	36,519	
38	448-61	Control Room (Tilbury)	3,638	61	-	-	-	3,699	
39	448-10	Piping (Mount Hayes)	12,331	206	-	-	-	12,537	
40	448-20	Pre-treatment (Mount Hayes)	28,954	483	-	-	-	29,437	
41	448-30	Liquefaction Equipment (Mount Hayes)	28,599	477	-	-	-	29,076	
42	448-40	Send out Equipment (Mount Hayes)	23,323	389	-	-	-	23,712	
43	448-50	Sub-station and Electric (Mount Hayes)	21,576	360	-	-	-	21,936	
44	448-60	Control Room (Mount Hayes)	6,291	105	-	-	-	6,396	
45	448-65	MH Inspection (Mount Hayes)	1,650	28	-	-	-	1,677	
46	449-01	Local Storage Equipment (Mount Hayes)	5,546	92	-	-	-	5,638	
47			<b>\$ 734,522</b>	<b>\$ 12,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 746,772</b>	

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

Schedule 6.1

Line No.	Account	Particulars	12/31/2019	Opening Bal Adjustment	CPCN's	Additions	Retirements	12/31/2020	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		<b>TRANSMISSION PLANT</b>							
2	460-00	Land in Fee Simple	\$ 10,725	\$ 179	\$ -	\$ -	\$ -	\$ 10,904	
3	461-00	Transmission Land Rights	-	-	-	-	-	-	
4	462-00	Compressor Structures	31,477	525	-	2,249	(354)	33,897	
5	463-00	Measuring Structures	15,583	260	-	-	-	15,843	
6	464-00	Other Structures & Improvements	6,755	113	-	1,876	(3)	8,740	
7	465-00	Mains	1,402,200	23,384	-	22,577	(2,045)	1,446,116	
8	465-20	Mains - INSPECTION	38,101	635	-	10,517	(8,357)	40,897	
9	465-11	IP Transmission Pipeline - Whistler	51,530	859	-	-	-	52,390	
10	465-30	Mt Hayes - Mains	6,246	104	-	-	-	6,350	
11	465-10	Mains - Byron Creek	1,358	23	-	-	-	1,380	
12	466-00	Compressor Equipment	192,955	3,218	-	3,628	(912)	198,888	
13	466-10	Compressor Equipment - OVERHAUL	8,107	135	-	4	-	8,247	
14	467-30	Mt. Hayes - Measuring and Regulating Equipment	5,288	88	-	1,252	-	6,628	
15	467-10	Measuring & Regulating Equipment	71,682	1,195	-	7,944	(307)	80,514	
16	467-20	Telemetry	18,117	302	-	-	-	18,419	
17	467-31	IP Intermediate Pressure Whistler	310	5	-	39	-	354	
18	467-30	Measuring & Regulating Equipment - Byron Creek	288	5	-	-	-	293	
19	468-00	Communication Structures & Equipment	3,872	65	-	3,103	-	7,040	
20			\$ 1,864,594	\$ 31,096	\$ -	\$ 53,189	\$ (11,978)	\$ 1,936,900	
21									
22		<b>DISTRIBUTION PLANT</b>							
23	470-00	Land in Fee Simple	\$ 5,262	\$ 88	\$ -	\$ -	\$ -	\$ 5,350	
24	472-00	Structures & Improvements	33,690	562	20,690	1,811	(62.00)	56,691	
25	472-10	Structures & Improvements - Byron Creek	123	2	-	-	-	125	
26	473-00	Services	1,291,860	21,544	19	71,582	(3,968)	1,381,037	
27	474-00	House Regulators & Meter Installations	172,299	2,873	-	14,865	(6,791)	183,247	
28	474-02	Meters/Regulators Installations	182,541	3,044	-	6,395	-	191,980	
29	475-00	Mains	1,572,851	26,230	342,340	58,148	(3,505)	1,996,065	
30	476-00	Compressor Equipment	608	10	-	-	-	618	
31	477-10	Measuring & Regulating Equipment	161,195	2,688	11,646	13,769	(797)	188,501	
32	477-20	Telemetry	17,365	290	1,392	773	(45)	19,774	
33	477-30	Measuring & Regulating Equipment - Byron Creek	152	3	-	-	-	154	
34	478-10	Meters	281,206	4,690	-	17,350	(4,550)	298,695	
35	478-20	Instruments	13,532	226	-	715	-	14,473	
36	479-00	Other Distribution Equipment	-	-	-	-	-	-	
37			\$ 3,732,684	\$ 62,249	\$ 376,087	\$ 185,408	\$ (19,718)	\$ 4,336,710	
38									
39		<b>BIO GAS</b>							
40	472-00	Bio Gas Struct. & Improvements	\$ 807	\$ 13	\$ -	\$ 314	\$ -	\$ 1,135	
41	475-10	Bio Gas Mains – Municipal Land	1,586	26	-	-	-	1,613	
42	475-20	Bio Gas Mains – Private Land	54	1	-	-	-	55	
43	418-10	Bio Gas Purification Overhaul	20	0	-	-	-	20	
44	418-20	Bio Gas Purification Upgrader	9,851	164	-	-	-	10,016	
45	477-40	Bio Gas Reg & Meter Equipment	2,702	45	-	516	-	3,264	
46	478-30	Bio Gas Meters	39	1	-	5,184	-	5,223	
47	474-10	Bio Gas Reg & Meter Installations	228	4	-	-	-	232	
48	483-25	RNG Comp S/W	137	2	-	-	-	139	
49			\$ 15,425	\$ 257	\$ -	\$ 6,014	\$ -	\$ 21,696	

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

Schedule 6.2

Line No.	Account	Particulars	12/31/2019	Opening Bal Adjustment	CPCN's	Additions	Retirements	12/31/2020	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		<b>Natural Gas for Transportation</b>							
2	476-10	NG Transportation CNG Dispensing Equipment	\$ 14,452	\$ 241	\$ -	\$ 2,572	\$ -	\$ 17,265	
3	476-20	NG Transportation LNG Dispensing Equipment	14,118	235	-	2,155	-	16,509	
4	476-30	NG Transportation CNG Foundations	2,878	48	-	301	-	3,227	
5	476-40	NG Transportation LNG Foundations	1,298	22	-	-	-	1,320	
6	476-50	NG Transportation LNG Pumps (Pumps only apply to L	1,479	25	-	-	-	1,504	
7	476-60	NG Transportation CNG Dehydrator	489	8	-	-	-	497	
8	476-70	NG Transportation LNG Dehydrator	-	-	-	-	-	-	
9			<u>\$ 34,715</u>	<u>\$ 579</u>	<u>\$ -</u>	<u>\$ 5,028</u>	<u>\$ -</u>	<u>\$ 40,322</u>	
10									
11		<b>GENERAL PLANT &amp; EQUIPMENT</b>							
12	480-00	Land in Fee Simple	\$ 31,487	\$ 525	\$ -	\$ -	\$ -	\$ 32,012	
13	482-10	Frame Buildings	23,279	388	-	-	-	23,667	
14	482-20	Masonry Buildings	125,017	2,085	-	3,186	(81)	130,207	
15	482-30	Leasehold Improvement	5,907	99	-	-	(23)	5,983	
16	483-30	GP Office Equipment	3,418	57	-	416	(240)	3,651	
17	483-40	GP Furniture	19,299	322	-	3,178	(5,011)	17,787	
18	483-10	GP Computer Hardware	38,560	643	-	9,526	(4,352)	44,377	
19	483-20	GP Computer Software	6,332	106	-	-	(1,082)	5,355	
20	484-00	Vehicles	33,052	551	-	8,160	-	41,763	
21	484-10	Vehicles - Leased	20,243	338	-	-	(1,458)	19,123	
22	485-10	Heavy Work Equipment	897	15	-	-	-	912	
23	485-20	Heavy Mobile Equipment	7,194	120	-	-	-	7,314	
24	486-00	Small Tools & Equipment	50,188	837	-	4,953	(991)	54,987	
25	487-20	Equipment on Customer's Premises	3	0	-	-	-	3	
26	488-10	Telephone	2,623	44	-	-	(518)	2,149	
27	488-20	Radio	15,496	258	-	1,621	(370)	17,005	
28	489-00	Other General Equipment	-	-	-	-	-	-	
29			<u>\$ 382,995</u>	<u>\$ 6,387</u>	<u>\$ -</u>	<u>\$ 31,040</u>	<u>\$ (14,126)</u>	<u>\$ 406,296</u>	
30									
31		<b>UNCLASSIFIED PLANT</b>							
32	499-00	Plant Suspense	-	-	-	-	-	-	
33			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
34									
35		<b>Total Plant in Service</b>	<u>\$ 6,966,693</u>	<u>\$ 116,182</u>	<u>\$ 376,177</u>	<u>\$ 299,900</u>	<u>\$ (104,990)</u>	<u>\$ 7,653,962</u>	
36									
37		Cross Reference			Schedule 5, Line 26, Column 2	Schedule 5, Line 20, 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	12/31/2019	1/1/2020 Opening Adj	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2020	Cross Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1		INTANGIBLE PLANT										
2	175-10	Unamortized Conversion Expense	\$ 110	1.00%	\$ 63	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 64	
3	175-00	Unamortized Conversion Expense - Squamish	782	10.00%	777	-	-	-	-	-	777	
4	178-00	Organization Expense	733	1.00%	442	-	7	-	-	-	449	
5	401-01	Franchise and Consents	299	1.08%	234	-	11	-	-	-	245	
6	402-11	Utility Plant Acquisition Adjustment	62	0.00%	62	-	-	-	-	-	62	
7	402-03	Other Intangible Plant	1,920	2.50%	1,150	-	48	-	-	-	1,198	
8	440-02	Water/Land Rights Tilbury	4,328	0.00%	-	-	-	-	-	-	-	
9	461-01	Transmission Land Rights	51,764	0.00%	1,766	-	-	-	-	-	1,766	
10	461-02	Transmission Land Rights - Mt. Hayes	613	0.00%	-	-	-	-	-	-	-	
11	461-12	Transmission Land Rights - Byron Creek	16	0.00%	19	-	-	-	-	-	19	
12	461-13	IP Land Rights Whistler	24	0.00%	-	-	-	-	-	-	-	
13	471-01	Distribution Land Rights	3,327	0.00%	248	-	-	-	-	-	248	
14	471-11	Distribution Land Rights - Byron Creek	1	0.00%	1	-	-	-	-	-	1	
15	402-01	Application Software - 12.5%	117,715	12.50%	79,562	-	14,615	(56,259)	-	-	37,918	
16	402-02	Application Software - 20%	23,518	20.00%	7,222	-	4,672	(2,909)	-	-	8,985	
17			\$ 205,212		\$ 91,546	\$ -	\$ 19,354	\$ (59,168)	\$ -	\$ -	\$ 51,732	
18												
19		MANUFACTURED GAS / LOCAL STORAGE										
20	430-00	Manufact'd Gas - Land	\$ 31	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
21	432-00	Manufact'd Gas - Struct. & Improvements	999	2.50%	365	-	25	-	-	-	390	
22	433-00	Manufact'd Gas - Equipment	934	5.00%	284	-	46	-	-	-	330	
23	434-00	Manufact'd Gas - Gas Holders	2,975	2.50%	729	-	74	-	-	-	803	
24	436-00	Manufact'd Gas - Compressor Equipment	369	4.00%	153	-	15	-	-	-	168	
25	437-00	Manufact'd Gas - Measuring & Regulating Equipment	1,239	5.00%	1,073	-	62	-	-	-	1,135	
26	440-00	Land in Fee Simple and Land Rights (Tilbury)	15,267	0.00%	1	-	-	-	-	-	1	
27	442-00	Structures & Improvements (Tilbury)	96,064	2.20%	6,719	-	2,099	-	-	-	8,818	
28	443-00	Gas Holders - Storage (Tilbury)	181,195	1.23%	16,008	-	2,214	-	-	-	18,222	
29	448-11	Piping (Tilbury)	39,506	2.45%	965	-	961	-	-	-	1,926	
30	448-21	Pre-treatment (Tilbury)	32,185	3.84%	1,240	-	1,228	-	-	-	2,468	
31	448-31	Liquefaction Equipment (Tilbury)	86,762	2.45%	2,120	-	2,111	-	-	-	4,231	
32	449-00	Local Storage Equipment (Tilbury)	30,529	2.77%	18,153	-	840	-	-	-	18,993	
33	440-01	Land in Fee Simple and Land Rights (Mount Hayes)	1,090	0.00%	-	-	-	-	-	-	-	
34	442-01	Structures & Improvements (Mount Hayes)	19,174	3.85%	6,095	-	733	-	-	-	6,828	
35	443-05	Gas Holders - Storage (Mount Hayes)	61,067	1.65%	8,599	-	1,001	-	-	-	9,600	
36	448-41	Send out Equipment(Tilbury)	6,757	2.41%	164	-	162	-	-	-	326	
37	448-51	Sub-station and Electric (Tilbury)	36,519	2.41%	885	-	874	-	-	-	1,759	
38	448-61	Control Room (Tilbury)	3,699	6.09%	231	-	224	-	-	-	455	
39	448-10	Piping (Mount Hayes)	12,537	2.45%	2,499	-	305	-	-	-	2,804	
40	448-20	Pre-treatment (Mount Hayes)	29,437	3.84%	9,823	-	1,123	-	-	-	10,946	
41	448-30	Liquefaction Equipment (Mount Hayes)	29,076	2.45%	6,138	-	708	-	-	-	6,846	
42	448-40	Send out Equipment (Mount Hayes)	23,712	2.41%	4,931	-	568	-	-	-	5,499	
43	448-50	Sub-station and Electric (Mount Hayes)	21,936	2.41%	4,616	-	525	-	-	-	5,141	
44	448-60	Control Room (Mount Hayes)	6,396	6.09%	3,413	-	387	-	-	-	3,800	
45	448-65	MH Inspection (Mount Hayes)	1,677	20.00%	1,005	-	333	-	-	-	1,338	
46	449-01	Local Storage Equipment (Mount Hayes)	5,638	3.08%	643	-	172	-	-	-	815	
47			\$ 746,770		\$ 96,852	\$ -	\$ 16,790	\$ -	\$ -	\$ -	\$ 113,642	

**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	12/31/2019	1/1/2020 Opening Adj	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2020	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1		<b>TRANSMISSION PLANT</b>										
2	460-00	Land in Fee Simple	\$ 10,904	0.00%	\$ 503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 503	
3	461-00	Transmission Land Rights	-	0.00%	-	-	-	-	-	-	-	
4	462-00	Compressor Structures	32,002	3.32%	18,955	-	1,055	(354)	-	-	19,656	
5	463-00	Measuring Structures	15,843	2.13%	7,803	-	335	-	-	-	8,138	
6	464-00	Other Structures & Improvements	6,867	3.62%	3,394	-	247	(3)	-	-	3,638	
7	465-00	Mains	1,425,584	1.46%	432,678	-	20,672	(2,045)	-	-	451,305	
8	465-20	Mains - INSPECTION	38,737	15.20%	19,456	-	5,849	(8,357)	-	-	16,948	
9	465-11	IP Transmission Pipeline - Whistler	52,390	1.54%	6,578	-	801	-	-	-	7,379	
10	465-30	Mt Hayes - Mains	6,350	1.54%	884	-	97	-	-	-	981	
11	465-10	Mains - Byron Creek	1,380	5.03%	1,428	-	69	-	-	-	1,497	
12	466-00	Compressor Equipment	196,172	2.42%	98,029	-	4,716	(912)	-	-	101,833	
13	466-10	Compressor Equipment - OVERHAUL	8,243	10.19%	3,166	-	834	-	-	-	4,000	
14	467-30	Mt. Hayes - Measuring and Regulating Equipment	5,376	2.34%	1,589	-	125	-	-	-	1,714	
15	467-10	Measuring & Regulating Equipment	72,877	2.12%	27,947	-	1,535	(307)	-	-	29,175	
16	467-20	Telemetry	18,419	8.97%	11,580	-	1,641	-	-	-	13,221	
17	467-31	IP Intermediate Pressure Whistler	315	2.26%	113	-	7	-	-	-	120	
18	467-30	Measuring & Regulating Equipment - Byron Creek	293	2.41%	31	-	7	-	-	-	38	
19	468-00	Communication Structures & Equipment	3,937	0.00%	4,393	-	-	-	-	-	4,393	
20			<u>\$ 1,895,689</u>		<u>\$ 638,527</u>	<u>\$ -</u>	<u>\$ 37,990</u>	<u>\$ (11,978)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,539</u>	
21												
22		<b>DISTRIBUTION PLANT</b>										
23	470-00	Land in Fee Simple	\$ 5,350	0.00%	\$ (13)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13)	
24	472-00	Structures & Improvements	54,942	2.15%	10,353	-	1,176	(62)	-	-	11,467	
25	472-10	Structures & Improvements - Byron Creek	125	4.67%	71	-	6	-	-	-	77	
26	473-00	Services	1,313,423	2.18%	340,347	-	28,439	(3,968)	-	-	364,818	
27	474-00	House Regulators & Meter Installations	175,173	7.45%	90,290	-	12,962	(6,791)	-	-	96,461	
28	474-02	Meters/Regulators Installations	185,585	4.55%	28,781	-	8,387	-	-	-	37,168	
29	475-00	Mains	1,941,422	1.35%	517,255	-	26,063	(3,505)	-	-	539,813	
30	476-00	Compressor Equipment	618	0.00%	862	-	-	-	-	-	862	
31	477-10	Measuring & Regulating Equipment	175,529	2.51%	58,109	-	4,378	(797)	-	-	61,690	
32	477-20	Telemetry	19,046	3.59%	6,436	-	679	(45)	-	-	7,070	
33	477-30	Measuring & Regulating Equipment - Byron Creek	154	0.00%	210	-	-	-	-	-	210	
34	478-10	Meters	285,895	6.06%	159,361	-	17,208	(4,550)	-	-	172,019	
35	478-20	Instruments	13,758	2.92%	6,834	-	399	-	-	-	7,233	
36	479-00	Other Distribution Equipment	-	0.00%	-	-	-	-	-	-	-	
37			<u>\$ 4,171,020</u>		<u>\$ 1,218,896</u>	<u>\$ -</u>	<u>\$ 99,697</u>	<u>\$ (19,718)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,875</u>	
38												
39		<b>BIO GAS</b>										
40	472-00	Bio Gas Struct. & Improvements	\$ 821	2.69%	\$ 109	\$ -	\$ 22	\$ -	\$ -	\$ -	\$ 131	
41	475-10	Bio Gas Mains – Municipal Land	1,613	1.56%	118	-	25	-	-	-	143	
42	475-20	Bio Gas Mains – Private Land	55	1.56%	7	-	1	-	-	-	8	
43	418-10	Bio Gas Purification Overhaul	20	5.00%	6	-	1	-	-	-	7	
44	418-20	Bio Gas Purification Upgrader	10,016	5.00%	2,339	-	497	-	-	-	2,836	
45	477-40	Bio Gas Reg & Meter Equipment	2,748	3.22%	428	-	70	-	-	-	498	
46	478-30	Bio Gas Meters	39	4.89%	12	-	2	-	-	-	14	
47	474-10	Bio Gas Reg & Meter Installations	232	5.32%	53	-	12	-	-	-	65	
48	483-25	RNG Comp S/W	139	20.00%	83	-	28	-	-	-	111	
49			<u>\$ 15,683</u>		<u>\$ 3,155</u>	<u>\$ -</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,813</u>	



### Schedule 7.2

Line No.	Account	Particulars	Gross Plant or Depreciation	Depreciation Rate	12/31/2019	1/1/2020 Opening Adj	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2020	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1		<b>Natural Gas for Transportation</b>										
2	476-10	NG Transportation CNG Dispensing Equipment	14,693	5.00%	\$ 3,151	-	730	-	-	-	\$ 3,881	
3	476-20	NG Transportation LNG Dispensing Equipment	14,354	5.00%	2,904	-	713	-	-	-	3,617	
4	476-30	NG Transportation CNG Foundations	2,926	5.00%	520	-	145	-	-	-	665	
5	476-40	NG Transportation LNG Foundations	1,320	5.00%	362	-	66	-	-	-	428	
6	476-50	NG Transportation LNG Pumps (Pumps only apply to L	1,504	10.00%	618	-	149	-	-	-	767	
7	476-60	NG Transportation CNG Dehydrator	497	5.00%	126	-	25	-	-	-	151	
8	476-70	NG Transportation LNG Dehydrator	-	5.00%	-	-	-	-	-	-	-	
9			<u>\$ 35,294</u>		<u>\$ 7,681</u>	<u>\$ -</u>	<u>\$ 1,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,509</u>	
10												
11		<b>GENERAL PLANT &amp; EQUIPMENT</b>										
12	480-00	Land in Fee Simple	\$ 32,012	0.00%	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	
13	482-10	Frame Buildings	23,667	3.17%	11,812	-	745	-	-	-	12,557	
14	482-20	Masonry Buildings	127,102	1.52%	31,429	-	1,919	(81)	-	-	33,267	
15	482-30	Leasehold Improvement	6,006	9.49%	3,944	-	566	(23)	-	-	4,487	
16	483-30	GP Office Equipment	3,475	6.67%	1,393	-	230	(240)	-	-	1,383	
17	483-40	GP Furniture	19,620	5.00%	9,730	-	974	(5,011)	-	-	5,693	
18	483-10	GP Computer Hardware	39,203	25.00%	11,585	-	9,734	(4,352)	-	-	16,967	
19	483-20	GP Computer Software	6,437	12.50%	3,694	-	799	(1,082)	-	-	3,411	
20	484-00	Vehicles	33,603	11.07%	12,551	-	3,695	-	-	-	16,246	
21	484-10	Vehicles - Leased	20,581	9.44%	19,243	-	484	(1,458)	-	-	18,269	
22	485-10	Heavy Work Equipment	912	5.14%	589	-	47	-	-	-	636	
23	485-20	Heavy Mobile Equipment	7,314	6.09%	3,903	-	442	-	-	-	4,345	
24	486-00	Small Tools & Equipment	51,025	5.00%	22,342	-	2,534	(991)	-	-	23,885	
25	487-20	Equipment on Customer's Premises	3	6.67%	3	-	-	-	-	-	3	
26	488-10	Telephone	2,667	6.67%	2,106	-	177	(518)	-	-	1,765	
27	488-20	Radio	15,754	6.67%	4,332	-	1,044	(370)	-	-	5,006	
28	489-00	Other General Equipment	-	0.00%	-	-	-	-	-	-	-	
29			<u>\$ 389,381</u>		<u>\$ 138,673</u>	<u>\$ -</u>	<u>\$ 23,390</u>	<u>\$ (14,126)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,937</u>	
30												
31		<b>UNCLASSIFIED PLANT</b>										
32	499-00	Plant Suspense	-	0.00%	-	-	-	-	-	-	-	
33			<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
34												
35		<b>Total</b>	<u>\$ 7,459,049</u>		<u>\$ 2,195,330</u>	<u>\$ -</u>	<u>\$ 199,707</u>	<u>\$ (104,990)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,290,047</u>	
36		Less: Depreciation & Amortization Transferred to Biomethane BVA					(511)					
37		Less: Vehicle Depreciation Allocated To Capital Projects					(1,546)					
38		<b>Net Depreciation Expense</b>					<u>\$ 197,650</u>					
39												
40		Cross Reference	Schedule 6.2, Line 35, Column 3+4+5									

FORTISBC ENERGY INC.

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

**NON-REG PLANT CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 8

Line No.	Particulars	12/31/2019	Opening Adj	CPCN's	Additions	Retirements	12/31/2020	Cross Reference		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Non-Regulated Plant									
2	NRB Depreciation @ 0%		\$ 1,054	\$ -	\$ -	\$ -	\$ -	\$ 1,054		
3	NRB Depreciation @ 2.4%		176,594	-	-	-	-	176,594		
4								-		
5	Total		\$ 177,648	\$ -	\$ -	\$ -	\$ -	\$ 177,648		

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

Line No.	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2019	Opening Adj	Depreciation Expense	Depreciation Retirements	Cost of Removal	12/31/2020	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
18	<b>Non-Regulated Plant Depreciation</b>									
19	NRB Depreciation @ 0%	\$ 1,054	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
20	NRB Depreciation @ 2.4%	176,594	2.40%	129,938	-	4,238	-	-	134,176	
21									-	
22	<b>Total</b>	<b>\$ 177,648</b>		<b>\$ 129,938</b>	<b>\$ -</b>	<b>\$ 4,238</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 134,176</b>	

FORTISBC ENERGY INC.

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 9

Line No.	Particulars	12/31/2019	CPCN / Open Bal Adj	Adjustment	Additions	Retirements	12/31/2020	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	<b>CIAC</b>							
2	Distribution Contributions	\$ 290,255	\$ -	\$ -	\$ 2,464	\$ -	\$ 292,719	
3	Transmission Contributions	148,867	-	-	3,902	-	152,769	
4	Others	827	-	-	-	-	827	
5	Biomethane	566	-	-	-	-	566	
6	<b>Total</b>	<b>\$ 440,515</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,366</b>	<b>\$ -</b>	<b>\$ 446,881</b>	
7								
8	<b>Amortization</b>							
9	Distribution Contributions	\$ (115,962)	\$ -	\$ -	\$ (6,124)	\$ -	\$ (122,086)	
10	Transmission Contributions	(54,377)	-	-	(2,173)	-	(56,550)	
11	Others	(964)	-	-	(124)	-	(1,088)	
12	Biomethane	(216)	-	-	(28)	-	(244)	
13	<b>Total</b>	<b>\$ (171,519)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,449)</b>	<b>\$ -</b>	<b>\$ (179,968)</b>	
14								
15	<b>Net CIAC</b>	<b>\$ 268,996</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,083)</b>	<b>\$ -</b>	<b>\$ 266,913</b>	
16								
17								
18	Total CIAC Amortization Expense per Line 13				\$ (8,449)			
19	Less: CIAC Amortization Transferred to Biomethane BVA				28			
20	<b>Net CIAC Amortization Expense</b>				<b>\$ (8,421)</b>			

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

Schedule 10

Line No.	Account	Particulars	Gross Plant for Depreciation	Salvage Rate	12/31/2019	Net Salv Provision	Retirement Costs / Proceeds on Disp.	12/31/2020	Cross Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1		<b>MANUFACTURED GAS / LOCAL STORAGE</b>							
2	437-00	Manufact'd Gas - Measuring & Regulating Equipment	\$ 1,239	0.00%	\$ (22)	\$ -	\$ -	\$ (22)	
3	442-00	Structures & Improvements (Tilbury)	96,064	0.68%	823	649	-	1,472	
4	443-00	Gas Holders - Storage (Tilbury)	181,195	1.12%	1,605	2,016	-	3,621	
5	448-11	Piping (Tilbury)	39,506	0.28%	271	110	-	381	
6	448-21	Pre-treatment (Tilbury)	32,185	0.50%	363	160	-	523	
7	448-31	Liquefaction Equipment (Tilbury)	86,762	0.57%	1,149	491	-	1,640	
8	449-00	Local Storage Equipment (Tilbury)	30,529	0.82%	842	249	-	1,091	
9	442-01	Structures & Improvements (Mount Hayes)	19,174	0.49%	242	93	-	335	
10	443-05	Gas Holders - Storage (Mount Hayes)	61,067	0.36%	633	218	-	851	
11	448-41	Send out Equipment(Tilbury)	6,757	0.28%	31	19	-	50	
12	448-51	Sub-station and Electric (Tilbury)	36,519	0.56%	424	203	-	627	
13	448-10	Piping (Mount Hayes)	12,537	0.28%	96	35	-	131	
14	448-20	Pre-treatment (Mount Hayes)	29,437	0.50%	398	146	-	544	
15	448-30	Liquefaction Equipment (Mount Hayes)	29,076	0.57%	466	165	-	631	
16	448-40	Send out Equipment (Mount Hayes)	23,712	0.28%	188	66	-	254	
17	448-50	Sub-station and Electric (Mount Hayes)	21,936	0.56%	351	122	-	473	
18	449-01	Local Storage Equipment (Mount Hayes)	5,638	0.32%	52	18	-	70	
19			<u>\$ 713,333</u>		<u>\$ 7,912</u>	<u>\$ 4,760</u>	<u>\$ -</u>	<u>\$ 12,672</u>	
20									
21		<b>TRANSMISSION PLANT</b>							
22	462-00	Compressor Structures	\$ 32,002	0.11%	\$ 448	\$ 35	\$ -	\$ 483	
23	463-00	Measuring Structures	15,843	0.62%	380	98	-	478	
24	464-00	Other Structures & Improvements	6,867	0.29%	72	20	-	92	
25	465-00	Mains	1,425,584	0.42%	20,854	5,947	-	26,801	
26	465-11	IP Transmission Pipeline - Whistler	52,390	0.34%	432	177	-	609	
27	465-30	Mt Hayes - Mains	6,350	0.30%	60	19	-	79	
28	466-00	Compressor Equipment	196,172	0.07%	2,175	136	-	2,311	
29	467-30	Mt. Hayes - Measuring and Regulating Equipment	5,376	0.21%	34	11	-	45	
30	467-10	Measuring & Regulating Equipment	72,877	0.16%	771	116	-	887	
31	467-20	Telemetry	18,419	0.00%	(26)	-	-	(26)	
32	467-31	IP Intermediate Pressure Whistler	315	0.35%	2	1	-	3	
33	468-00	Communication Structures & Equipment	3,937	0.00%	400	-	-	400	
34			<u>\$ 1,836,132</u>		<u>\$ 25,602</u>	<u>\$ 6,560</u>	<u>\$ -</u>	<u>\$ 32,162</u>	
35									
36		<b>DISTRIBUTION PLANT</b>							
37	470-00	Land in Fee Simple	\$ 5,350	0.00%	\$ (1,393)	\$ -	\$ -	\$ (1,393)	
38	472-00	Structures & Improvements	54,942	0.52%	312	284	-	596	
39	473-00	Services	1,313,423	2.09%	40,005	27,265	(10,891)	56,379	
40	474-00	House Regulators & Meter Installations	175,173	3.37%	(8,269)	5,863	(4,045)	(6,451)	
41	474-02	Meters/Regulators Installations	185,585	0.00%	748	-	-	748	
42	475-00	Mains	1,941,422	0.50%	34,052	9,653	(622)	43,083	
43	476-00	Compressor Equipment	618	0.00%	706	-	-	706	
44	477-10	Measuring & Regulating Equipment	175,529	0.45%	3,306	784	-	4,090	
45	477-20	Telemetry	19,046	0.48%	136	91	-	227	
46	478-10	Meters	285,895	0.00%	2,929	-	-	2,929	
47			<u>\$ 4,156,983</u>		<u>\$ 72,532</u>	<u>\$ 43,940</u>	<u>\$ (15,558)</u>	<u>\$ 100,914</u>	
48									
49		<b>BIO GAS</b>							
50	472-00	Bio Gas Struct. & Improvements	\$ 821	0.29%	\$ 6	\$ 2	\$ -	\$ 8	
51	475-10	Bio Gas Mains – Municipal Land	1,613	0.39%	30	6	-	36	
52	475-20	Bio Gas Mains – Private Land	55	0.39%	1	-	-	1	
53	418-20	Bio Gas Purification Upgrader	10,016	0.24%	71	26	-	97	
54	474-10	Bio Gas Reg & Meter Installations	232	1.44%	9	3	-	12	
55			<u>\$ 12,737</u>		<u>\$ 117</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ 154</u>	

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

Schedule 10.1

Account (1)	Particulars (2)	Gross Plant for Depreciation (3)	Salvage Rate (4)	12/31/2019 (5)	Net Salv Provision (6)	Retirement Costs / 12/31/2020 (7)	12/31/2020 (8)	Cross Reference (9)
1	<b>Natural Gas for Transportation</b>							
2	476-10 NG Transportation CNG Dispensing Equipment	\$ 14,693	0.00%	\$ (1)	\$ -	\$ -	\$ (1)	
3		<u>\$ 14,693</u>		<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	
4								
5	<b>GENERAL PLANT &amp; EQUIPMENT</b>							
6	482-10 Frame Buildings	\$ 23,667	0.37%	\$ (368)	\$ 87	\$ -	\$ (281)	
7	482-20 Masonry Buildings	127,102	0.08%	927	101	-	1,028	
8	482-30 Leasehold Improvement	6,006	0.00%	(25)	-	-	(25)	
9	483-30 GP Office Equipment	3,475	0.00%	1	-	-	1	
10	484-00 Vehicles	33,603	-3.70%	401	(1,236)	-	(835)	
11	485-10 Heavy Work Equipment	912	-0.67%	(11)	(6)	-	(17)	
12	485-20 Heavy Mobile Equipment	7,314	-1.80%	(508)	(131)	-	(639)	
13	486-00 Small Tools & Equipment	51,025	0.00%	36	-	-	36	
14	487-20 Equipment on Customer's Premises	3	0.00%	(2)	-	-	(2)	
15	488-20 Radio	15,754	0.00%	(7)	-	-	(7)	
16		<u>\$ 268,861</u>		<u>\$ 444</u>	<u>\$ (1,185)</u>	<u>\$ -</u>	<u>\$ (741)</u>	
17								
18	<b>Total</b>	<u>\$ 7,002,739</u>		<u>\$ 106,606</u>	<u>\$ 54,112</u>	<u>\$ (15,558)</u>	<u>\$ 145,160</u>	
19	Less: Depreciation & Amortization Transferred to Biomethane BVA				(26)			
20	<b>Net Salvage Depreciation Expense</b>				<u>\$ 54,086</u>			
21	Cross Reference		Schedule 6.2, Line 35, Column 3+4+5					

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

Schedule 11

Line No.	Particulars	12/31/2019	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2020	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<b>1. Forecasting Variance Accounts</b>										
2	Midstream Cost Reconciliation Account (MCRA)	\$ 14,972	\$ -	\$ -	\$ -	\$ -	\$ (10,255)	\$ 2,769	\$ 7,486	\$ 11,229	
3	Commodity Cost Reconciliation Account (CCRA)	(16,650)	-	22,808	(6,158)	-	-	-	-	(8,325)	
4	Revenue Stabilization Adjustment Mechanism (RSAM)	21,448	-	-	-	-	(14,690)	3,966	10,724	16,086	
5	Interest on CCRA / MCRA / RSAM / Gas Storage	(5,868)	-	2,513	(678)	93	30	(7)	(3,917)	(4,893)	
6	Revelstoke Propane Cost Deferral Account	127	-	(174)	47	-	-	-	-	64	
7	SCP Mitigation Revenues Variance Account	1,739	-	-	-	(926)	-	-	813	1,276	
8	Pension & OPEB Variance	(4,921)	-	-	-	1,727	-	-	(3,194)	(4,058)	
9	BCUC Levies Variance	3,997	-	-	-	(3,997)	-	-	-	1,999	
10	TESDA Overhead Allocation Variance	567	-	-	-	(567)	-	-	-	284	
11		<u>\$ 15,411</u>	<u>\$ -</u>	<u>\$ 25,147</u>	<u>\$ (6,789)</u>	<u>\$ (3,670)</u>	<u>\$ (24,915)</u>	<u>\$ 6,728</u>	<u>\$ 11,912</u>	<u>\$ 13,662</u>	
12	<b>2. Rate Smoothing Accounts</b>										
13											
14	<b>3. Benefits Matching Accounts</b>										
15	Energy Efficiency & Conservation (EEC)	\$ 137,927	\$ 26,472	\$ 29,928	\$ (8,081)	\$ (19,934)	\$ -	\$ -	\$ 166,312	\$ 165,356	
16	NGV Conversion Grants	32	-	-	-	(16)	-	-	16	24	
17	Emissions Regulations	(5,444)	-	-	-	1,433	-	-	(4,011)	(4,728)	
18	On-Bill Financing Pilot Program	2	-	-	-	(1)	-	-	1	2	
19	Greenhouse Gas Reduction Regulation Incentives	30,994	-	8,138	(2,197)	(4,601)	-	-	32,334	31,664	
20	CNG and LNG Recoveries	(330)	-	-	-	330	-	-	-	(165)	
21	2016 Cost of Capital Application	420	-	-	-	(420)	-	-	-	210	
22	Indigenous Utility Inquiry	55	-	500	(135)	-	-	-	420	238	
23	2015-2019 Annual Review Costs	7	-	-	-	(7)	-	-	-	4	
24	2017 Rate Design Application	1,052	-	-	-	(262)	-	-	790	921	
25	2017 Long Term Resource Plan Application	467	-	-	-	(212)	-	-	255	361	
26	2019-2022 DSM Expenditures Application Costs	71	-	-	-	(23)	-	-	48	60	
27		<u>\$ 165,253</u>	<u>\$ 26,472</u>	<u>\$ 38,566</u>	<u>\$ (10,413)</u>	<u>\$ (23,713)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,165</u>	<u>\$ 193,947</u>	

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

Schedule 11.1

Line No.	Particulars	12/31/2019	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2020	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<b>3. Benefits Matching Accounts (cont'd)</b>										
2	Whistler Pipeline Conversion	\$ 7,191	\$ -	\$ -	\$ -	\$ (740)	\$ -	\$ -	\$ 6,451	\$ 6,821	
3	2010-2011 Customer Service O&M and COS	1,556	-	-	-	(1,556)	-	-	-	778	
4	Gas Asset Records Project	1,240	-	686	(185)	(623)	-	-	1,118	1,179	
5	BC OneCall Project	184	-	-	-	(121)	-	-	63	124	
6	Gains and Losses on Asset Disposition	16,457	-	-	-	(3,986)	-	-	12,471	14,464	
7	Net Salvage Provision/Cost	(106,606)	-	15,558	-	(54,112)	-	-	(145,160)	(125,883)	
8	PCEC Start Up Costs	700	-	-	-	(44)	-	-	656	678	
9	2020 Revenue Requirement Proceeding	440	-	500	(135)	(88)	-	-	717	579	
10	City of Surrey Operating Terms Application Costs	244	-	-	-	(130)	-	-	114	179	
11	IGU Application and Preliminary Stage Development Costs	-	986	50	(14)	(328)	-	-	694	840	
12		<u>\$ (78,594)</u>	<u>\$ 986</u>	<u>\$ 16,794</u>	<u>\$ (334)</u>	<u>\$ (61,728)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122,876)</u>	<u>\$ (100,241)</u>	
13	<b>4. Retroactive Expense Accounts</b>										
14											
15	<b>5. Other Accounts</b>										
16	Pension & OPEB Funding	\$ (172,436)	\$ -	\$ (5,740)	\$ -	\$ -	\$ -	\$ -	\$ (178,176)	\$ (175,306)	
17	US GAAP Pension & OPEB Funded Status	76,561	-	-	-	-	-	-	76,561	76,561	
18	BFI Costs and Recoveries	(489)	-	-	-	-	-	-	(489)	(489)	
19	BVA Balance Transfer	2,761	-	-	-	-	(3,782)	1,021	-	1,381	
20		<u>\$ (93,603)</u>	<u>\$ -</u>	<u>\$ (5,740)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,782)</u>	<u>\$ 1,021</u>	<u>\$ (102,104)</u>	<u>\$ (97,853)</u>	
21											
22	<b>Total</b>	<u>\$ 8,467</u>	<u>\$ 27,458</u>	<u>\$ 74,767</u>	<u>\$ (17,536)</u>	<u>\$ (89,111)</u>	<u>\$ (28,697)</u>	<u>\$ 7,749</u>	<u>\$ (16,903)</u>	<u>\$ 9,515</u>	
23	Less: Net Salvage Amortization Transferred to Biomethane BVA					26					
24	<b>Net Rate Base Deferred Amortization Expense</b>					<u>\$ (89,085)</u>					

FORTISBC ENERGY INC.

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 12

Line No.	Particulars	12/31/2019	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2020	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<b>1. Forecasting Variance Accounts</b>										
2	Flow-Through Account	\$ (34,825)	\$ -	\$ (951)	\$ -	\$ 35,776	\$ -	\$ -	\$ -	\$ (17,413)	
3	Marketer Cost Variance	(3)	-	4	(1)	-	-	-	-	(2)	
4		<u>\$ (34,828)</u>	<u>\$ -</u>	<u>\$ (947)</u>	<u>\$ (1)</u>	<u>\$ 35,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,415)</u>	
5	<b>2. Rate Smoothing Accounts</b>										
6	2017 & 2018 Revenue Surplus Deferral	\$ (31,284)	\$ -	\$ (1,756)	\$ -	\$ -	\$ -	\$ -	\$ (33,040)	\$ (32,162)	
7	City of Vancouver Biomethane Purchase Agreement	-	-	-	-	-	-	-	-	-	
8											
9	<b>3. Benefits Matching Accounts</b>										
10	EEC-Incentives	\$ 26,472	\$ (26,472)	\$ 43,353	\$ (11,470)	\$ -	\$ -	\$ -	\$ 31,883	\$ 15,942	
11	PEC Pipeline Development Costs and Commitment Fees	(2,398)	-	-	-	-	-	-	(2,398)	(2,398)	
12	IGU Application and Preliminary Stage Development Costs	986	(986)	-	-	-	-	-	-	-	
13	Transmission Integrity Management Capabilities	12,745	-	26,050	(6,703)	-	-	-	32,092	22,419	
14		<u>\$ 37,805</u>	<u>\$ (27,458)</u>	<u>\$ 69,403</u>	<u>\$ (18,173)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,577</u>	<u>\$ 35,963</u>	
15	<b>4. Retroactive Expense Accounts</b>										
16											
17	<b>5. Other Accounts</b>										
18	Mark to Market - Hedging Transactions	\$ 8,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,866	\$ 8,866	
19	2014-2019 Earning Sharing Account	955	-	26	-	(981)	-	-	-	478	
20		<u>\$ 9,821</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ (981)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,866</u>	<u>\$ 9,344</u>	
21											
22											
23	<b>Total Non Rate Base Deferral Accounts</b>	<u>\$ (18,486)</u>	<u>\$ (27,458)</u>	<u>\$ 66,726</u>	<u>\$ (18,174)</u>	<u>\$ 34,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,403</u>	<u>\$ (4,270)</u>	



**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	\$ 17,537	\$ 18,228	\$ 691	Schedule 14, Line 29, Column 5
3					
4	Less: Funds Available				
5	Reserve for bad debts	(5,510)	-	5,510	Note 1
6	Employee Withholdings	(6,118)	(6,269)	(151)	
7					
8	<b>Other Working Capital Items</b>				
9	Transmission Line Pack Gas	89	1,591	1,502	
10	Gas In Storage	28,998	26,564	(2,434)	
11	Inventory - Materials and Supplied	1,514	1,544	30	
12	Refundable Contributions	(577)	(366)	211	
13					
14	Total	<u>\$ 35,933</u>	<u>\$ 41,292</u>	<u>\$ 5,359</u>	
15					
16	Note 1: Reserve for bad debts included in Cash Working Capital calculation (Schedule 14) beginning in 2020				

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 14

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 & Commercial Tariff Revenue	\$ 1,177,596	39.4	\$ 46,395,722		
4	Industrial Tariff Revenue	119,878	47.7	5,718,175		
5	Bypass and Special Rates	61,242	47.7	2,921,245		
6						
7	<b>Other Revenue</b>					
8	Late Payment Charges	2,825	53.8	151,985		
9	Connection Charges	1,970	39.0	76,830		
10	Other Utility Income	38,058	39.0	1,484,262		
11						
12	Total	<u>\$ 1,401,569</u>		<u>\$ 56,748,219</u>	40.5	
13						
14	<b>EXPENSES</b>					
15	Energy Purchases	\$ 468,036	(40.0)	\$ (18,721,440)		
16	Operating and Maintenance	257,395	(31.8)	(8,185,161)		
17	Property Taxes	68,737	(1.3)	(89,358)		
18	Franchise Fees	8,103	(352.9)	(2,859,679)		
19	Carbon Tax	307,589	(30.7)	(9,442,982)		
20	GST	11,773	(39.7)	(467,388)		
21	PST	5,601	(45.8)	(256,526)		
22	Income Tax	39,986	(15.2)	(607,787)		
23						
24	Total	<u>\$ 1,167,220</u>		<u>\$ (40,630,321)</u>	(34.8)	
25						
26	Net Lag (Lead) Days				5.7	
27	Total Expenses				\$ 1,167,220	
28						
29	Cash Working Capital				<u>\$ 18,228</u>	

FORTISBC ENERGY INC.

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

**DEFERRED INCOME TAX LIABILITY / ASSET  
FOR THE YEAR ENDING DECEMBER 31, 2020  
(\$000s)**

Schedule 15

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Total DIT Liability- After Tax	\$ (344,407)	\$ (362,097)	\$ (17,690)	
2	Tax Gross Up	(127,383)	(133,926)	(6,543)	
3	DIT Liability/Asset - End of Year	\$ (471,790)	\$ (496,023)	\$ (24,233)	
4	DIT Liability/Asset - Opening Balance	(458,905)	(457,137)	1,768	
5					
6	DIT Liability/Asset - Mid Year	\$ (465,348)	\$ (476,580)	\$ (11,232)	

## FORTISBC ENERGY INC.

FEI 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 No.	Particulars (1)	2019 Approved	2020 FORECAST		Change (6)	Cross Reference (7)
		(2)	at Existing Rates (3)	Revised Revenue (4)	at Revised Rates (5)	
1	<b>ENERGY VOLUMES</b>					
2	Sales Volume (TJ)	137,849	154,848		154,848	16,999
3	Transportation Volume (TJ)	97,535	81,351		81,351	(16,184)
4		235,383	236,198	-	236,198	815
5						Schedule 17, Line 24, Column 3
6	<b>REVENUE AT EXISTING RATES</b>					
7	Sales	\$ 1,084,285	\$ 1,233,058	\$ -	\$ 1,233,058	\$ 148,773
8	Deficiency (Surplus)	-	-	27,193	27,193	27,193
9	Transportation	129,154	95,784	-	95,784	(33,370)
10	Deficiency (Surplus)	-	-	2,681	2,681	2,681
11	Total	1,213,439	1,328,842	29,874	1,358,716	145,277
12				-		Schedule 19, Line 30, Column 8
13	<b>COST OF ENERGY</b>	369,282	468,036	-	468,036	98,754
14						Schedule 18, Line 24, Column 3
15	<b>MARGIN</b>	844,157	860,806	29,874	890,680	46,523
16						
17	<b>EXPENSES</b>					
18	O&M Expense (net)	246,088	257,395	-	257,395	11,307
19	Depreciation & Amortization	230,699	243,519	-	243,519	12,820
20	Property Taxes	67,559	68,737	-	68,737	1,178
21	Other Revenue	(44,893)	(42,853)	-	(42,853)	2,040
22	Utility Income Before Income Taxes	344,704	334,008	29,874	363,882	19,178
23						
24	Income Taxes	52,972	31,923	8,063	39,986	(12,986)
25						Schedule 24, Line 13, Column 3
26	<b>EARNED RETURN</b>	\$ 291,732	\$ 302,085	\$ 21,811	\$ 323,896	\$ 32,164
27						Schedule 26, Line 5, Column 7
28	<b>UTILITY RATE BASE</b>	\$ 4,496,946	\$ 5,137,802		\$ 5,138,254	\$ 641,308
29	<b>RATE OF RETURN ON UTILITY RATE BASE</b>	6.49%	5.88%		6.30%	-0.18%
						Schedule 2, Line 31, Column 3
						Schedule 26, Line 5, Column 6

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

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 (TJ)</b>				
2	Residential				
3	Rate Schedule 1	80,768.4	79,130.5	(1,637.9)	
4	Commercial				
5	Rate Schedule 2	30,209.8	30,401.0	191.2	
6	Rate Schedule 3	21,546.4	26,443.2	4,896.8	
7	Rate Schedule 23	9,557.9	5,719.0	(3,838.9)	
8	Industrial				
9	Rate Schedule 4	141.3	162.9	21.6	
10	Rate Schedule 5	3,129.4	7,306.0	4,176.6	
11	Rate Schedule 6	41.0	14.4	(26.6)	
12	Rate Schedule 7	316.1	6,228.4	5,912.3	
13	Rate Schedule 22 - Firm Service	11,343.9	12,320.9	977.0	
14	Rate Schedule 22 - Interruptible Service	22,036.2	16,276.2	(5,760.0)	
15	Rate Schedule 25	14,594.9	10,067.7	(4,527.2)	
16	Rate Schedule 27	7,887.7	4,921.7	(2,966.0)	
17	Bypass and Special Rates				
18	Rate Schedule 22 - Firm Service	9,819.3	9,719.6	(99.7)	
19	Rate Schedule 25	1,048.9	904.3	(144.6)	
20	Rate Schedule 46	1,696.2	5,161.2	3,465.0	
21	Byron Creek	75.2	193.2	118.0	
22	BC Hydro IG	16,425.8	16,470.0	44.2	
23	VIGJV	4,745.0	4,758.0	13.0	
24	Total	235,383.4	236,198.2	814.8	
25					
26	<b>REVENUE AT EXISTING RATES</b>				
27	Residential				
28	Rate Schedule 1	\$ 709,672	\$ 735,099	\$ 25,427	
29	Commercial				
30	Rate Schedule 2	214,975	229,030	14,055	
31	Rate Schedule 3	129,060	167,443	38,383	
32	Rate Schedule 23	32,300	19,122	(13,178)	
33	Industrial				
34	Rate Schedule 4	606	748	142	
35	Rate Schedule 5	15,092	36,578	21,486	
36	Rate Schedule 6	195	67	(128)	
37	Rate Schedule 7	1,196	24,885	23,689	
38	Rate Schedule 22 - Firm Service	6,633	7,435	803	
39	Rate Schedule 22 - Interruptible Service	22,986	16,694	(6,292)	
40	Rate Schedule 25	33,486	22,889	(10,597)	
41	Rate Schedule 27	11,938	7,610	(4,328)	
42	Bypass and Special Rates				
43	Rate Schedule 22 - Firm Service	788	800	12	
44	Rate Schedule 25	481	475	(6)	
45	Rate Schedule 46	13,489	39,208	25,719	
46	Byron Creek	118	160	42	
47	BC Hydro IG	15,736	15,778	42	
48	VIGJV	4,689	4,821	132	
49	Total	\$ 1,213,439	\$ 1,328,842	\$ 115,403	

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 18

Line No.	Particulars	2019 Approved	2020 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>COST OF GAS</b>				
2	Residential				
3	Rate Schedule 1	\$ 217,846	\$ 246,853	\$ 29,007	
4	Commercial				
5	Rate Schedule 2	82,146	95,220	13,074	
6	Rate Schedule 3	55,083	76,328	21,245	
7	Rate Schedule 23	126	95	(31)	
8	Industrial				
9	Rate Schedule 4	315	420	105	
10	Rate Schedule 5	6,965	18,830	11,865	
11	Rate Schedule 6	72	23	(49)	
12	Rate Schedule 7	703	16,057	15,354	
13	Rate Schedule 22 - Firm Service	209	299	90	
14	Rate Schedule 22 - Interruptible Service	222	178	(44)	
15	Rate Schedule 25	192	167	(25)	
16	Rate Schedule 27	104	82	(22)	
17	Bypass and Special Rates				
18	Rate Schedule 22 - Firm Service	191	162	(29)	
19	Rate Schedule 25	20	15	(5)	
20	Rate Schedule 46	5,088	13,307	8,219	
21	Byron Creek	-	-	-	
22	BC Hydro IG	-	-	-	
23	VIGJV	-	-	-	
24	Total	\$ 369,282	\$ 468,036	\$ 98,754	

## FORTISBC ENERGY INC.

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 19

Line No.	Particulars	2019 Approved Margin	2020 FORECAST			2020 FORECAST			Average Number of Customers	Terajoules	Cross Reference
			Margin at Existing Rates	Effective Increase	Margin at Revised Rates	Revenue at Existing Rates	Effective Increase	Revenue at Revised Rates			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<b>NON - BYPASS</b>										
2	Residential										
3	Rate Schedule 1	\$ 491,826	\$ 488,246	\$ 17,938	\$ 506,184	\$ 735,099	\$ 17,938	\$ 753,037	949,566	79,130.5	
4	Commercial										
5	Rate Schedule 2	132,829	133,810	4,917	138,727	229,030	4,917	233,947	89,104	30,401.0	
6	Rate Schedule 3	73,977	91,115	3,348	94,463	167,443	3,348	170,791	7,070	26,443.2	
7	Rate Schedule 23	32,174	19,027	699	19,726	19,122	699	19,821	946	5,719.0	
8	Industrial										
9	Rate Schedule 4	291	328	12	340	748	12	760	18	162.9	
10	Rate Schedule 5	8,127	17,748	652	18,400	36,578	652	37,230	450	7,306.0	
11	Rate Schedule 6	123	44	2	46	67	2	69	7	14.4	
12	Rate Schedule 7	493	8,828	324	9,152	24,885	324	25,209	35	6,228.4	
13	Rate Schedule 22 - Firm Service	6,424	7,136	263	7,399	7,435	263	7,698	9	12,320.9	
14	Rate Schedule 22 - Interruptible Service	22,764	16,516	607	17,123	16,694	607	17,301	27	16,276.2	
15	Rate Schedule 25	33,294	22,722	835	23,557	22,889	835	23,724	377	10,067.7	
16	Rate Schedule 27	11,834	7,528	277	7,805	7,610	277	7,887	84	4,921.7	
17	Total Non-Bypass	\$ 814,155	\$ 813,048	\$ 29,874	\$ 842,922	\$ 1,267,600	\$ 29,874	\$ 1,297,474	1,047,693	198,991.9	
18											
19											
20	<b>Bypass and Special Rates</b>										
21	Rate Schedule 22 - Firm Service	\$ 597	\$ 638		\$ 638	\$ 800		\$ 800	6	9,719.6	
22	Rate Schedule 25	461	460		460	475		475	4	904.3	
23	Rate Schedule 46	8,401	25,901		25,901	39,208		39,208	23	5,161.2	
24	Byron Creek	118	160		160	160		160	1	193.2	
25	BC Hydro IG	15,736	15,778		15,778	15,778		15,778	1	16,470.0	
26	VIGJV	4,689	4,821		4,821	4,821		4,821	1	4,758.0	
27	Total Bypass & Special	\$ 30,002	\$ 47,758	\$ -	\$ 47,758	\$ 61,242	\$ -	\$ 61,242	36	37,206.3	
28											
29											
30	Total	\$ 844,157	\$ 860,806	\$ 29,874	\$ 890,680	\$ 1,328,842	\$ 29,874	\$ 1,358,716	1,047,729	236,198.2	
31											
32	<b>Effective Increase</b>			<u>3.67%</u>			<u>2.36%</u>				

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 20

Line No.	Particulars	Inflation Indexed O&M	Forecast O&M	Total O&M	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>Inflation Indexed O&amp;M</b>				
2	2019 Base Unit Cost O&M	\$ 250			
3	I Factor	2.792%			Schedule 3, Line 7, Column 3
4	2020 Unit Cost O&M	\$ 257			
5	2020 Average Customer Forecast	1,047,729			Schedule 19, Line 30, Column 9
6	2020 Inflation Indexed O&M	\$ 269,245		\$ 269,245	
7					
8	<b>O&amp;M Tracked Outside of Formula</b>				
9	Pension & OPEB (O&M Portion)		\$ 14,917		
10	Insurance		7,560		
11	Biomethane O&M		1,797		
12	NGT O&M		1,574		
13	LNG Production O&M		5,797		
14	Integrity Digs		2,500		
15	BCUC fees		5,109		
16	Sub-total		\$ 39,254	39,254	
17					
18	<b>Total Gross O&amp;M</b>			\$ 308,499	
19	O&M Transferred to Biomethane BVA			(1,744)	
20	Capitalized Overhead			(49,360)	
21	<b>Net O&amp;M Expense</b>			\$ 257,395	



**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

**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	\$ 201,052	\$ 199,707	\$ (1,345)	Schedule 7.2, Line 35, Column 7
3	Depreciation & Amortization Transferred to Biomethane BVA	(510)	(511)	(1)	Schedule 7.2, Line 36, Column 7
4	Vehicle Depreciation Allocated To Capital Projects	(1,206)	(1,546)	(340)	Schedule 7.2, Line 37, Column 7
5		199,336	197,650	(1,686)	
6					
7	<b>Amortization</b>				
8	Rate Base Deferrals	\$ 67,260	\$ 89,111	\$ 21,851	Schedule 11.1, Line 22, Column 6
9	Rate Base Deferrals - Net Salvage Amortization Transferred to Biomethane BVA	(26)	(26)	-	Schedule 11.1, Line 23, Column 6
10	Non-Rate Base Deferrals	(26,871)	(34,795)	(7,924)	Schedule 12, Line 23, Column 6
11	CIAC	(9,028)	(8,449)	579	Schedule 9, Line 13, Column 5
12	CIAC Amortization Transferred to Biomethane BVA	28	28	-	Schedule 9, Line 19, Column 5
13		31,363	45,869	14,506	
14					
15	Total	\$ 230,699	\$ 243,519	\$ 12,820	

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

**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	General School and Other	\$ 55,245	\$ 57,381	\$ 2,136	
2	1% In-Lieu of Municipal Taxes	12,333	11,383	(950)	
3					
4	Total	<u>\$ 67,578</u>	<u>\$ 68,764</u>	<u>\$ 1,186</u>	
5					
6	Total Property Tax Expense per Line 4	\$ 67,578	\$ 68,764		
7	Less: Property Tax Transferred to Biomethane BVA	(19)	(27)		
8	<b>Net Property Tax Expense</b>	<u>\$ 67,559</u>	<u>\$ 68,737</u>		

**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	Late Payment Charge	\$ 2,549	\$ 2,825	\$ 276	
2	Connection Charge	1,925	1,970	45	
3	NSF Returned Cheque Charges	28	28	-	
4	Other Recoveries	288	280	(8)	
5	SCP Third Party Revenue	17,072	14,995	(2,077)	
6	NGT Tanker Rental Revenue	680	565	(115)	
7	NGT Overhead and Marketing Recovery	325	306	(19)	
8	Biomethane Other Revenue	614	614	-	
9	LNG Mitigation Revenue from FEI	18,039	18,039	-	
10	CNG & LNG Service Revenues	3,373	3,231	(142)	
11					
12	Total	\$ 44,893	\$ 42,853	\$ (2,040)	

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

**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>	\$ 291,732	\$ 323,896	\$ 32,164	Schedule 16, Line 26, Column 5
2	Deduct: Interest on Debt	(140,241)	(150,801)	(10,560)	Schedule 26, Line 1+2, Column 7
3	Adjustments to Taxable Income	(8,271)	(64,984)	(56,713)	Line 36
4	Accounting Income After Tax	\$ 143,220	\$ 108,111	\$ (35,109)	
5					
6	1 - Current Income Tax Rate	73.00%	73.00%	0.00%	
7	Taxable Income	\$ 196,192	\$ 148,097	\$ (48,095)	
8					
9	Current Income Tax Rate	27.00%	27.00%	0.00%	
10	Income Tax - Current	\$ 52,972	\$ 39,986	\$ (12,986)	
11					
12	Previous Year Adjustment	-	-	-	
13	Total Income Tax	\$ 52,972	\$ 39,986	\$ (12,986)	
14					
15					
16	<b>ADJUSTMENTS TO TAXABLE INCOME</b>				
17	Addbacks:				
18	Non-tax Deductible Expenses	\$ 1,200	\$ 1,200	\$ -	
19	Depreciation	199,336	197,650	(1,686)	Schedule 21, Line 5, Column 3
20	Amortization of Deferred Charges	40,363	54,290	13,927	Schedule 21, Line 8+9+10, Column 3
21	Amortization of Debt Issue Expenses	944	1,202	258	
22	Vehicles: Interest & Capitalized Depreciation	1,260	1,571	311	
23	Pension Expense	9,273	14,880	5,607	
24	OPEB Expense	9,453	7,660	(1,793)	
25					
26	Deductions:				
27	Capital Cost Allowance	(214,235)	(267,742)	(53,507)	Schedule 25, Line 26, Column 6
28	CIAC Amortization	(9,000)	(8,421)	579	Schedule 21, Line 11+12, Column 3
29	Debt Issue Costs	(1,976)	(2,045)	(69)	
30	Vehicle Lease Payment	(993)	(509)	484	
31	Pension Contributions	(14,594)	(13,400)	1,194	
32	OPEB Contributions	(1,833)	(3,400)	(1,567)	
33	Overheads Capitalized Expensed for Tax Purposes	(11,246)	(24,680)	(13,434)	
34	Removal Costs	(14,231)	(15,558)	(1,327)	Schedule 11.1, Line 7, Column 4
35	Major Inspection Costs	(1,992)	(7,682)	(5,690)	
36	Total	\$ (8,271)	\$ (64,984)	\$ (56,713)	

**FORTISBC ENERGY INC.**

FEI 2020 Interim Rates Application - Oct 29, 2019

Appendix A

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

Schedule 25

Line	Class	CCA Rate	12/31/2019 UCC Balance	Post Nov 21, 2018 Premium Adjustments	2020 Additions	2020 CCA	12/31/2020 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1	4%	\$ 1,012,031	\$ 2,793	\$ 5,585	\$ (40,816)	\$ 976,800
2	1 (LNG Plant - post Feb 2015)	4%	16,514	-	-	(661)	15,853
3	1(b)	6%	79,559	4,529	9,058	(5,588)	83,029
4	2	6%	92,418	-	-	(5,545)	86,873
5	3	5%	1,778	-	-	(89)	1,689
6	6	10%	295	-	-	(29)	266
7	7	15%	23,411	1,500	3,000	(4,189)	22,222
8	8	20%	28,138	5,062	10,124	(8,664)	29,598
9	10	30%	13,745	4,080	8,160	(7,796)	14,109
10	10.1	30%	264	-	-	(79)	185
11	12	100%	2,208	-	18,872	(21,080)	-
12	13	manual	2,824	-	-	(542)	2,282
13	14	manual	75	-	-	(25)	50
14	14.1 (pre 2017)	7%	17,632	-	-	(1,234)	16,398
15	14.1 (post 2016)	5%	5,906	-	-	(295)	5,611
16	17	8%	1,137	-	-	(91)	1,046
17	38	30%	1,836	-	-	(551)	1,285
18	43.2	50%	706	-	-	(353)	353
19	45	45%	3	-	-	(1)	2
20	47	8%	179,774	-	-	(14,382)	165,392
21	47 (LNG Plant - post Feb 2015)	8%	185,809	-	-	(14,865)	170,944
22	49	8%	299,939	13,428	26,856	(27,218)	299,577
23	50	55%	7,161	4,718	9,436	(11,723)	4,874
24	51	6%	1,424,638	91,377	182,754	(101,926)	1,505,466
25							
26	Total		\$ 3,397,801	\$ 127,487	\$ 273,845	\$ (267,742)	\$ 3,403,904

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

Schedule 26

Line No.	Particulars	2019 APPROVED Earned Return	Amount	Ratio	2020 Average Embedded Cost	Cost Component	Earned Return	Earned Return Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Long Term Debt	\$ 135,725	\$ 2,863,780	55.73%	4.97%	2.77%	\$ 142,210	\$ 6,485	Schedule 27, Line 29&31, Column 5&6&7
2	Short Term Debt	4,516	296,246	5.77%	2.90%	0.17%	8,591	4,075	
3	Common Equity	151,491	1,978,228	38.50%	8.75%	3.37%	173,095	21,604	
4									
5	Total	<u>\$ 291,732</u>	<u>\$ 5,138,254</u>	<u>100.00%</u>		<u>6.30%</u>	<u>\$ 323,896</u>	<u>\$ 32,164</u>	
6									
7	Cross Reference		Schedule 2, Line 31, Column 3						

## Appendix A

## Schedule 27

Line No.	Particulars	Issue Date	Maturity Date	Net Proceeds of Issue	Average Principal Outstanding	Interest * Rate	Interest Expense	Cross Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Medium Term Note - Series 11	September 21, 1999	September 21, 2029	\$ 147,710	\$ 150,000	7.073%	\$ 10,610	
2	2004 Long Term Debt Issue - Series 18	April 29, 2004	May 1, 2034	148,085	150,000	6.598%	9,897	
3	2005 Long Term Debt Issue - Series 19	February 25, 2005	February 25, 2035	148,337	150,000	5.980%	8,970	
4	2006 Long Term Debt Issue - Series 21	September 25, 2006	September 25, 2036	119,216	120,000	5.595%	6,714	
5	2007 Medium Term Debt Issue - Series 22	October 2, 2007	October 2, 2037	247,697	250,000	6.067%	15,168	
6	2008 Medium Term Debt Issue - Series 23	May 13, 2008	May 13, 2038	247,588	250,000	5.869%	14,673	
7	2009 Med.Term Debt Issue- Series 24	February 24, 2009	February 24, 2039	98,766	100,000	6.645%	6,645	
8	2011 Medium Term Debt Issue - Series 25	December 9, 2011	December 9, 2041	98,590	100,000	4.334%	4,334	
9	2015 Medium Term Debt Issue - Series 26 (Series A Renewal)	April 13, 2015	April 13, 2045	148,938	150,000	3.413%	5,120	
10	2016 Medium Term Debt Issue - Series 27 (Series B Renewal)	April 8, 2016	April 8, 2026	124,334	125,175	2.644%	3,310	
11	2016 Medium Term Debt Issue - Series 28	April 8, 2016	April 9, 2046	148,746	150,000	3.716%	5,574	
12	2016 Medium Term Debt Issue - Series 29	December 13, 2016	March 6, 2047	148,865	150,000	3.823%	5,735	
13	2017 Medium Term Debt Issue - Series 30	October 30, 2017	October 30, 2047	173,584	175,000	3.735%	6,536	
14	2018 Medium Term Debt Issue - Series 31	December 7, 2018	December 7, 2048	198,351	200,000	3.897%	7,794	
15	2019 Medium Term Debt Issue - Series 32	August 9, 2019	August 9, 2049	198,000	200,000	2.870%	5,740	
16	2020 Medium Term Debt Issue	July 1, 2020	July 1, 2050	148,500	75,410	3.957%	2,984	
17								
18	FEVI L/T Debt Issue - 2008	February 16, 2008	February 15, 2038	247,999	250,000	6.109%	15,273	
19	FEVI L/T Debt Issue - 2010	December 6, 2010	December 6, 2040	98,836	100,000	5.278%	5,278	
20								
21	LILO Obligations - Nelson				2,559	8.910%	228	
22	LILO Obligations - Prince George				19,885	9.122%	1,814	
23	LILO Obligations - Creston				1,917	8.138%	156	
24								
25	Vehicle Lease Obligation				957	2.612%	25	
26								
27	Sub-Total				\$ 2,870,903		\$ 142,578	
28	Less: Fort Nelson Division Portion of Long Term Debt				(7,123)		(368)	
29	Total				<u>\$ 2,863,780</u>		<u>\$ 142,210</u>	
30								
31	Average Embedded Cost					<u>4.97%</u>		
32								
33	* Interest Rate is Effective interest rate as it includes amortization of debt issue costs							

---

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



## PBR ELEMENTS

### A. FLOW-THROUGH DEFERRAL ACCOUNT

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

Line No.	Particulars	2019 Approved	2019 Projected	After-Tax Flow-Through Variance
	(1)	(3)	(4)	(5)
1	Delivery Margin			
2	Residential (Rate 1)	\$ (491.826)	\$ (494.924)	\$ (3.098)
3	Commercial (Rate 2, 3, 23)	(238.980)	(245.407)	(6.427)
4	Industrial (All Others)	<u>(113.351)</u>	<u>(111.839)</u>	<u>1.512</u>
5	Total Delivery Margin	(844.157)	(852.170)	(8.013)
6				
7	O&M Tracked outside of Formula			
8	Insurance	5.473	6.294	0.821
9	Bio-Methane	1.369	1.367	(0.002)
10	Bio-Methane O&M transferred to BVA	(1.322)	(1.322)	-
11	NGT O&M	2.339	1.522	(0.817)
12	LNG Production O&M	7.432	9.815	2.383
13	Employer Health Tax	2.630	2.630	-
14	MSP Reduction	(0.829)	(0.829)	-
15				
16	Property and Sundry Taxes	67.559	67.736	0.177
17				
18	Depreciation and Amortization	230.699	227.360	(3.339)
19				
20	Other Operating Revenue	(44.893)	(44.354)	0.539
21				
22	Interest Expense	140.241	139.999	(0.242)
23				
24	Income Taxes	52.972	39.524	<u>(13.448)</u>
25				
26	2019 After-Tax Flow-Through Addition to Deferral Account (excluding Financing)			(21.940)
27				
28	2018 Ending Deferral Account Balance True-up			(11.617)
29	2019 Financing True-up			(1.268)
30	2020 Financing Addition to Deferral Account			<u>(0.951)</u>
31				
32	2020 After-Tax Amortization			<u>(35.776)</u>

## **B. EARNINGS SHARING**

**Table 2: Summary of Earnings Sharing to be Returned in 2020 (\$ millions)**

<u>Line</u>		<u>After-tax</u>	
<u>No.</u>	<u>Particulars</u>	<u>Amount</u>	<u>Reference</u>
1	2019 Projected Sharing	0.365	Table 10-2, Line 51
2	2018 Actual Customer Growth adjustment	0.134	Table 10-3, Line 34
3	2018 Projected vs. Actual ending balance true-up	0.452	Table 10-4, Line 3
4	Financing	0.030	Table 10-5, Line 5
5			
6	<b>2020 after-tax amount collected from customers</b>	<b>0.981</b>	
7	<b>2020 pre-tax amount collected from customers</b>	<b>1.344</b>	Line 6 / 0.73

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

<u>Line</u>									<u>Reference</u>
<u>No.</u>	<u>Particulars</u>								
1	Approved Formula O&M	248.939							G-237-18 & G-10-19
2									
3	Actual/Projected Gross O&M	281.534							
4	Less: O&M Tracked outside of Formula								
5	Pension/OPEB (O&M portion)	13.795							
6	Insurance	6.294							
7	Biomethane	1.367							
8	NGT O&M	1.522							
9	RS 16/46 O&M	9.815							
10	MSP	(0.829)							
11	EHT	2.630							
12	Total	34.595							Sum of Lines 5 through 11
13									
14	Actual/Projected Base O&M	246.939							Line 3 - Line 12
15									
16	O&M Subject to Sharing	(2.000)							Line 14 - Line 1
17									
18									
19									
20									
21	Formula CapEx	860.438	119.821	139.380	145.315	146.581	152.082	157.259	
22									
23	Total Regular CapEx	1,205.262	144.932	174.489	182.976	214.793	247.078	240.994	
24	Less: CapEx tracked outside of formula								
25	Pension and OPEB	21.669	3.915	4.324	4.075	2.663	3.127	3.565	
26	Biomethane	7.619	3.656	1.350	1.346	0.965	0.045	0.258	
27	NGT	23.742	5.816	5.607	5.797	2.134	1.730	2.658	
28	CIAC	36.364	4.419	6.336	6.309	6.880	5.560	6.860	
29	AFUDC	19.094	2.727	3.293	3.309	3.193	3.572	3.000	
30	MSP	(0.296)	-	-	-	-	(0.144)	(0.152)	
31	EHT	0.481	-	-	-	-	-	0.481	
32	Total	108.674	20.533	20.911	20.836	15.835	13.889	16.670	Sum of Lines 25 through 31
33									
34	Actual/Projected Base CapEx	1,096.588	124.399	153.578	162.140	198.958	233.189	224.325	Line 23 - Line 32
35	Dead Band Adjustment	(171.144)		-	(9.176)	(37.632)	(73.160)	(51.176)	Adjustment to stay within deadband
36	Actual/Projected Base CapEx for ESM Calculation	925.444	124.399	153.578	152.964	161.326	160.029	173.148	Line 34 + Line 35
37									
38	Actual/Projected Cumulative Base CapEx Variance	65.006	4.578	14.198	7.649	14.745	7.947	15.889	Line 36 - Line 21
39									
40	Single Year Deadband % Variance (after adjustment)		3.70%	9.88%	5.12%	9.88%	5.12%	9.88%	Line 38 / (Line 21 + Line 25)
41	Two year Cumulative Deadband % Variance (after adjustment)			13.58%	15.00%	15.00%	15.00%	15.00%	Line 40 sum of two years
42									
43	Equity Component of Rate Base	38.5%							
44	Approved Return on Equity	8.75%							
45	After Tax Return on CapEx Subject to Sharing	2.190							Product of Lines 38, 43 & 44
46	Tax Rate	27.0%							
47									
48	Before Tax Return on CapEx Subject to Sharing	3.000							Line 45 / (1 - Line 46)
49									
50	Total before tax Sharing Amount	1.000							Line 16 + Line 48
51	Sharing percentage	50%							G-138-14
52									
53	2019 Projected Earnings Sharing (pre-tax)	0.500							Line 50 x Line 51
54	2019 Projected Earnings Sharing (after-tax)	0.365							Line 53 x 0.73

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

<u>Line</u> <u>No.</u>	<u>Particulars</u>	<u>\$ millions</u>	<u>Reference</u>
1	Average Customers 2018	1,016,353	
2	Average Customers 2017	997,380	
3	Growth in Average Customers	18,973	Line 1 - Line 2
4	Average Customer Growth	1.902%	Line 3 / Line 2
5		50%	G-138-14
6	Average Customer Growth to be recast in Formula	0.951%	Line 4 x Line 5 G-196-17 Compliance filing, Section 11,
7	2018 Net Inflation Factor	0.601%	Schedule 3, Line 9, Column 7
8	2017 Reforecast Sustainment/Other Capital	\$ 115.207	Note 1
9	2018 Reforecast Formulaic Sustainment/Other Capital	\$ 117.002	Line 8 x (1 + Line 7) x (1 + Line 6) G-196-17 Compliance filing, Section 11,
10	2018 Year Formulaic Sustainment/Other Capital	114.597	Schedule 4, Line 24, Column 3
11	Sustainment/Other Capital Increase from actual growth	\$ 2.405	Line 9 - Line 10
12			
13			
14	Service Line Additions 2018	16,606	
15	Service Line Additions 2017	15,850	
16	Growth in Average Customers	756	Line 14 - Line 15
17	Average Customer Growth	4.77%	Line 16 / Line 15
18		50%	G-138-14
19	Average Customer Growth used in Formula	2.38%	Line 18 x Line 17 2019 Annual Review of Rates Table 10-3,
20	2017 Reforecast Service Line Additions	13,225	Line 21
21	2018 ReForecast Service Line Additions	13,540	Line 20 x (1 + Line 19)
22	Service Line Addition Cost per Customer (\$)	3,012	
23	2018 Reforecast Formulaic Growth Capital	\$ 40.790	Line 21 x Line 22 / 1000000 G-196-17 Compliance filing, Section 11,
24	2018 Formulaic Growth Capital	37.485	Schedule 4, Line 24, Column 2
25	Growth Capital Increase from actual growth	\$ 3.305	Line 23 - Line 24
26			
27			
28	Increase in Capital Requirements from Actual Growth	\$ 5.710	Line 11 + Line 25
29	Mid Year	\$ 2.855	Line 28 / 2
30			
31	Equity Cost Component	3.37%	G-196-17
32	Debt Cost Component	3.08%	G-196-17
33	Earned Return on incremental Capital Requirements (pre-tax)	\$ 0.184	Line 29 x (Line 31 + Line 32)
34	Earned Return on incremental Capital Requirements (after-tax)	\$ 0.134	Line 33 x 0.73

**Notes**

- 1 2019 Annual Review for Rates Table 10-3, Line 9

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

<u>Line</u> <u>No.</u>	<u>Particulars</u>	<u>After-tax</u> <u>Amount</u>	<u>Reference</u>
1	2018 Actual Earnings Sharing account ending balance	(0.975)	2018 FEI BCUC Annual Report Annual Review of 2019 Rates Compliance Filing financial schedules, Schedule 12, Line 19, Column 2
2	2018 Projected Earnings Sharing account ending balance	(1.427)	
3	<b>2018 Earnings Sharing account true-up</b>	<b>0.452</b>	

**Table 6: Calculation of 2018 Actual Earnings Sharing Financing (\$ millions)**

<u>Line</u> <u>No.</u>	<u>Particulars</u>	<u>After-tax</u> <u>Amount</u>	<u>Reference</u>
1	2019 Projected Earnings Sharing financing	(0.035)	Annual Review of 2019 Rates Compliance Filing financial schedules, Schedule 12, Line 19, Column 4
2	Less: 2019 Forecasted Earnings Sharing financing	(0.039)	
3	2019 Earnings Sharing financing true-up	0.004	
4	Add: 2020 Forecasted Earnings Sharing financing	0.026	Section 11, Schedule 12, Line 19, Column 4
5	<b>2019/2020 Financing Adjustments</b>	<b>0.030</b>	

## C. SERVICE QUALITY INDICATORS

Performance Measure	Description	Benchmark	Threshold	2018 Results	2019 Sep YTD Results
<b>Safety SQIs</b>					
Emergency Response Time	Percent of calls responded to within one hour	97.7%	96.2%	97.8%	97.9%
Telephone Service Factor (Emergency)	Percent of emergency calls answered within 30 seconds or less	95%	92.8%	97.9%	97.3%
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	1.74	1.76
Public Contacts with Pipelines	3 year average of number of line damages per 1,000 BC One calls received	16	16	8	8
<b>Responsiveness to the Customer Needs SQIs</b>					
First Contact Resolution	Percent of customers who achieved call resolution in one call	78%	74%	83%	82%
Billing Index	Measure of customer bills produced meeting performance criteria	5.0	≤5.0	2.63	0.47
Meter Reading Accuracy	Number of scheduled meters that were read	95%	92%	95.4%	95.3%
Telephone Service Factor (Non-Emergency)	Percent of non-emergency calls answered within 30 seconds or less	70%	68%	71%	70%
Meter Exchange Appointment	Percent of appointments met for meter exchanges	95%	93.8%	96.3%	96.2%
Customer Satisfaction Index	Informational indicator - measures overall customer satisfaction	-	-	8.7	8.7
Telephone Abandon Rate	Informational indicator – percent of calls abandoned by the customer before speaking to a customer service representative	-	-	2.0%	2.4%
<b>Reliability SQIs</b>					
Transmission Reportable Incidents	Informational indicator – number of reportable incidents to outside agencies	-	-	2	0
Leaks per KM of Distribution System Mains	Informational indicator - measures the number of leaks on the distribution system per KM of distribution system mains	-	-	0.0061	0.0046



**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 Energy 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. (FEI) and FortisBC Inc. (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, FEI applied to the BCUC, pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA), for approval for a general delivery rate increase of 2.0 percent, on an interim and refundable basis (with interest at the average prime rate of FEI's principal bank applied to any refundable amounts), effective January 1, 2020 (Interim Rate Application) pending the Annual Review for 2020 Delivery 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. FEI's Interim Rate Application for a 2.0 percent delivery rate increase, on an interim and refundable basis, effective January 1, 2020, is approved.
2. FEI 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 FEI's Annual Review for 2020 Rates process, with interest calculated on any refundable amounts at the average prime rate of FEI's principal bank for its most recent year.
3. FEI 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