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October 21, 2015

Via Email
Original via Mail

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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Inc. (FBC)

**Multi-Year Performance Based Ratemaking Plan for 2014 through 2019
approved by British Columbia Utilities Commission (the Commission) Order G-
139-14 (PBR Plan) – Annual Review for 2016 Rates (the Application)**

Evidentiary Update to the Application (Exhibit B-1)

On September 11, 2015, FBC filed the Application referenced above. On October 13, 2015, FBC filed its responses to information requests in the proceeding. As stated at the time of filing the information requests, FBC is filing this Evidentiary Update to update the Application for the following items:

- Update to incorporate the forecast 2016 reduction in property taxes (refer to the response to BCUC IR 1.16.3),
- Update to the balance in the Capacity and Energy Purchase and Sale Agreement (CEPSA) with Powerex Corp. Application deferred account (refer to the response to BCUC IR 1.21.3); and
- Update to 2015 and 2016 revenue to give effect to certain determinations of the Commission in the Stage IV Decision (Order G-149-15) regarding a Stand-by Billing Demand for Zellstoff Celgar Limited Partnership (Celgar).

In the following, FBC describes the various updates required due to the Stage IV Decision, which includes revisions to Forecast Industrial Revenue, a new Celgar Interim Period Billing

Adjustment deferral account and a reduction to the 2016 amortization of the remaining balance in the 2014 Interim Rate Variance deferral account.

Revisions to Forecast Industrial Revenue

On September 22, 2015, the Commission issued Order G-149-15, the Stage IV Decision in FBC's Application for Approval of Stepped and Stand-by Rates for Transmission Customers (the Stage IV Decision), setting a Stand-By Rate Billing Demand for Celgar. The Stage IV Decision results in lower demand volumes billed under the Stand-by Rate, reducing FBC's 2015 projected and 2016 forecast industrial revenue.

Celgar Interim Period Billing Adjustment Deferral Account

As directed in Order G-149-15 and by letter dated October 6, 2015 (Exhibit A-40 in the Application for Stepped and Stand-By Rates for Transmission Voltage Customers), FBC and Celgar have reached an agreement on the appropriate billing for the period between when rates were made interim and when a final stand-by rate was ultimately approved by the Commission. The Commission has stated that it will initiate a process to address its approval and any impact of the agreement on other ratepayers.

FBC is therefore requesting a new Celgar Interim Period Billing Adjustment deferral account to capture the interim billing adjustment to Celgar. Should the agreement reached between FBC and Celgar be approved by the Commission, FBC will record the amounts paid to Celgar in the deferral account for recovery through rates beginning in 2017. Due to the multi-year nature of this proposed deferral account, financing at FBC's weighted average cost of debt is proposed.

Adjustment to Amortization of 2014 Interim Rate Variance Deferral Account

In consideration of the recovery of a part or all of the Celgar Interim Period Billing Adjustment deferral account beginning in 2017, FBC proposes to reduce the 2016 amortization of the remaining credit balance in the 2014 Interim Rate Variance Deferral account to \$5.000 million (after tax), in order to mitigate the 2017 rate impact of the amortization of the Celgar Interim Period Billing Adjustment deferral account.

Revenue Requirement Impacts

The table below provides a summary of the changes and their impacts on 2016 rates. The combined impact of the items identified above is an increase to the revenue deficiency of \$3.814 million which results in an increase to the proposed rates of 1.14 percent.

Table 1: Revenue Requirement Impacts of Evidentiary Update

Line Item	Reference	Revenue Deficiency Impact (\$ millions)	Rate Impact
Property Taxes	BCUC IR 1.16.3	(1.913)	-0.56%
CEPSA Deferral Account	BCUC IR 1.21.3	(0.016)	0.00%
2015P and 2016F Industrial Revenue Adjustment	G-149-15	3.960	1.16%
Celgar Interim Period Billing Adjustment Deferral Account	Schedule 12.1 Line 15	-	-
2014 Interim Rate Variance Amortization	Schedule 12 Line 22	1.623	0.48%
Tax and Working Capital Impacts of 2015 Adjustments		0.160	0.05%
Total		3.814	1.14%

Attached are revised Section 11 Financial Schedules, which reflect changes due to the items identified above.

A revised draft order is also attached.

Should further information be required, please contact Joyce Martin at 250-368-0319.

Sincerely,

FORTISBC INC.

Original signed by: Joyce Martin

For: Diane Roy

Attachments

cc (email only): Registered Parties

**SUMMARY OF RATE CHANGE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000,000s)**

Line No.	Particulars (1)	2016 Forecast (2)	(3)	Cross Reference (4)
1	VOLUME/REVENUE RELATED			
2	Customer Growth and Volume	(5.981)		
3	Change in Other Revenue	0.095	(5.886)	
4				
5	POWER SUPPLY			
6	Power Purchases (net of customer growth and volume)	16.070		
7	Water Fees	0.495		
8	Wheeling	0.030	16.595	
9				
10	O&M CHANGES			
11	Gross O&M Change	(1.720)		
12	Capitalized Overhead Change	0.258	(1.462)	
13				
14	DEPRECIATION EXPENSE			
15	Depreciation Rate Change (Depreciation Study)	(3.700)		
16	Depreciation from Net Additions	2.721	(0.979)	
17				
18	AMORTIZATION EXPENSE			
19	CIAC Rate Change (Depreciation Study)	(0.800)		
20	CIAC from Net Additions	1.016		
21	2005 Rate Stabilization Adjustment	(0.311)		
22	Deferrals	0.072	(0.024)	
23				
24	FINANCING AND RETURN ON EQUITY			
25	Financing Rate Changes	(1.447)		
26	Financing Ratio Changes	(0.483)		
27	Rate Base Growth	2.582	0.652	
28				
29	TAX EXPENSE			
30	Property and Other Taxes Changes	0.076		
31	Other Income Taxes Changes	1.639	1.715	
32				
33				
34	Revenue Deficiency (Surplus)		\$ 10.611	Schedule 16, Line 7, Column 4
35				
36	Revenue at Existing Rates		340.511	Schedule 16, Line 7, Column 3
37	Rate Change		3.12%	

**UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars (1)	2015 Approved (2)	2016 at Revised Rates (3)	Change (4)	Cross Reference (5)
1	Plant in Service, Beginning	\$ 1,785,587	\$ 1,866,055	\$ 80,468	Schedule 6.1, Line 14, Column 3
2	Opening Balance Adjustment	-	-	-	
3	Net Additions	80,374	54,398	(25,976)	Schedule 6.1, Line 14, Column 4+5+6
4	Plant in Service, Ending	1,865,961	1,920,453	54,492	
5					
6	Accumulated Depreciation Beginning	\$ (470,087)	\$ (507,239)	\$ (37,152)	Schedule 7.1, Line 15, Column 5
7	Opening Balance Adjustment	-	-	-	
8	Net Additions	(37,922)	(46,652)	(8,730)	Schedule 7.1, Line 15, Column 6+7+8
9	Accumulated Depreciation Ending	(508,009)	(553,890)	(45,881)	
10					
11	CIAC, Beginning	\$ (157,666)	\$ (166,764)	\$ (9,098)	Schedule 9, Line 1, Column 2
12	Opening Balance Adjustment	-	-	-	
13	Net Additions	(6,287)	(9,593)	(3,306)	Schedule 9, Line 1, Column 4
14	CIAC, Ending	(163,953)	(176,357)	(12,404)	
15					
16	Accumulated Amortization Beginning - CIAC	\$ 57,088	\$ 61,171	\$ 4,083	Schedule 9, Line 3, Column 2
17	Opening Balance Adjustment	-	-	-	
18	Net Additions	3,705	3,489	(216)	Schedule 9, Line 3, Column 4
19	Accumulated Amortization Ending - CIAC	60,793	64,660	3,867	
20					
21	Net Plant in Service, Mid-Year	\$ 1,234,857	\$ 1,254,044	\$ 19,187	
22					
23	Adjustment for timing of Capital additions	\$ (11,812)	\$ -	\$ 11,812	
24	Capital Work in Progress, No AFUDC	7,916	6,532	(1,383)	
25	Unamortized Deferred Charges	9,826	18,316	8,490	Schedule 11, Line 16, Column 8
26	Working Capital	1,986	2,017	31	Schedule 13, Line 15, Column 3
27	Utility Plant Acquisition Adjustment	6,051	5,865	(186)	
28	2005 Rate Stabilization Adjustment	156	-	(156)	
29					
30	Mid-Year Utility Rate Base	\$ 1,248,978	\$ 1,286,774	\$ 37,797	

**FORMULA INFLATION FACTORS
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars (1)	Reference (2)	2014 (3)	2015 (4)	2016 (5)	Cross Reference (6)
1	Cost Drivers for Formulaic Capital and O&M					
2	CPI		0.473%	0.879%	0.980%	
3	AWE		2.277%	1.646%	2.050%	
4	Labour Split					
5	Non Labour		45.000%	45.000%	45.000%	
6	Labour		55.000%	55.000%	55.000%	
7	CPI/AWE	(Line 2 x Line 5) + (Line 3 x Line 6)	1.465%	1.301%	1.569%	
8	Productivity Factor		-1.030%	-1.030%	-1.030%	
9	Net Inflation Factor for Costs	Line 7 + Line 8	0.435%	0.271%	0.539%	
10						
11	Average Customer Growth		0.326%	0.181%	0.613%	
12	Inflation Factor	(1 + Line 9) x (1 + Line 11)	100.758%	100.452%	101.155%	

FORTISBC INC.

Evidentiary Update October 21, 2015

Section 11

**CAPITAL EXPENDITURES
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Schedule 4

Line No.	Particulars (1)	CapEx (2)	Forecast CapEx (3)	Total CapEx (4)	Cross Reference (5)
1	<u>2013</u>				
2	Base	\$ 41,875			
3	<u>2014</u>				
4	Net Inflation Factor	<u>100.758%</u>			Schedule 3, Line 12, Column 3
5	Formula Capex	42,193			
6	<u>2015</u>				
7	Net Inflation Factor	<u>100.452%</u>			Schedule 3, Line 12, Column 4
8	Formula Capex	42,384			
9	<u>2016</u>				
10	Net Inflation Factor	<u>101.155%</u>			Schedule 3, Line 12, Column 5
11	Formula Capex	<u>\$ 42,874</u>		\$ 42,874	
12					
13	Capital Tracked Outside of Formula				
14	Pension & OPEB (Capital Portion)		\$ 3,674		
15	Advanced Metering Infrastructure Project		1,327		
16	Advanced Metering Infrastructure Radio-Off		73		
17	Total		<u>\$ 5,074</u>	\$ 5,074	
18					
19	Total Capital Expenditures before CIAC			<u><u>\$ 47,948</u></u>	

**CAPITAL EXPENDITURES TO PLANT RECONCILIATION
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars (1)	2016 Formula (2)	Cross Reference (3)
1	CAPITAL EXPENDITURES		
2			
3	Formula Capital Expenditures	\$ 42,874	Schedule 4, Line 11, Column 4
4	Forecast Capital Expenditures	3,674	Schedule 4, Line 14, Column 3
5	Total Regular Capital Expenditures	<u>\$ 46,548</u>	
6			
7	Special Projects and CPCNs		
8			
9	Advanced Metering Infrastructure Project	<u>\$ 1,400</u>	Schedule 4, Line 15+16, Column 3
10	Special Projects and CPCNs	<u>\$ 1,400</u>	
11			
12	Total Capital Expenditures	<u>\$ 47,948</u>	
13			
14			
15	RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT		
16			
17	Regular Capital Expenditures	\$ 46,548	
18	Add - Capitalized Overheads	8,574	Schedule 21, Line 25, Column 4 - Schedule 5 Line 28 Column 2
19	Add - Direct Overheads	5,000	
20	Add - AFUDC	480	
21	Less: Removal costs	<u>(2,528)</u>	
22	Gross Capital Expenditures	58,074	
23	Change in Work in Progress	-	
24	Total Additions to Plant	<u>\$ 58,074</u>	
25			
26	Special Projects and CPCNs		
27	Advanced Metering Infrastructure Project	\$ 1,400	
28	Add - Capitalized Overheads	32	
29	Add - AFUDC	34	
30	Less: Removal costs	<u>-</u>	
31	Gross Capital Expenditures	1,466	
32	Change in Work in Progress	58	
33	Total Additions to Plant	<u>\$ 1,524</u>	
34			
35	Grand Total Additions to Plant	<u>\$ 59,598</u>	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Account	Particulars	12-31-15	CPCNs	Additions	Retirements	12-31-16	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1		Hydraulic Production Plant						
2	330	Land Rights	\$ 962	\$ -	\$ -	\$ -	\$ 962	
3	331	Structures and Improvements	15,191	-	345	(10)	15,526	
4	332	Reservoirs, Dams & Waterways	33,123	-	840	(30)	33,933	
5	333	Water Wheels, Turbines and Gen.	96,815	-	43	-	96,858	
6	334	Accessory Equipment	43,030	-	388	(390)	43,027	
7	335	Other Power Plant Equipment	45,510	-	539	(130)	45,918	
8	336	Roads, Railroads and Bridges	1,287	-	-	-	1,287	
9			<u>\$ 235,917</u>	<u>\$ -</u>	<u>\$ 2,154</u>	<u>\$ (560)</u>	<u>\$ 237,511</u>	
10		Transmission Plant						
11	350	Land Rights-R/W	\$ 9,010	\$ -	\$ -	\$ -	\$ 9,010	
12	350.1	Land Rights-Clearing	8,240	-	-	-	8,240	
13	353	Station Equipment	192,316	-	13,388	(200)	205,503	
14	355	Poles Towers & Fixtures	104,918	-	3,397	(90)	108,225	
15	356	Conductors and Devices	100,492	-	2,797	(120)	103,170	
16	359	Roads and Trails	1,121	-	-	-	1,121	
17			<u>\$ 416,098</u>	<u>\$ -</u>	<u>\$ 19,582</u>	<u>\$ (410)</u>	<u>\$ 435,270</u>	
18		Distribution Plant						
19	360	Land Rights-R/W	\$ 4,576	\$ -	\$ -	\$ -	\$ 4,576	
20	360.1	Land Rights-Clearing	10,456	-	-	-	10,456	
21	362	Station Equipment	272,636	-	-	(340)	272,296	
22	364	Poles Towers & Fixtures	198,140	-	18,793	(580)	216,353	
23	365	Conductors and Devices	295,610	-	5,610	(600)	300,620	
24	368	Line Transformers	134,440	-	2,805	(1,290)	135,955	
25	369	Services	9,521	-	-	-	9,521	
26	370	Meters	100	-	-	-	100	
27	370.1	AMI Meters	35,090	624	841	-	36,556	
28	371	Installation on Customers' Premises	938	-	-	-	938	
29	373	Street Lighting and Signal System	12,071	-	-	(70)	12,001	
30			<u>\$ 973,580</u>	<u>\$ 624</u>	<u>\$ 28,049</u>	<u>\$ (2,880)</u>	<u>\$ 999,372</u>	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Account	Particulars	12-31-15	CPCNs	Additions	Retirements	12-31-16	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1		General Plant						
2	389	Land	\$ 11,636	\$ -	\$ 400	\$ -	\$ 12,035	
3	390	Structures - Frame & Iron	337	-	-	-	337	
4	390.1	Structures - Masonry	44,506	-	710	-	45,216	
5	391	Office Furniture & Equipment	6,753	-	158	-	6,911	
6	391.1	Computer Equipment	93,692	363	4,102	(110)	98,048	
7	391.2	AMI Software	9,974	471	-	-	10,445	
8	392	Transportation Equipment	25,412	-	1,972	(1,170)	26,214	
9	394	Tools and Work Equipment	13,634	-	710	(70)	14,274	
10	397	Communication Structures & Equipment	29,024	-	237	-	29,260	
11	397.1	AMI Communications Structure & Equipment	5,493	66	-	-	5,559	
12			<u>\$ 240,460</u>	<u>\$ 900</u>	<u>\$ 8,289</u>	<u>\$ (1,350)</u>	<u>\$ 248,299</u>	
13								
14		Total Plant in Service	<u>\$ 1,866,055</u>	<u>\$ 1,524</u>	<u>\$ 58,074</u>	<u>\$ (5,200)</u>	<u>\$ 1,920,453</u>	
15								
16		Cross Reference		Schedule 5 Line 33 Column 2	Schedule 5 Line 24 Column 2			

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	Depreciation 12-31-15	Expense	Retirements	Cost of Removal	Adjustments	12-31-16	Cross Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1		Hydraulic Production Plant									
2	330	Land Rights	\$ 962	2.6%	\$ (513)	\$ 25	\$ -	\$ -	\$ -	\$ (488)	
3	331	Structures and Improvements	15,191	1.3%	5,203	196	(10)	(15)	-	5,373	
4	332	Reservoirs, Dams & Waterways	33,123	1.8%	6,117	590	(30)	(38)	-	6,639	
5	333	Water Wheels, Turbines and Gen.	96,815	1.8%	13,206	1,733	-	(2)	-	14,937	
6	334	Accessory Equipment	43,030	2.3%	9,603	981	(390)	(17)	-	10,177	
7	335	Other Power Plant Equipment	45,510	2.1%	13,192	933	(130)	(24)	-	13,971	
8	336	Roads, Railroads and Bridges	1,287	1.5%	344	19	-	-	-	363	
9			<u>\$ 235,917</u>		<u>\$ 47,151</u>	<u>\$ 4,477</u>	<u>\$ (560)</u>	<u>\$ (97)</u>	<u>\$ -</u>	<u>\$ 50,971</u>	
10		Transmission Plant									
11	350	Land Rights-R/W	\$ 9,010	0.0%	\$ (183)	\$ -	\$ -	\$ -	\$ -	\$ (183)	
12	350.1	Land Rights-Clearing	8,240	1.2%	1,933	101	-	-	-	2,034	
13	353	Station Equipment	192,316	2.5%	62,760	4,712	(200)	(846)	-	66,426	
14	355	Poles Towers & Fixtures	104,918	2.5%	23,330	2,654	(90)	(215)	-	25,679	
15	356	Conductors and Devices	100,492	2.5%	17,084	2,532	(120)	(177)	-	19,320	
16	359	Roads and Trails	1,121	2.9%	240	32	-	-	-	272	
17			<u>\$ 416,098</u>		<u>\$ 105,164</u>	<u>\$ 10,031</u>	<u>\$ (410)</u>	<u>\$ (1,238)</u>	<u>\$ -</u>	<u>\$ 113,547</u>	
18		Distribution Plant									
19	360	Land Rights-R/W	\$ 4,576	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
20	360.1	Land Rights-Clearing	10,456	1.2%	1,950	129	-	-	-	2,079	
21	362	Station Equipment	272,636	2.6%	53,331	7,007	(340)	-	-	59,998	
22	364	Poles Towers & Fixtures	198,140	2.7%	48,582	5,290	(580)	(752)	-	52,540	
23	365	Conductors and Devices	295,610	2.9%	80,602	8,543	(600)	(225)	-	88,321	
24	368	Line Transformers	134,440	2.7%	28,911	3,684	(1,290)	(112)	-	31,193	
25	369	Services	9,521	0.5%	6,601	48	-	-	-	6,649	
26	370	Meters	100	6.7%	54	7	-	-	-	61	
27	370.1	AMI Meters	35,090	5.0%	407	1,755	-	-	-	2,162	
28	371	Installation on Customers' Premises	938	0.0%	938	-	-	-	-	938	
29	373	Street Lighting and Signal System	12,071	4.7%	2,628	561	(70)	-	-	3,119	
30			<u>\$ 973,580</u>		<u>\$ 224,005</u>	<u>\$ 27,024</u>	<u>\$ (2,880)</u>	<u>\$ (1,089)</u>	<u>\$ -</u>	<u>\$ 247,060</u>	

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Schedule 7.1

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12-31-15	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12-31-16	Cross Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1		General Plant									
2	389	Land	\$ 11,636	0.0%	\$ (11)	\$ -	\$ -	\$ -	\$ -	\$ (11)	
3	390	Structures - Frame & Iron	337	0.6%	281	2	-	-	-	283	
4	390.1	Structures - Masonry	40,730	2.8%	13,846	1,128	-	-	-	14,974	
5	390.1	Leasehold Improvements	3,776	various	3,374	28	-	-	-	3,402	
6	391	Office Furniture & Equipment	6,753	1.7%	5,537	113	-	-	-	5,650	
7	391.1	Computer Equipment	93,692	7.2%	70,418	6,755	(110)	-	-	77,063	
8	391.2	AMI Software	9,974	10.0%	617	997	-	-	-	1,614	
9	392	Transportation Equipment	25,412	6.0%	8,210	1,527	(1,170)	(105)	-	8,462	
10	394	Tools and Work Equipment	13,634	2.5%	10,297	339	(70)	-	-	10,566	
11	397	Communication Structures & Equipment	29,024	5.5%	18,198	1,593	-	-	-	19,791	
12	397.2	AMI Communications Structure & Equipment	5,493	6.7%	152	366	-	-	-	518	
13			<u>\$ 240,460</u>		<u>\$ 130,918</u>	<u>\$ 12,848</u>	<u>\$ (1,350)</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 142,312</u>	
14											
15	108	Total Accumulated Depreciation	<u>\$ 1,866,055</u>	2.9%	<u>\$ 507,239</u>	<u>\$ 54,380</u>	<u>\$ (5,200)</u>	<u>\$ (2,528)</u>	<u>\$ -</u>	<u>\$ 553,890</u>	
16											
17		Cross Reference			Schedule 6.1	Line 14	Column 3				

FORTISBC INC.

Evidentiary Update October 21, 2015

Section 11

Schedule 8

THIS SCHEDULE NOT APPLICABLE TO FORTISBC INC.

FORTISBC INC.

Evidentiary Update October 21, 2015

Section 11

**CONTRIBUTIONS IN AID OF CONSTRUCTION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Schedule 9

Line No.	Particulars	12-31-15	Adjustment	Additions	Retirements	12-31-16	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CIAC	\$ 166,764	\$ -	\$ 9,593	\$ -	\$ 176,357	
2							
3	Amortization	(61,171)	-	(3,489)	-	(64,660)	
4							
5	Net CIAC	<u>\$ 105,594</u>	<u>\$ -</u>	<u>\$ 6,104</u>	<u>\$ -</u>	<u>\$ 111,698</u>	

FORTISBC INC.

Evidentiary Update October 21, 2015

Section 11

Schedule 10

THIS SCHEDULE NOT APPLICABLE TO FORTISBC INC.

**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	12-31-15	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12-31-16	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<u>Energy Policy</u>								
2	Demand Side Management	\$ 21,099	\$ -	\$ 10,176	\$ (2,646)	\$ (3,003)	\$ 25,626	\$ 23,363	
3		\$ 21,099	\$ -	\$ 10,176	\$ (2,646)	\$ (3,003)	\$ 25,626	\$ 23,363	
4									
5	<u>Preliminary and Investigative Charges</u>								
6	Preliminary and Investigative Charges	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 150	
7		\$ 150	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 150	
8									
9	<u>Other</u>								
10	Right of Way Reclamation (Pine Beetle Kill)	\$ 519	\$ -	\$ -	\$ -	\$ (173)	\$ 346	\$ 433	
11	Deferred Debt Issue Costs	3,946	-	1,538	(173)	(161)	5,150	4,548	
12	Accounting Treatment of non-AMI Meters	6,711	-	-	-	(1,293)	5,418	6,064	
13	Pension and OPEB Liability	(15,982)	-	(518)	-	-	(16,500)	(16,241)	
14		\$ (4,807)	\$ -	\$ 1,020	\$ (173)	\$ (1,627)	\$ (5,587)	\$ (5,197)	
15									
16	Total Rate Base Deferral Accounts	\$ 16,442	\$ -	\$ 11,196	\$ (2,818)	\$ (4,630)	\$ 20,190	\$ 18,316	

**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	12-31-15	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12-31-16	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Deferral Accounts Financed at Short Term Interest Rate								
2									
3	<u>Revenue and Power Supply⁽¹⁾</u>								
4	Revenue and Power Supply Variances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6									
7	<u>Flow-Through Accounts</u>								
8	2015 Flow-Through Accounts	\$ (445)	\$ -	\$ -	\$ -	\$ 445	\$ -	\$ (222)	
9		\$ (445)	\$ -	\$ -	\$ -	\$ 445	\$ -	\$ (222)	
10									
11	<u>Non-Controllable Items</u>								
12	Pension & Other Post Retirement Benefits (OPEB) Variance	\$ 412	\$ -	\$ -	\$ -	\$ (1,243)	\$ (831)	\$ (209)	
13		\$ 412	\$ -	\$ -	\$ -	\$ (1,243)	\$ (831)	\$ (209)	
14									
15	<u>Regulatory Compliance</u>								
16	2014-2019 Performance Based Ratemaking Application	\$ 994	\$ -	\$ -	\$ -	\$ (260)	\$ 734	\$ 864	
17	2015-2019 Annual Reviews	237	-	100	(26)	(237)	74	156	
18		\$ 1,231	\$ -	\$ 100	\$ (26)	\$ (497)	\$ 808	\$ 1,020	
19									
20	<u>Other</u>								
21	2014-2019 Earnings Sharing Account	\$ (289)	\$ -	\$ -	\$ -	\$ 289	\$ -	\$ (145)	
22	2014 Interim Rate Variance	(17,547)	-	-	-	5,000	(12,547)	(15,047)	
23		\$ (17,837)	\$ -	\$ -	\$ -	\$ 5,289	\$ (12,547)	\$ (15,192)	
24									
25	<u>Residual</u>								
26	BC Hydro Application for Power Purchase Agreement with FBC	\$ 76	\$ -	\$ -	\$ -	\$ (76)	\$ -	\$ 38	
27	2015-2016 DSM Plan Application	(1)	-	-	-	1	-	-	
28	Residual Capacity Agreement Application	4	-	-	-	(4)	-	2	
29	Capacity and Energy Sale and Purchase Agreement with Powerex	109	-	-	-	(109)	-	55	
30		\$ 188	\$ -	\$ -	\$ -	\$ (188)	\$ -	\$ 94	
31									
32									
33	Total Deferral Accounts at Short Term Interest	\$ (16,450)	\$ -	\$ 100	\$ (26)	\$ 3,807	\$ (12,570)	\$ (14,509)	
34									
35	Financing Costs at STI	\$ (360)		\$ (308)	\$ 80	\$ 360	\$ (228)	\$ (294)	
36									

⁽¹⁾ Revenue and Power Supply Variances are included in the Flow-Through Accounts during the PBR Term.

Note: FBC has restated its non-rate base deferral account presentation compared to the Annual Review for 2015 Rates. Interest charges are no longer included in each deferred account.

FORTISBC INC.

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Section 11

**WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Schedule 13

Line No.	Particulars	2015 Approved	2016 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Cash Working Capital				
2	Cash Working Capital	\$ 4,350	\$ 5,350	\$ 1,000	Schedule 14, Line 40, Column 5
3					
4	Add: Funds Unavailable				
5	Customer Loans	1,100	990	(110)	
6	Employee Loans	280	349	-	
7	Uncollectible Accounts	1,224	697	(527)	
8	Inventory (average monthly investment)	537	531	-	
9					
10	Less: Funds Available				
11	Average Customer Deposits	(4,085)	(4,500)	(415)	
12	Average Provincial Sales Tax	(704)	(741)	(37)	
13	Average Goods and Services Tax	(716)	(659)	57	
14					
15	Total	\$ 1,986	\$ 2,017	\$ (32)	

FORTISBC INC.

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Section 11

**CASH WORKING CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Schedule 14

Line No.	Particulars	2016 at Revised Rates	Lag (Lead) Days	Extended	Weighted Average Lag (Lead) Days	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	REVENUE					
2	Sales Revenue					
3	Residential Tariff Revenue	\$ 184,326	50.7	\$ 9,345		
4	Commercial Tariff Revenue	82,509	49.6	4,092		
5	Wholesale Tariff Revenue	47,011	33.2	1,561		
6	Industrial Tariff Revenue	31,067	33.2	1,031		
7	Other Tariff Revenue	6,209	48.2	299		
8						
9	Other Revenue					
10	Apparatus and Facilities Rental	4,467	27.4	122		
11	Contract Revenue	1,808	43.6	79		
12	Transmission Revenue	1,230	15.2	19		
13	Interest Income	34	15.2	1		
14	Other Utility Income	638	44.7	29		
15						
16	Total	<u>\$ 359,300</u>		<u>\$ 16,578</u>	46.1	
17						
18	EXPENSES					
19	Power Purchases	\$ 133,907	41.7	5,584		
20	Water Fees	10,291	(1.0)	(10)		
21	Wheeling	4,764	40.2	191		
22	<u>Operating Labour</u>					
23	Salaries and Wages	16,573	5.3	88		
24	Employee Benefits	13,106	13.2	173		
25	Contracted Labour	12,507	50.6	633		
26	Rental of T&D Facilities	3,372	48.6	164		
27	Office Lease	770	(15.2)	(12)		
28	Materials	942	45.6	43		
29	Insurance	1,494	(182.5)	(273)		
30	Interest	38,917	85.2	3,316		
31	Property Taxes	15,407	1.4	22		
32	Income Tax	8,323	15.2	127		
33						
34	Total	<u>\$ 260,374</u>		<u>\$ 10,045</u>	(38.6)	
35						
36	Net Lag (Lead) Days				7.5	
37						
38	Total Expenses				\$ 260,374	
39						
40	Cash Working Capital				<u>\$ 5,350</u>	

FORTISBC INC.

Evidentiary Update October 21, 2015

Section 11

Schedule 15

THIS SCHEDULE NOT APPLICABLE TO FORTISBC INC.

**UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars (1)	2015	2016 Forecast		Change (6)	Cross Reference (7)	
		Approved (2)	at Existing Rates (3)	Revised Revenue (4)			at Revised Rates (5)
1	ENERGY VOLUMES						
2	Sales Volume (GWh)	3,224	3,262		3,262	38	Schedule 18, Line 7, Column 3
3							
4	REVENUE AT EXISTING RATES						
5	Sales	\$ 334,531	\$ 340,511	\$ -	\$ 340,511	\$ 5,981	
6	Deficiency (Surplus)	-	-	10,611	10,611	10,611	
7	Total	334,531	340,511	10,611	351,123	16,592	Schedule 19, Line 8, Column 5
8							
9	EXPENSES						
10	Cost of Energy	132,367	148,962	-	148,962	16,595	Schedule 17, Line 29, Column 3
11	O&M Expense (net)	50,227	48,765	-	48,765	(1,462)	Schedule 21, Line 26, Column 4
12	Depreciation & Amortization	52,833	51,830	-	51,830	(1,003)	Schedule 22, Line 12, Column 3
13	Property Taxes	15,331	15,407	-	15,407	76	Schedule 23, Line 7, Column 3
14	Other Revenue	(8,272)	(8,177)	-	(8,177)	95	Schedule 20, Line 8, Column 3
15	Utility Income Before Income Taxes	92,044	83,725	10,611	94,336	2,291	
16							
17	Income Taxes	6,684	5,564	2,759	8,323	1,639	Schedule 24, Line 14, Column 3
18							
19	EARNED RETURN	\$ 85,361	\$ 78,161	\$ 7,852	\$ 86,013	\$ 652	Schedule 26, Line 5, Column 7
20							
21	UTILITY RATE BASE	\$ 1,248,978	\$ 1,286,774		\$ 1,286,774	\$ 37,797	Schedule 2, Line 30, Column 3
22	RATE OF RETURN ON UTILITY RATE BASE	6.83%	6.07%		6.68%	-0.15%	Schedule 26, Line 5, Column 6

**COST OF ENERGY
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars (1)	2015 Approved (2)	2016 Forecast (3)	Change (4)	Cross Reference (5)
1	POWER PURCHASES				
2	Gross Load (GWh)	3,499	3,540	41	
3					
4	Power Purchase Expense				
5	Brilliant	\$ 37,069	\$ 38,785	\$ 1,716	
6	BC Hydro PPA	45,460	47,545	2,085	
7	Waneta Expansion	25,808	37,358	11,550	
8	Independent Power Producers	164	195	31	
9	Market and Contracted Producers	9,380	10,023	643	
10	Balancing Pool	(44)	-	44	
11	Total	<u>\$ 117,837</u>	<u>\$ 133,907</u>	<u>\$ 16,070</u>	
12					
13	WATER FEES				
14	Plant Entitlement Use in previous year (GWh)	1,569	1,649	80	
15					
16	Water Fees	<u>\$ 9,796</u>	<u>\$ 10,291</u>	<u>\$ 495</u>	
17					
18	WHEELING				
19	Wheeling Nomination (MW months)				
20	Okanagan Point of Interconnect	2,400	2,400	-	
21	Creston	432	432	-	
22					
23	Wheeling Expense				
24	Okanagan Point of Interconnect	\$ 4,194	\$ 4,221	\$ 27	
25	Creston	492	495	3	
26	Other	48	48	-	
27	Total	<u>\$ 4,734</u>	<u>\$ 4,764</u>	<u>\$ 30</u>	
28					
29	Total	<u>\$ 132,367</u>	<u>\$ 148,962</u>	<u>\$ 16,595</u>	

**VOLUME AND REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	2015 Approved	2016 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	ENERGY VOLUME SOLD (GWh)				
2	Residential	1,397	1,367	(30)	
3	Commercial	808	871	63	
4	Wholesale	593	579	(14)	
5	Industrial	371	393	22	
6	Lighting & Irrigation	53	52	(1)	
7	Total	3,224	3,262	38	
8					
9	REVENUE AT EXISTING RATES				
10	Residential	\$ 177,660	\$ 178,755	\$ 1,095	
11	Commercial	74,774	80,016	5,242	
12	Wholesale	46,091	45,591	(500)	
13	Industrial	29,612	30,128	516	
14	Lighting & Irrigation	6,393	6,021	(372)	
15	Total	\$ 334,531	\$ 340,511	\$ 5,981	

**REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	2015 Approved Revenue	2016 Forecast			Average Number of Customers	GWh	Cross Reference
			Revenue at Existing Rates	Effective Increase	Revenue at Revised Rates			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1								
2	Residential	\$ 177,660	\$ 178,755	\$ 5,571	\$ 184,326	114,950	1,367	
3	Commercial	74,774	80,016	2,494	82,509	14,838	871	
4	Wholesale	46,091	45,591	1,421	47,011	6	579	
5	Industrial	29,612	30,128	939	31,067	49	393	
6	Lighting & Irrigation	6,393	6,021	188	6,209	2,723	52	
7								
8	Total	<u>\$ 334,531</u>	<u>\$ 340,511</u>	<u>\$ 10,611</u>	<u>\$ 351,123</u>	<u>132,566</u>	<u>3,262</u>	
9								
10	Effective Increase				<u>3.12%</u>			

FORTISBC INC.

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Section 11

**OTHER REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Schedule 20

Line No.	Particulars	2015 Approved	2016 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Apparatus and Facilities Rental	\$ 4,380	\$ 4,467	\$ 87	
2	Contract Revenue	1,544	1,808	264	
3	Transmission Revenue	1,189	1,230	41	
4	Interest Income	57	34	(23)	
5	Connection Charge	470	496	26	
6	Other Recoveries	632	142	(490)	
7					
8	Total	<u>\$ 8,272</u>	<u>\$ 8,177</u>	<u>\$ (95)</u>	

FORTISBC INC.

Evidentiary Update October 21, 2015

Section 11

**OPERATING AND MAINTENANCE EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Schedule 21

Line No.	Particulars	Formula O&M	Forecast O&M	Total O&M	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	2013				
2	Base O&M	\$ 60,159			
3	Less: O&M tracked outside of Formula	<u>(7,810)</u>			
4	O&M Subject to Formula	52,349			
5	2014				
6	Net Inflation Factor	<u>100.758%</u>			Schedule 3, Line 12, Column 3
7	Formula O&M	52,746			
8	2015				
9	Net Inflation Factor	<u>100.452%</u>			Schedule 3, Line 12, Column 4
10	Formula O&M	52,984			
11	2016				
12	Net Inflation Factor	<u>101.155%</u>			Schedule 3, Line 12, Column 5
13	Formula O&M	<u>\$ 53,596</u>		\$ 53,596	
14					
15	O&M Tracked Outside of Formula				
16	Pension & OPEB (O&M Portion)		\$ 3,391		
17	Insurance Premiums		1,347		
18	Advanced Metering Infrastructure Costs/Savings		(1,800)		
19	AMI Radio-Off		392		
20	Mandatory Reliability Standards		<u>445</u>		
21	Total		<u>\$ 3,775</u>	3,775	
22					
23	Total Gross O&M			<u>\$ 57,371</u>	
24					
25	Capitalized Overhead			<u>(8,606)</u>	
26	Net O&M Expense			<u>\$ 48,765</u>	

**DEPRECIATION AND AMORTIZATION EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	2015 Approved	2016 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Depreciation				
2	Depreciation Expense	\$ 55,359	\$ 54,380	\$ (979)	Schedule 7.1, Line 15, Column 6
3					
4					
5	Rate Base deferrals	\$ 2,267	\$ 4,630	\$ 2,363	Schedule 11, Line 16, Column 6
6	Non-Rate Base deferrals	(1,586)	(3,877)	(2,291)	Schedule 12.2, Line 20, Column 6
7	Utility Plant Acquisition Adjustment	186	186	-	
8	2005 Rate Stabilization Adjustment	311	-	(311)	
9	CIAC	(3,705)	(3,489)	216	Schedule 9, Line 3, Column 4
10		(2,527)	(2,550)	(23)	
11					
12	Total	\$ 52,833	\$ 51,830	\$ (1,002)	

**PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	2015 Approved	2016 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Generating Plant	\$ 2,982	\$ 2,995	\$ 13	
2	Transmission and Distribution	6,278	6,139	(139)	
3	Substation Equipment	3,600	3,651	51	
4	Land and Buildings	705	707	2	
5	1% In-Lieu of Municipal Taxes	1,766	1,915	149	
6					
7	Total	\$ 15,331	\$ 15,407	\$ 76	

**INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	2015 Approved	2016 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	EARNED RETURN	\$ 85,361	\$ 86,013	\$ 652	Schedule 16, Line 19, Column 5
2	Deduct: Interest on Debt	(39,648)	(38,917)	731	Schedule 26, Line 1+2, Column 7
3	Adjustments to Taxable Income	(26,954)	(23,899)	3,055	Schedule 24, Line 32, Column 3
4	Accounting Income After Tax	\$ 18,759	\$ 23,196	\$ 4,437	
5					
6	1 - Current Income Tax Rate	74.00%	74.00%	0.00%	
7	Taxable Income	\$ 25,350	\$ 31,347	\$ 5,997	
8					
9	Current Income Tax Rate	26.00%	26.00%	0.00%	
10	Income Tax - Current	\$ 6,591	\$ 8,150	\$ 1,559	
11					
12	Previous Year Adjustment	-	-	-	
13	Deferred Charges Tax Effect	93	173	80	
14	Total Income Tax	\$ 6,684	\$ 8,323	\$ 1,639	
15					
16					
17	ADJUSTMENTS TO TAXABLE INCOME				
18	Addbacks:				
19	Depreciation	\$ 55,359	\$ 54,380	\$ (979)	Schedule 22, Line 2, Column 3
20	Amortization of Deferred Charges	681	753	72	Schedule 22 Line 5+6, Column 3
21	Amortization of Utility Plant Acquisition Adjustment	186	186	-	
22	Amortization of 2005 Rate Stabilization Adjustment	311	-	(311)	
23	Pension & OPEB Expense	11,446	7,065	(4,381)	
24					
25	Deductitons:				
26	Capital Cost Allowance	(69,665)	(67,652)	2,013	Schedule 25, Line 17, Column 6
27	CIAC Amortization	(3,705)	(3,489)	216	Schedule 22, Line 9, Column 3
28	Debt Issue Costs	(314)	(636)	(322)	
29	Pension & OPEB Contributions	(11,592)	(5,720)	5,872	
30	Overheads Capitalized Expensed for Tax Purposes	(8,864)	(8,606)	258	Schedule 21, Line 25, Column 4
31	All Other	(798)	(180)	618	
32	Total	\$ (26,954)	\$ (23,899)	\$ 3,055	

**CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Class	CCA Rate	31-12-2015 UCC Balance	Adjustments	2016 Additions	2016 CCA	31-12-2016 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1(a)	4%	\$ 205,179	\$ -	\$ -	\$ (8,207)	\$ 196,972
2	1(b)	6%	18,717	-	7,889	(1,360)	25,246
3	2	6%	17,585	-	-	(1,055)	16,530
4	3	5%	1,084	-	-	(54)	1,030
5	6	10%	5	-	-	(1)	4
6	8	20%	3,744	-	-	(749)	2,995
7	10	30%	5,002	-	-	(1,501)	3,501
8	12	100%	1,039	-	46	(1,062)	23
9	13	manual	234	-	-	(150)	84
10	17	8%	103,869	-	2,154	(8,396)	97,627
11	42	12%	4,900	-	-	(588)	4,312
12	45	45%	31	-	-	(14)	17
13	46	30%	16,750	-	325	(5,074)	12,001
14	47	8%	443,019	-	32,201	(36,730)	438,489
15	50	55%	4,730	-	398	(2,711)	2,417
16							
17	Total		\$ 825,888	\$ -	\$ 43,013	\$ (67,652)	\$ 801,249

**RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars (1)	2015 Approved Earned Return (2)	2016				Earned Return Change (8)	Cross Reference (9)	
			Amount (3)	Ratio (4)	Average Embedded Cost (5)	Cost Component (6)			Earned Return (7)
1	Long Term Debt	\$ 37,545	\$ 684,041	53.16%	5.35%	2.84%	\$ 36,587	\$ (958)	Schedule 27, Line 10, Column 6
2	Short Term Debt	2,103	88,023	6.84%	2.65%	0.18%	2,330	227	
3	Common Equity	45,713	514,710	40.00%	9.15%	3.66%	47,096	1,383	
4									
5	Total	<u>\$ 85,361</u>	<u>\$ 1,286,774</u>	<u>100.00%</u>		<u>6.68%</u>	<u>\$ 86,013</u>	<u>\$ 652</u>	
6									
7	Cross Reference		Schedule 2 Line 30 Column 3						

**EMBEDDED COST OF LONG TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)**

Line No.	Particulars	Issue Date	Maturity Date	Average Principal Outstanding	Interest Rate	Interest Expense	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Series G	28-08-1993	28-08-2023	\$ 25,000	8.800%	\$ 2,200	
2	Series H	01-02-1996	01-02-2016	3,082	8.770%	270	
3	Series I	01-12-1997	01-12-2021	25,000	7.810%	1,953	
4	Series 1 - 05	09-11-2005	09-11-2035	100,000	5.600%	5,600	
5	Series 1 - 07	04-07-2007	04-07-2047	105,000	5.900%	6,195	
6	MTN - 09	02-06-2009	02-06-2039	105,000	6.100%	6,405	
7	MTN - 10	24-11-2010	24-11-2050	100,000	5.000%	5,000	
8	MTN - 14	28-10-2014	28-10-2044	200,000	4.000%	8,000	
9	MTN - 16 (forecast)	15-10-2016	tbd	20,959	4.600%	964	
10	Total			<u>\$ 684,041</u>		<u>\$ 36,587</u>	
11							
12	Average Embedded Cost				<u>5.35%</u>		



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER**

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FACSIMILE: (604) 660-1102

DRAFT ORDER

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by FortisBC Inc.
for Approval of 2016 Rates
Pursuant to the Multi-Year Performance Based Ratemaking Plan
Approved for 2014 through 2019 by Order G-139-14

BEFORE:

(Date)

WHEREAS:

- A. On September 15, 2014, the British Columbia Utilities Commission (Commission) issued its Decision and Order G-139-14 (the PBR Decision) approving for FortisBC Inc. (FBC) a Multi-Year Performance Based Ratemaking (PBR) Plan for 2014 through 2019;
- B. Pursuant to the PBR Decision, under the PBR Plan, FBC is to conduct an Annual Review process to set rates for each year;
- C. On September 11, 2015, FBC submitted an application for its Annual Review of 2016 Rates (the Application);
- D. On October 21, 2015, FBC submitted an Evidentiary Update to the Application;
- E. The Commission has reviewed the Application and concludes that approval is warranted.

NOW THEREFORE pursuant to Section 59 to 61 of the *Utilities Commission Act*, the Commission approves the following:

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1. Interim rates for all customers effective January 1, 2016 as proposed in the Application, resulting in an increase of 3.12 per cent compared to 2015 rates.
2. The creation of non-rate base deferral accounts, for the following upcoming regulatory proceedings as described in Section 7.5 of the Application:
 1. Capacity and Energy Purchase and Sale Agreement (CEPSA) application and regulatory proceeding, financed at FBC's short term interest rate; and
 2. 2017 Rate Design Application, financed at FBC's weighted average cost of debt.
3. The creation of a non-rate base Celgar Interim Period Billing Adjustment deferral account, financed at FBC's weighted average cost of debt, to capture the billing adjustment for the period between when rates were made interim for Zellstoff Celgar Limited Partnership and when a final stand-by rate was ultimately approved by the Commission.
4. Amortization of \$5.000 million of the 2015 closing balance of the 2014 Interim Rate Variance deferral account, with the remainder to be amortized in 2017, as set out in Section 12.4.2.1 of the Application
5. Depreciation rates in the amounts set out in Table 12-2 in Section 12 of the Application.
6. Net salvage rates in the amounts set out in Table 12-3 in Section 12 of the Application.

DATED at the City of Vancouver, In the Province of British Columbia, this day of <MONTH>, 2015.

BY ORDER