

Diane Roy Director, Regulatory Services

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October 21, 2015

<u>Via Email</u> 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 multiyear 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.



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%

Table 1: Revenue Requirement Impacts of Evidentiary Update

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

Section 11

Schedule 1

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

Line		2016		
No.	Particulars	Forecast		Cross Reference
	(1)	(2)	(3)	(4)
1	VOLUME/REVENUE RELATED			
2	Customer Growth and Volume	(5.981)		
3	Change in Other Revenue	0.095	(5.886)	
4	0		· · · ·	
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%	

Section 11

Schedule 2

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

Line			2015		2016			
No.	Particulars		Approved	at	Revised Rates		Change	Cross Reference
	(1)		(2)		(3)		(4)	(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						<u>.</u>		
21	Net Plant in Service, Mid-Year	\$	1,234,857	\$	1,254,044	\$	19,187	
22		•		•		•	44.645	
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 Acquistion Adjustment		6,051		5,865		(186)	
28	2005 Rate Stabilization Adjustment		156		-		(156)	
29	Mid Veer Hills Dete Deee	<u>_</u>	4 0 4 0 0 7 0	¢	4 000 774	¢	07 707	
30	Mid-Year Utility Rate Base	\$	1,248,978	\$	1,286,774	\$	37,797	

Section 11

Schedule 3

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

Line						
No.	Particulars	Reference	2014	2015	2016	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	Cost Drivers for Formulaic Capital and O&	м				
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%	

Evidentiary Update October 21, 2015

Section 11

Schedule 4

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

Line			Forecast		Total	
No.	Particulars	CapEx	CapEx		CapEx	Cross Reference
	(1)	(2)	(3)		(4)	(5)
1	<u>2013</u>					
2	Base	\$ 41,875				
3	<u>2014</u>					
4	Net Inflation Factor	100.758%				Schedule 3, Line 12, Column 3
5	Formula Capex	 42,193				
6	<u>2015</u>					
7	Net Inflation Factor	100.452%				Schedule 3, Line 12, Column 4
8	Formula Capex	 42,384				
9	2016					
10	Net Inflation Factor	101.155%				Schedule 3, Line 12, Column 5
11	Formula Capex	\$ 42,874		\$	42,874	
12						
13	Capital Tracked Outside of Formula					
14	Pension & OPEB (Capital Portion)	:	\$ 3,67	4		
15	Advanced Metering Infrastructure Project		1,32	7		
16	Advanced Metering Infrastructure Radio-Off		7	3		
17	Total		\$ 5,07	4 \$	5,074	
18			· · ·			
19	Total Capital Expenditures before CIAC			\$	47,948	

Section 11

Schedule 5

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

No. Particulars Formula Cross Reference (1) (2) (3) 1 CAPITAL EXPENDITURES (3) 2 Formula Capital Expenditures \$ 42,874 3 Formula Capital Expenditures \$ 46,548 6 \$ 5 42,874 \$ Schedule 4, Line 11, Column 4 5 Total Regular Capital Expenditures \$ 46,548 6 \$ \$ 42,874 \$ Schedule 4, Line 14, Column 3 7 Special Projects and CPCNs \$ 1,400 8 Advanced Metering Infrastructure Project \$ 1,400 11 \$ 1,400 \$ 5 47,948 12 Total Capital Expenditures \$ 46,548 14 RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT \$ 46,548 16 Regular Capital Expenditures \$ 46,548 17 Regular Capital Expenditures \$ 46,548 18 Add - Direct Overheads \$ 5,000 20 Add - Direct Overheads \$ 5,000 21 Less: Removal costs [2,288] 22 Grange in Work in Progress \$ 58,074 23 Change in Work in Progress	Line			2016	
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24Total Additions to Plant\$58,0742526Special Projects and CPCNs27Advanced Metering Infrastructure Project\$1,40028Add - Capitalized Overheads3229Add - AFUDC3430Less: Removal costs-31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$	22			58,074	
25126Special Projects and CPCNs27Advanced Metering Infrastructure Project\$ 1,40028Add - Capitalized Overheads3229Add - AFUDC3430Less: Removal costs-31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$ 1,524	23			-	
26Special Projects and CPCNs27Advanced Metering Infrastructure Project\$ 1,40028Add - Capitalized Overheads3229Add - AFUDC3430Less: Removal costs-31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$ 1,524		Total Additions to Plant	\$	58,074	
27Advanced Metering Infrastructure Project\$1,40028Add - Capitalized Overheads3229Add - AFUDC3430Less: Removal costs-31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$					
28Add - Capitalized Överheads3229Add - AFUDC3430Less: Removal costs-31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$ 1,524					
29Add - AFUDC3430Less: Removal costs-31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$ 1,524			\$		
30Less: Removal costs-31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$ 1,524		•			
31Gross Capital Expenditures1,46632Change in Work in Progress5833Total Additions to Plant\$ 1,524				34	
32 Change in Work in Progress 58 33 Total Additions to Plant \$ 1,524				-	
33 Total Additions to Plant \$ 1,524				,	
			-		
		Total Additions to Plant	\$	1,524	
34 35 Grand Total Additions to Plant \$ 59,598		Grand Total Additions to Plant	\$	59.598	

Line

Section 11

Schedule 6

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

LINE											
No.	Account	Particulars	1	2-31-15	(CPCNs	Additions	F	Retirements	12-31-16	Cross Referenc
	(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			\$	235,917	\$	-	\$ 2,154	\$	(560) \$	237,511	
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			\$	416,098	\$	-	\$ 19,582	\$	(410) \$	435,270	
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			\$	973,580	\$	624	\$ 28,049	\$	(2,880) \$	999,372	

Section 11

Schedule 6.1

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

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

Section 11

Schedule 7

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

Line		Gross Pl		Depreciation		I	Depreciatior			Cost of				
No. Accour	t Particulars	Depred	ciation	Rate	12-	31-15	Expense	R	etirements	Removal	Adjustmen	ts	12-31-16	Cross Refere
(1)	(2)	(3	5)	(4)		(5)	(6)		(7)	(8)	(9)		(10)	(11)
1	Hydraulic Production Plant													
2 330	Land Rights	\$	962	2.6%	\$	(513) \$	5 25	5\$	- \$	-	\$	-	\$ (488)	
3 331	Structures and Improvements		15,191	1.3%		5,203	190	6	(10)	(15)		-	5,373	
4 332	Reservoirs, Dams & Waterways		33,123	1.8%		6,117	59)	(30)	(38)		-	6,639	
5 333	Water Wheels, Turbines and Gen.		96,815	1.8%		13,206	1,73	3	-	(2)		-	14,937	
6 334	Accessory Equipment		43,030	2.3%		9,603	98	1	(390)	(17)		-	10,177	
7 335	Other Power Plant Equipment		45,510	2.1%		13,192	933	3	(130)	(24)		-	13,971	
8 336	Roads, Railroads and Bridges		1,287	1.5%		344	19	Э	-	-		-	363	
9		\$ 2	235,917		\$	47,151 \$	6 4,47	7\$	(560) \$	(97)	\$	-	\$ 50,971	
10	Transmission Plant													
11 350	Land Rights-R/W	\$	9,010	0.0%	\$	(183) \$	- 3	\$	- \$	-	\$	-	\$ (183)	
12 350.1	Land Rights-Clearing		8,240	1.2%		1,933	10	1	-	-		-	2,034	
13 353	Station Equipment	1	192,316	2.5%		62,760	4,71	2	(200)	(846)		-	66,426	
14 355	Poles Towers & Fixtures	1	104,918	2.5%		23,330	2,654	4	(90)	(215)		-	25,679	
15 356	Conductors and Devices	1	100,492	2.5%		17,084	2,53	2	(120)	(177)		-	19,320	
16 359	Roads and Trails		1,121	2.9%		240	33	2	-	-		-	272	
17		\$ 4	416,098		\$1	05,164 \$	5 10,03	1\$	(410) \$	(1,238)	\$	-	\$ 113,547	
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	Э	-	-		-	2,079	
21 362	Station Equipment	2	272,636	2.6%		53,331	7,00	7	(340)	-		-	59,998	
22 364	Poles Towers & Fixtures	1	198,140	2.7%		48,582	5,290)	(580)	(752)		-	52,540	
23 365	Conductors and Devices	2	295,610	2.9%		80,602	8,543	3	(600)	(225)		-	88,321	
24 368	Line Transformers	1	134,440	2.7%		28,911	3,684	4	(1,290)	(112)		-	31,193	
25 369	Services		9,521	0.5%		6,601	48	3	-	-		-	6,649	
26 370	Meters		100	6.7%		54	-	7	-	-		-	61	
27 370.1	AMI Meters		35,090	5.0%		407	1,75	5	-	-		-	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	56	1	(70)	-		-	3,119	
30		\$ 9	973,580		\$ 2	24,005 \$			(2,880) \$	(1,089)	\$	-	\$ 247,060	

Section 11

Schedule 7.1

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

Line No.	Account	t Particulars	ess Plant for epreciation	Depreciation Rate	12-31-15	Depreciation Expense	Re	etirements	Cost of temoval	Adjustmer	nts	 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			\$ 240,460		\$ 130,918	\$ 12,848	\$	(1,350)	\$ (105) \$		-	\$ 142,312	
14													
15	108	Total Accumulated Depreciation	\$ 1,866,055	2.9%	\$ 507,239	\$ 54,380	\$	(5,200)	\$ (2,528) \$		-	\$ 553,890	
16													
17		Cross Reference	Schedule 6.1 Line 14 Column 3										

Evidentiary Update October 21, 2015

Section 11

Schedule 8

THIS SCHEDULE NOT APPLICABLE TO FORTISBC INC.

Section 11

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

Schedule 9

lo.	Particulars	1	2-31-15	Adjustm	ent	Ac	ditions	Ret	irements	1	2-31-16	Cross Reference
	(1)		(2)	(3)			(4)		(5)		(6)	(7)
1 CIAC		\$	166,764	\$	-	\$	9,593	\$	-	\$	176,357	
2												
3 Amortizati	on		(61,171)		-		(3,489)		-		(64,660)	
4												
5 Net CIAC		\$	105,594	\$	-	\$	6,104	\$	-	\$	111,698	

Evidentiary Update October 21, 2015

Section 11

Schedule 10

THIS SCHEDULE NOT APPLICABLE TO FORTISBC INC.

Section 11

Schedule 11

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

			O	pening Bal./	(Gross		Less	Ar	nortization			Ν	/lid-Year	
Particulars	1	2-31-15	Т	ransfer/Adj.	Ac	ditions		Taxes	E	Expense	1	2-31-16	ŀ	Average	Cross Reference
(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	(9)
Energy Policy															
Demand Side Management	\$	21,099	\$	-	\$	10,176	\$	(2,646)	\$	(3,003)	\$	25,626	\$	23,363	
	\$	21,099	\$	-	\$	10,176	\$	(2,646)	\$	(3,003)	\$	25,626	\$	23,363	
Preliminary and Investigative Charges															
Preliminary and Investigative Charges	\$	150	\$	-	\$	-	\$	-	\$	-	\$	150	\$	150	
	\$	150	\$	-	\$	-	\$	-	\$	-	\$	150	\$	150	
Other															
Right of Way Reclamation (Pine Beetle Kill)	\$	519	\$	-	\$	-	\$	-	\$	(173)	\$	346	\$	433	
Deferred Debt Issue Costs		3,946		-		1,538		(173)		(161)		5,150		4,548	
Accounting Treatment of non-AMI Meters		6,711		-		-		-		(1,293)		5,418		6,064	
Pemsion and OPEB Liability		(15,982)		-		(518)		-		-		(16,500)		(16,241)	
,	\$	()		-	\$	1,020	\$	(173)	\$	(1,627)	\$	<u>, , ,</u>	\$		
								、 /		· · /			<u> </u>	<u> </u>	
Total Rate Base Deferral Accounts	\$	16,442	\$	-	\$	11,196	\$	(2.818)	\$	(4.630)	\$	20,190	\$	18.316	
	(1) <u>Energy Policy</u> Demand Side Management <u>Preliminary and Investigative Charges</u> Preliminary and Investigative Charges <u>Other</u> Right of Way Reclamation (Pine Beetle Kill) Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability	Particulars 1 (1) (1) Energy Policy Demand Side Management \$ Demand Side Management \$ Preliminary and Investigative Charges \$ Preliminary and Investigative Charges \$ Other \$ Right of Way Reclamation (Pine Beetle Kill) \$ Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability \$	Particulars12-31-15(1)(2)Energy Policy Demand Side Management\$ 21,099 \$ 21,099Preliminary and Investigative Charges Preliminary and Investigative Charges\$ 150 \$ 150Other Right of Way Reclamation (Pine Beetle Kill) Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability\$ 519 \$ (4,807)	Particulars12-31-15T(1)(2)Energy Policy Demand Side Management\$ 21,099Preliminary and Investigative Charges Preliminary and Investigative Charges\$ 150Preliminary and Investigative Charges \$ 150\$ 150Other Right of Way Reclamation (Pine Beetle Kill) Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability\$ 159\$ (4,807)\$	Particulars12-31-15Transfer/Adj.(1)(2)(3)Energy Policy Demand Side Management\$ 21,099\$ -\$ 21,099\$ -\$ 21,099\$ -Preliminary and Investigative Charges Preliminary and Investigative Charges\$ 150\$ -Preliminary and Investigative Charges Preliminary and Investigative Charges\$ 150\$ -Other Right of Way Reclamation (Pine Beetle Kill) Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability\$ 519\$ -\$ (15,982) \$ (4,807)\$ -\$ (15,982) \$ -\$ -	Particulars12-31-15Transfer/Adj.Ad(1)(2)(3)Energy Policy Demand Side Management\$ 21,099\$ -\$Preliminary and Investigative Charges Preliminary and Investigative Charges\$ 150\$ -\$Preliminary and Investigative Charges Preliminary and Investigative Charges\$ 150\$ -\$Other Right of Way Reclamation (Pine Beetle Kill) Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability\$ 519\$ -\$(15,982) \$ (4,807)\$ (4,807)\$ -\$	Particulars12-31-15Transfer/Adj.Additions(1)(2)(3)(4)Energy Policy Demand Side Management $$ 21,099$ \$ -\$ 10,176Preliminary and Investigative Charges Preliminary and Investigative Charges $$ 150$ \$ -\$ 10,176Preliminary and Investigative Charges Preliminary and Investigative Charges $$ 150$ \$ -\$ -Other Right of Way Reclamation (Pine Beetle Kill) Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability\$ 519\$ -\$ - $$ (15,982)$ $ (518)$ $$ (4,807)$ $$ -$ \$ 1,020	Particulars12-31-15Transfer/Adj.Additions(1)(2)(3)(4)Energy Policy Demand Side Management $$ 21,099$ $$ - $ 10,176$ $$ $ 21,099$ Preliminary and Investigative Charges Preliminary and Investigative Charges $$ 150$ $$ - $ - $ 10,176$ $$ $ $ 10,176$ Preliminary and Investigative Charges Preliminary and Investigative Charges $$ 150$ $$ - $ - $ $ $ - $ $ $ $ $ $ $ $ $ $ $ $$	Particulars12-31-15Transfer/Adj.AdditionsTaxes(1)(2)(3)(4)(5)Energy Policy Demand Side Management $$ 21,099$ $ $ 10,176$ $$ (2,646)$ $$ 21,099$ $ $ 10,176$ $$ (2,646)$ $$ 21,099$ $ $ 10,176$ $$ (2,646)$ Preliminary and Investigative Charges Preliminary and Investigative Charges $$ 150$ $ $ $ 150$ $ $ $ $ $ 0ther$ Right of Way Reclamation (Pine Beetle Kill) Deferred Debt Issue Costs Accounting Treatment of non-AMI Meters Pemsion and OPEB Liability $$ 519$ $ $ $ (15,982)$ $ (518)$ $ $ (4,807)$ $ $ 1,020$ $$ (173)$	Particulars12-31-15Transfer/Adj.AdditionsTaxesH(1)(2)(3)(4)(5)Energy Policy Demand Side Management $$ 21,099$ $$ $ 10,176$ $$ (2,646)$ $$ $Preliminary and Investigative ChargesPreliminary and Investigative Charges$ 150$ $ 10,176$ (2,646)$ $OtherRight of Way Reclamation (Pine Beetle Kill)Deferred Debt Issue CostsAccounting Treatment of non-AMI MetersPemsion and OPEB Liability$ 519$ $ $ $ $ $$ (15,982) $ (1,020)$ (173)$ $$ $$ $$ $$ $$ $$ (13,982) $ $ 1,020$ $ (173)$ $$ $ $$ $ $$ $ $$ $ $$ $ $ $$ $ $$ $ $$ $ $$ $ $$ $ $$ $ $$ $ $$ $ $$ $ $$ $ $$ $ $ $$ $ $ $ $$ $ $ $ $$ $ $ $ $$ $ $ $$ $ $$ $ $$ $ $ $ $ $$ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $	Particulars12-31-15Transfer/Adj.AdditionsTaxesExpense(1)(2)(3)(4)(5)(6)Energy Policy Demand Side Management $$$21,099$ $$$-$$$$$10,176$$(2,646)$$(3,003)Preliminary and Investigative ChargesPreliminary and Investigative ChargesPreliminary and Investigative Charges$$150$-$$$$$$-$$$$$$$-$$$$$$$-$$$$OtherRight of Way Reclamation (Pine Beetle Kill)Deferred Debt Issue CostsAccounting Treatment of non-AMI MetersPemsion and OPEB Liability$$159$-$$$$$$$$-$$$$$$$$-$$$$$$$$-$$$$$$$$$-$$$$$$$$$$-$$$$$$$$$$$$(173)$$$$$$$$$(1627)$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$	Particulars12-31-15Transfer/Adj.AdditionsTaxesExpense1(1)(2)(3)(4)(5)(6)Energy Policy Demand Side Management $$$21,099$ $$$-$$$$10,176$$$(2,646)$ \$\$(3,003)\$Preliminary and Investigative Charges Preliminary and Investigative Charges $$$150$ $$-$$$-$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $

Section 11 Schedule 12

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

Line No.	Particulars	1	2-31-15		ening Bal./ ansfer/Adj.		Gross ditions		Less Faxes		nortization Expense	12	-31-16		Mid-Year Average	Cross Referenc
	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	(9)
1	Deferral Accounts Financed at Short Term Interest Rate															
2																
	Revenue and Power Supply ⁽¹⁾															
4	Revenue and Power Supply Variances	\$	-	\$		\$		\$		\$	-	\$	-	\$		
5	revenue and rower oupply variances	\$ \$	-	\$		\$	-	\$	-	\$	-	\$	-	\$	-	
6		<u> </u>		Ŷ		Ŷ		Ŷ		Ŷ		Ψ		<u> </u>		
7	Flow-Through Accounts															
8	2015 Flow-Through Accounts	\$	(445)	\$	-	\$	-	\$	-	\$	445	\$	-	\$	(222)	
9	, and the second s	\$ \$	(445)		-	\$	-	\$	-	\$	445	\$	-	\$	(222)	
10															<u> </u>	
11	Non-Controllable Items															
12	Pension & Other Post Retirement Benefits (OPEB) Variance	\$ \$	412		-	\$	-	\$	-	\$	(1,243)	\$	(831)	\$	(209)	
13		\$	412	\$	-	\$	-	\$	-	\$	(1,243)	\$	(831)	\$	(209)	
14																
15	Regulatory Compliance															
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>	•	(•		•				•		•		•	<i></i>	
21	2014-2019 Earnings Sharing Account	\$	(289)		-	\$	-	\$	-	\$	289		-	\$	(145)	
22	2014 Interim Rate Variance	\$	(17,547) (17,837)		-	\$	-	\$	-	\$	5,000		12,547)	\$	(15,047)	
23 24		\$	(17,837)	Ф	-	Ф	-	Ф	-	Ф	5,289	\$ (12,547)	\$	(15,192)	
24 25	Residual															
26	BC Hydro Application for Power Purchase Agreement with FBC	\$	76	¢	_	¢	_	\$	_	\$	(76)	¢	_	\$	38	
27	2015-2016 DSM Plan Application	Ψ	(1)		-	Ψ	-	Ψ	-	Ψ	(70)	Ψ	-	Ψ	-	
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		<u> </u>	,,,	•		,		*		*	()	,		<u> </u>		
32																
	Total Deferral Accounts at Short Term Interest	\$	(16,450)	\$	-	\$	100	\$	(26)	\$	3,807	\$ ([·]	12,570)	\$	(14,509)	
34															<u> </u>	
35	Financing Costs at STI	\$	(360)			\$	(308))\$	80	\$	360	\$	(228)	\$	(294)	
36	-	<u> </u>	/				,						. ,	<u> </u>	<u>, , , , , , , , , , , , , , , , , , , </u>	

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

38

39 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.

Section 11

Schedule 12.1

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

(Φ	v	v	v	9	,	

Line					ening Bal./		Gross		ess		nortization				Mid-Year	
No.	Particulars	1:	2-31-15	Tra	ansfer/Adj.	Ad	ditions		axes	E	Expense	12	2-31-16		Average	Cross Reference
	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	(9)
1	Deferral Accounts Financed at Weighted Average Cost of Debt															
2																
3	Preliminary and Investigative Charges															
4	CPCN Projects Preliminary Engineering	\$	2,059	\$	-	\$	(192)	\$	-	\$	-	\$	1,867	\$	1,963	
5		\$	2,059	\$	-	\$	(192)	\$	-	\$	-	\$	1,867	\$	1,963	
6																
7	Regulatory Compliance															
8	Transmission Customer Rate Design	\$	75	\$	-	\$	-	\$	-	\$	(75)	\$	-	\$	38	
9	2016 Long Term Electric Resource Plan		206		-		261		(68)		-		399		303	
10	2017 Rate Design Application		-		-		250		(65)		-		185		93	
11		\$	281	\$	-	\$	511	\$	(133)	\$	(75)	\$	584	\$	433	
12																
13	Other															
14	US GAAP Pension and OPEB Transitional Obligation	\$	4,520	\$	-	\$	(827)	\$	-	\$	-	\$	3,693	\$	4,106	
15	Stand-by Rate Billing Adjustment		-		-		-		-		-		-		-	
16	, , ,	\$	4,520	\$	-	\$	(827)	\$	-	\$	-	\$	3,693	\$	4,106	
17		<u> </u>	1	,		•	(-)	•					- /	-	,	
18	Residual												-			
19	Negotiation of New PPA between BC Hydro and FBC	\$	(1)	\$	-	\$	-	\$	-	\$	1	\$	-	\$	-	
20	Joint Pole Use Audit, 2013	Ŷ	-	Ŷ	-	Ŷ	-	Ŷ	-	Ŷ	-	Ψ	-	Ŷ	-	
21		\$	(1)	\$		\$	-	\$	-	\$	1	\$	-	\$		
22		<u> </u>	(1)	Ψ		Ψ		Ψ		Ψ		Ψ		<u> </u>		
23	Total Deferral Accounts at Weighted Average Cost of Deb	\$	6,859	\$	-	\$	(508)	\$	(133)	\$	(74)	\$	6,144	\$	6,502	
24		Ŷ	0,000	Ψ		Ψ	(000)	Ψ	(.00)	Ŷ	(1 1)	Ŷ	0,	Ψ	0,002	
24	Financing Costs at WACD	\$	214			\$	333	\$	(87)	\$	(214)	\$	246	\$	230	
26		Ψ	214			ψ	555	Ψ	(07)	ψ	(214)	ψ	240	Ψ	230	
20																

27 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.

Section 11

Schedule 12.2

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

φυ	00	ອງ	

Line No.	Particulars	12	-31-15		ening Bal./ Insfer/Adj.		Gross ditions		Less axes		mortization Expense	12	-31-16		Vid-Year Average	Cross Reference
110.	(1)		(2)	110	(3)	710	(4)		(5)		(6)		(7)		(8)	(9)
1	Deferral Accounts Financed at AFUDC															
2	Energy Managamant															
3	Energy Management	•		•		•	(0)	•	(0)	•		•		•		
4	On Bill Financing (OBF) Participant Loans	\$		\$	-	\$	(2)		(0)		-	\$	20	\$	21	
5		\$	22	\$	-	\$	(2)	\$	(0)	\$	-	\$	20	\$	21	
6		•		•		•	(0)	•	(0)	•		•		•		
1	Total Deferral Accounts at AFUDC	\$	22	\$	-	\$	(2)	\$	(0)	\$	-	\$	20	\$	21	
8																
9	Financing Costs at AFUDC	\$	1			\$	1	\$	(0)	\$	(1)	\$	1	\$	1	
10																
11	Deferral Accounts Non-Interest Bearing															
12																
13	<u>Other</u>															
14	Kettle Valley Future Development	\$	50	\$	-	\$	-	\$	-	\$	-	\$	50	\$	50	
15		\$	50	\$	-	\$	-	\$	-	\$	-	\$	50	\$	50	
16																
17	Total Deferral Accounts Non-Interest Bearing	\$	50	\$	-	\$	-	\$	-	\$	-	\$	50	\$	50	
18	-															
19																
20	Total Non Rate Base Deferral Accounts (including financing)	\$	(9,664))\$	-	\$	(384)	\$	(166)	\$	3,877	\$	(6,337)	\$	(8,000)	
21							. /		. ,	,	,		、 · /			

22 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.

Section 11 Schedule 13

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

Line		2015		2016		
No.	Particulars	 Approved	F	orecast	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)	

Section 11

Schedule 14

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

Line No.		at Da	2016 evised Rates	Lag (Lead)	r	Evtondod	Weighted Average	Cross Reference
INO.	Particulars (1)		(2)	Days (3)	t	Extended (4)	Lag (Lead) Days (5)	(6)
	(1)		(2)	(3)		(4)	(5)	(8)
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								
	Total	\$	359,300	-	\$	16,578	46.1	
17			, <u> </u>	-		,		
18	EXPENSES							
19	Power Purchases	\$	133,907	41.7		5,584		
20	Water Fees	Ŧ	10,291	(1.0)		(10)		
21	Wheeling		4,764	40.2		191		
22	Operating Labour		.,. e .					
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		
20			1,494	(182.5)		(273)		
	Insurance			. ,				
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	\$	260,374	_	\$	10,045	(38.6)	
35				-				
36	Net Lag (Lead) Days					-	7.5	
37								
38	Total Expenses						\$ 260,374	
39							φ 200,074	
	Orach Wardsing Oracital					-	¢ = 0.50	
40	Cash Working Capital					_	\$ 5,350	

Section 11

Schedule 15

THIS SCHEDULE NOT APPLICABLE TO FORTISBC INC.

Section 11

Schedule 16

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

Line			2015			2	016 Forecast				
No.	Particulars		Approved	at E	xisting Rates	Re۱	ised Revenue/	at F	Revised Rates	Change	Cross Reference
	(1)		(2)		(3)		(4)		(5)	(6)	(7)
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	F	6.83%		6.07%			•	6.68%	-0.15%	Schedule 26, Line 5, Column 6

Section 11

Schedule 17

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

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

Section 11

Schedule 18

VOLUME AND REVENUE

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

Line			2015		2016			
No.	Particulars	1	Approved	Fo	recast	Ch	ange	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	

Section 11

Schedule 19

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

			2015			20	16 Forecast			Average		
Line		A	pproved	Re	evenue at		Effective	R	evenue at	Number of		
No.	Particulars	F	Revenue	Exis	sting Rates		Increase	Re	vised Rates	Customers	GWh	Cross Reference
	(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	\$	334,531	\$	340,511	\$	10,611	\$	351,123	132,566	3,262	
9												
10	Effective Increase								3.12%			

Section 11

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

Line			2015		2016		
No.	Particulars	А	pproved	F	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	\$	8,272	\$	8,177	\$ (95)	

Schedule 20

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

Line		Formula	orecast	Total	
No.	Particulars	 O&M	O&M	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	(7,810)			
4	O&M Subject to Formula	 52,349			
5	2014				
6	Net Inflation Factor	100.758%			Schedule 3, Line 12, Column 3
7	Formula O&M	 52,746			
8	<u>2015</u>				
9	Net Inflation Factor	 100.452%			Schedule 3, Line 12, Column 4
10	Formula O&M	 52,984			
11	<u>2016</u>				
12	Net Inflation Factor	 101.155%			Schedule 3, Line 12, Column 5
13	Formula O&M	\$ 53,596		\$ 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		445		
21	Total		\$ 3,775	3,775	
22					
23	Total Gross O&M			\$ 57,371	
24					
25	Capitalized Overhead			 (8,606)	
26	Net O&M Expense			\$ 48,765	

Schedule 21

Evidentiary Update October 21, 2015

Section 11 Schedule 22

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

_ine No.	Particulars	Ą	2015 pproved		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		-	
3	2005 Rate Stabilization Adjustment		311		-		(311)	
9	CIAC		(3,705)		(3,489)		216	Schedule 9, Line 3, Column 4
0			(2,527)		(2,550)		(23)	
1								
12	Total	\$	52,833	\$	51,830	\$	(1,002)	

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Evidentiary Update October 21, 2015

Schedule 23

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

Line)		2015	2016		
No.	Particulars	1	Approved	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	

Section 11

Section 11

Schedule 24

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

Line		2015	2016			
No.	Particulars	 Approved	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	Deducitons:					
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	

Schedule 25

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

Line		CCA	31-12-2015		2	016	2016	31-12-2016
No.	Class	Rate	UCC Balance	Adjustments	Ado	ditions	CCA	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

Evidentiary Update October 21, 2015

Section 11

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

Schedule 26

						2016					
			2015			Average			E	arned	
Line	•	Ap	pproved			Embedded	Cost	Earned	1	Return	
No.	Particulars	Earn	ned Return	Amount	Ratio	Cost	Component	Return	C	Change	Cross Reference
	(1)		(2)	 (3)	(4)	(5)	(6)	(7)		(8)	(9)
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	\$	85,361	\$ 1,286,774	100.00%	-	6.68% \$	86,013	\$	652	
6						-					
7	Cross Reference			Schedule 2							
				Line 30							

Column 3

Section 11

Schedule 27

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

_ine 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		-	\$ 684,041	\$	36,587	
11			-				
12	Average Embedded Cost				5.35%		



BRITISH COLUMBIA UTILITIES COMMISSION

Order Number

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SIXTH FLOOR, 900 HOWE STREET, BOX 250 VANCOUVER, BC V6Z 2N3 CANADA web site: http://www.bcuc.com

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:

BRITISH COLUMBIA UTILITIES COMMISSION

Order Number

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

- 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 <<u>MONTH></u>, 2015.

BY ORDER