Diane Roy
Director, Regulatory Affairs - Gas
FortisBC Energy Inc.

16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

August 24, 2012

British Columbia Utilities Commission
Sixth Floor
900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Energy Utilities (comprised of FortisBC Energy Inc. ("FEI"), FortisBC Energy Inc. Fort Nelson Service Area ("FEFN" or "Fort Nelson"), FortisBC Energy (Vancouver Island) Inc. ("FEVI"), and FortisBC Energy (Whistler) Inc. ("FEW") Common Rates, Amalgamation and Rate Design Application (the "Application")

Errata to the Evidentiary Record

On April 11, 2012, the FortisBC Energy Utilities (the "FEU") filed the Application referenced above. During review of the Evidentiary Record in preparation for the upcoming final submissions, the FEU have identified a number of corrections necessary in order to ensure the record of the proceeding is accurate. The changes in this Errata submission are as follows:

	Exhibit	Filing	Description of Correction
1.	B-3	Application dated April 11, 2012	Page 27, correction of a typographical error
2.	B-3	Application dated April 11, 2012	Page 89, item no. 5, corrections to references
3.	B-3	Application dated April 11, 2012	Page 94, corrections to Table 5-4
4.	B-3	Application dated April 11, 2012	Page 207, correction to wording
5.	B-3-1	Appendices to the Application	Appendix E-16 – FEU Response to Fort Nelson and District Chamber of Commerce Letters was inadvertently not included in the hardcopy binder ONLY. The electronic file was correct. Tab Appendix E-16 in the hardcopy binder contained a duplicate of Appendix E-14 in error.
6.	B-9-1	Response to BCUC IR No. 1, Attachments	Attachment 98.1 for the response to BCUC IR 1.98.1 was inadvertently omitted from the filing.
7.	B-15	Response to BCUC IR No. 2	Response to BCUC IR 2.13.1 corrections.

Attached hereto are blacklined pages reflecting the corrections made which can be inserted into the appropriate binder volume.

If there are any questions regarding the attached, please contact Paul Craig at 604-592-7459.

Yours very truly,

on behalf of the FORTISBC ENERGY UTILITIES

Original signed:

Diane Roy

Attachment

cc (e-mail only): Registered Parties

consolidation of its four gas divisions, including Fort Nelson. Consolidation was endorsed by independent consultants, who estimated the annual cost savings to be between $500 thousand and $600 thousand.[29]

The matter of consolidation was raised in the Inland and Columbia regions, and there were no customer objections. However, objections were received from the Fort Nelson region. The objections were based on the Fort Nelson region's concern about the lack of consultation regarding the consolidation proposal, as well as the fact that Fort Nelson residents believed that their service area was able to operate as an independent entity with rates being established on a separate and individual basis from the rest of the service areas.

Although the Commission recognized the benefits of the consolidation proposal at that time, Order No. G-63-92 denied the consolidation proposal. In its decision, the Commission stated that "*while the saving is material, the canvassing of the full impact on all customers is more important.*" The Commission deferred a decision on consolidation to the 1993 Phase B Rate Design hearing to allow time to determine the full rate impact of consolidation on all service areas.

FEI decided to exclude Fort Nelson from the 1993 Phase B consolidation and postage stamp proposal. The Fort Nelson service area has therefore remained separate from FEI's general revenue requirement applications and performance based rates.

Today, Fort Nelson is the smallest of the six service areas in terms of sales volumes and number of customers. This region currently serves approximately 2,400[30] customers who consume approximately 0.6 PJs of natural gas annually.

3.2.2 FINANCIAL OVERVIEW OF FEI (INCLUDING FORT NELSON SERVICE AREA)

As discussed above, although FEI (Mainland)[31] and Fort Nelson are included in the same legal entity, they each have their own cost of service, rate base and rate structures. The total cost of service can be summarized into two main components - the delivery cost of service (or delivery margin) and the cost of gas, each of which is discussed separately below.

Delivery Cost of Service

Delivery cost of service is comprised of operating and maintenance costs, property taxes, amortization expense associated with deferral accounts, depreciation expense associated with the recovery of capital investments, financing costs (both debt and equity) as well as income tax expense.[32] Other revenue is also included as an offset to costs.[33] The Mainland delivery cost is

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29 Commission Order No. G-63-92, dated August 5, 1992
30 FEU Gas Sales Statistics for BCUC 2011/12 Annual Report to the Legislature
31 As noted above, references to Mainland or FEI (Mainland) refer to the three service areas of the Lower Mainland, Inland and Columbia.
32 The FEI removal cost provision is also included in delivery margin and for presentation purposes is combined with depreciation expense on Schedule 6, Column 5, Line 26 of Tab 7.1 in Appendix H-1

satisfies this criteria better than the other C options since the rate disadvantage for both FEW and FEVI compared to the vast majority of customers served by FEU would be addressed while Fort Nelson customers would continue to realise lower delivered rates than the rest of FEU's customers.

2. **Address the Revenue Deficiency for FEVI** – Under Options C-3, C-5 and C-6 FEVI would remain as is and therefore these options do not address the impact of the loss of the government subsidies or the revenue deficiency in FEVI.

3. **Long Term Rate Stability** – The separated smaller service areas of FEVI, FEW or Fort Nelson in each option would remain vulnerable due to the impact of significant capital projects or significant loss of load. Options C-1 to C-6 all contemplate combining one or two of the smaller entities with FEI in order to reduce the rate base per customer of the smaller entities. The result is that the combined entity rate base per customer is lower than if the smaller entities remained separate making the combined entity less susceptible to the impact of capital projects or loss of load than the entities would be on their own. However, the separate entity in each Option C-1 through C-6 still remains vulnerable. For example, in Options C-1 through C-3 Fort Nelson, FEW or FEVI, respectively, remain separate and vulnerable. In each of Options C-4 through C-6 two of the smaller entities remain on their own and vulnerable.

4. **Impact on Mainland Customers** – All six of the options considered in this group involve a consolidation with FEI. Since FEI has common rates across the three regions, the rate impacts of combining one or two of the smaller entities with the Mainland is muted. However, each of the options in this group except option C-6 would still drive a rate increase for the Mainland customers.

5. **Impact on Fort Nelson Customers** – There would be no impact to Fort Nelson customers in Option C-1, ~~C-3 and~~ C-4 and C-5 where Fort Nelson remains as a separate entity for rate making purposes. Of the remaining options, the least impact would be C-6~~5~~ where common rates are applied across all of FEI's service territory, including Fort Nelson, but the higher rate entities of FEW and FEVI are not combined.

Of the 6 options considered in this group, the FEU concluded that only Option C-1 sufficiently meets the qualitative objectives. Option C-1 fully meets objectives 2 and 5, as FEVI's revenue deficiency would be addressed through consolidation with FEI and FEW and there would be no impact to Fort Nelson. While Option C-1 does not address Fort Nelson's rate stability issues, it also does not impact Fort Nelson's rates. Finally, while consolidating FEVI and FEW with FEI would result in rate impacts to FEI customers, adding Fort Nelson would not materially lessen this impact; therefore Option C-1 addresses the rate disparity issue for the large majority of FEU's customers. The FEU therefore concluded that Option C-1 sufficiently meets the qualitative objectives and proceeded to conduct a quantitative review of the option as discussed in Step 5 below.

Table 5-4: Summary of Option Groups Not Carried for Quantitative Review

#	Evaluation Criteria	Option Group A Status Quo	Option Group B Status Quo with Common Commodity and Midstream Rates	Options C-2 through C-6 Amalgamation or Consolidation of One or More Existing Rate Bases with FEI , with One or Two of Existing Rate Bases Remaining as is
1	Minimize Rate Differences	**X**	**X**	Partial
2	Address the Revenue Deficiency for FEVI	**X**	**X**	√ (~~C-1,~~ C-2, C-4) **X** (C-3, C-5, C-6)
3	Provide Long Term Rate Stability	**X**	**X**	Partial
4	Mitigate Impact on Mainland Customers	√	√	√ (C-6) **X** (C-2, C-3, C-4, C-5)
5	Mitigate Impact on Fort Nelson Customers	√	**X**	√ (~~C-1,~~ C-4, C-5) **X** (C-2, C-3, ~~C-5,~~ C-6)

The FEU identified four options or Option Groups that generally met the qualitative objectives, but required a quantitative review to assess the rate impacts and rate discrepancies amongst the service areas. Table 5-5 provides a summary for each of these four options in consideration of the qualitative objectives.

system and an average minimum system capacity per customer was calculated to determine the PLCC adjustment. This PLCC adjustment was then multiplied by the number of customers in each rate class, and the corresponding amount was ~~added to~~subtracted from the demand for that rate class. As noted by EES Consulting, the use of the PLCC adjustment was recently approved by the Commission for the FortisBC electric COSA.[256]

The PLCC adjustment for this Application was determined to be *0.225GJ per day per customer*[257]. When the adjustment is applied along with the Minimum System approach, the results more closely match the theoretical customer-related component of the distribution system. EES Consulting has reviewed the PLCC adjustment to the Minimum System and confirms that it is appropriate for the Amalgamated Entity COSA.

Classification of Marketing and Customer Accounting

The Marketing and Customer Accounting functions are generally classified as customer-related. Energy Efficiency and Conservation ("EEC") funding is classified as demand-related since EEC programs provide extra system peak capacity through energy conservation. This methodology is consistent with the past practice and is appropriate as the underlying cost causation for these functions is directly related to the customers served under each rate class and not based on their volumetric usage or demand. For the purposes of allocating costs to each customer class, the FEU developed separate customer weighting factors for customer administration and billing, described further in Section 9.6.2.5, which are appropriate for this Rate Design. EES Consulting has reviewed the marketing and customer accounting classification methodology and believes it to be appropriate.[258]

9.6.2.5 Step 3: Allocation of Functionalized and Classified Costs

Once the functionalized costs have been classified into demand, customer and commodity related components, these costs must then be allocated out to each of the rate classes based on appropriate allocation methodologies. The Company has, for the most part, allocated these cost components to the rate classes based on the approaches adopted and accepted by the Commission in the 2001 RDA, as well as the Company's earlier RDAs in 1993 and 1996.[259] Changes to the allocation from 2001 are summarized in Table 9-6 and reflect the addition of a

[256] Ibid. p.15 "Use of the PLCC adjustment was recently approved by the Commission for the FortisBC electric COSA. This adjustment is particularly warranted in light of the change in the minimum size pipe to 2 inches as the new size allows an even greater amount of gas beyond the minimum requirement to flow to the customer."

[257] See Appendix D-3 for further information on how FEU calculated a PLCC Adjustment of 0.225 GJ/day/customer.

[258] Appendix D-1: EES Cost of Service Review Report, EES Consulting, "FEU Natural Gas Cost of Service Review", April 2012, p.21 "The second weighted customer allocation factor considered the cost of customer accounting and customer service for each rate class. The weighting factors were developed by FEU staff and were based on the estimated level of effort required per rate class. A standard weighting factor of 1.0 was used for the residential class, with other classes receiving a weighting factor relative to the level of effort for a residential customer."

[259] Ibid. p.2 "We have reviewed both the COSA methodology and the COSA model itself to determine whether it is correct and appropriate. We find that the COSA follows standard utility practice, is generally consistent with past practice for the utility and the results are acceptable for purposes of setting just and reasonable rates for the amalgamated utility."

Appendix E-16

FEU RESPONSE TO FORT NELSON AND DISTRICT CHAMBER OF COMMERCE LETTERS

FEU Response to Fort Nelson & District Chamber of Commerce Letters

The following appendix responds to particular statements in the two letters submitted to the BCUC by the Fort Nelson & District Chamber of Commerce ("FNDCC"). Please refer to Appendix E-15 for the FNDCC Submitting Comments Letter and Submitting Supplemental Comments Letter. As described in section 8 of the Application, the FEU have proposed a 15 year phase-in period to mitigate the impact of common rates on Fort Nelson customers.

#	Document Reference	For Nelson & District Chamber of Commerce Statement	FortisBC Clarification
1	**March 1st FNDCC Submitting Comments (Appendix XX and BCUC Exhibit C2-2)**	*Page 1 - "FortisBC currently has an application before the BC Utilities Commission seeking to amalgamate service areas and rates across British Columbia."*	Through this Application, FortisBC is proposing to amalgamate the three legal natural gas entities, and implement common rates across all of its service areas.
2	**March 1st FNDCC Submitting Comments (BCUC Exhibit C2-2)**	*Page 1 - "This application is driven by the expiry of the BC Provincial Government Royalty Agreement which subsidized the cost of natural gas delivery to Vancouver Island, Whistler and the Lower Mainland. The Royalty Agreement meant that rates in the Lower Mainland, Whistler and Vancouver Island were set below the cost of service in those areas."*	The main principle behind amalgamation and common rates is one of fairness amongst all FEU customers. The FEU are seeking a solution that can adequately resolve the rate disparity that exists across the FEU's service areas. As discussed in Section 3 of the Application, the Vancouver Island Natural Gas Pipeline Agreement and Special Direction included payment by the Provincial Government of gas royalty revenues ("Royalty Revenues") to FEVI through to 2011. These Royalty Revenues mitigated fluctuations in the cost of gas to the benefit of FEVI's core market customers. With the loss of Royalty Revenues, as of December 31st 2011, FEVI's already high rates face additional pressures that will result in an increase to their rates as early as 2016, thus worsening the rate discrepancy that currently exists across the FEU's service areas. FEVI customers solely benefited from this agreement. Whistler and the three FEI (Mainland) service areas did not receive any Royalty Revenues and the rates in these service areas are based on their respective costs of service.
3	**March 1st FNDCC Submitting**	*Page 2* - "What the application does not clearly	The November 2011 Application described in detail the

	Comments (BCUC Exhibit C2-2)	state is that with the "postage stamp rate" Fort Nelson residents and businesses will go from a rate of \$7.438 to \$11.177 which equates to a 50.27% increase.	full impact of common rates and clearly stated what the impact would be on Fort Nelson customers. Please refer to Section 4 of the November 2011 Application. This Application describes the impact of common rates on Fort Nelson in section 6.7 and discusses the Fort Nelson phase-in approach to mitigate the rate impact in section 8.4.1.1.
4	**March 1st FNDCC Submitting Comments (BCUC Exhibit C2-2)**	*Page 2 – "Essentially Fort Nelson customers will take over subsidizing the Lower Mainland and Vancouver Island. To provide a "27%-51%" reduction in Whistler and Vancouver Island we are expected to incur a 50.27% increase in Fort Nelson."*	Fort Nelson customers will not subsidize Lower Mainland customers. The Lower Mainland, Inland and Columbia service areas, which encompass over approximately 850,000 customers, will also see increases to their rates as a result of common rates. The service areas of FEW and FEVI will see reductions.
5	**March 1st FNDCC Submitting Comments (BCUC Exhibit C2-2)**	*Page 2 – "So the basis of the application is that it is equitable for the Fort Nelson area to pay significantly more than the cost of delivery however the Lower Mainland, Vancouver Island and Whistler should all pay significantly less than the cost of delivery! How is this equitable?"*	Under the FEU's proposal, the FEU are asking for approval to combine the 3 natural gas entities and set a common rate at the cost of service. Setting rates at cost of service is standard utility practice. As discussed in the EES Cost of Service Review Report (Appendix D-1), "Postage stamp pricing is widely accepted in the utility industry and has been adopted by the Commission in the majority of cases across the Province. The introduction of postage stamp pricing across all of the areas served by the FEU is fair and equitable to customers and generally provides some overall advantages to customers."[1] While FEVI and FEW will see a decrease in their rates, FEI Mainland service areas, including the Lower Mainland, will not "pay significantly less than the cost of delivery". FEI Mainland rates will increase as a result of common rates.
6	**March 1st FNDCC Submitting Comments (BCUC Exhibit C2-2)**	*Page 2 – "The other aspect not taken into consideration in the application is the fact that as a remote northern community, Fort Nelson*	Fort Nelson does have the highest average consumption amongst the six FEU service areas. However, based on current rates, the typical annual bill for an average Fort Nelson residential customer is less

[1] EES Consulting Report, Page Appendix D-1, Page 1

		has a much longer cold season and thus already sees higher annual costs in natural gas usage. A 50.27% increase has a significantly larger impact in Fort Nelson then in Southern BC with warmer annual temperatures".	than that of an average Lower Mainland or Whistler customer. Other areas in the Province, such as areas within the Inland and Columbia service areas, experience temperatures similar to Fort Nelson and currently pay much higher rates. Through the introduction of common rates, all customers within a rate class will pay the same rate per GJ leading to fairness and equality across the service areas.
7	**March 2nd FNDCC Submitting Supplemental Comments (BCUC Exhibit C2-2-1)**	*Page 1 – "FortisBC was quick to point out in their application that Fort Nelson will require a 3.1 million dollar pipeline upgrade however they don't mention capital expenditures in the rest of the province which will have significantly higher price tags nor do they discuss the need to cover the costs associated with the upgrade to Whistler for the 2010 Olympics."*	The FEU do agree that there may be capital expenditures in other service areas in the future. However, if the three natural gas entities are amalgamated and common rates are introduced, the cost of service for any capital expenditure, regardless of location, would be spread out amongst the entire amalgamated customer based, resulting in a smaller increase to rates. Please refer to Section 6 and Appendix E-3 of this Application for further information on Fort Nelson rate impacts under the amalgamated vs. standalone entity. Further, the conversion of the Whistler pipeline from propane to natural gas, was not associated in any respect with the 2010 Olympics. Please refer to Section 3 for further information on the Whistler pipeline.
8	**March 2nd FNDCC Submitting Supplemental Comments (BCUC Exhibit C2-2-1)**	*Page 2 – "There is no upside to "postage stamp" rates being applied to Fort Nelson. The cost of service delivery to Vancouver Island, Whistler and the Lower Mainland is more than the cost of service delivery to Fort Nelson. Fort Nelson should not be required to subsidize the rest of the province."*	The FEU recognize that Fort Nelson will experience rate increases as a result of the implementation of common rates and that consultation has shown that Fort Nelson customers do not believe that common rates are of benefit to them. However, common rates are fair and equitable and will result in all customers paying the same rate for natural gas service. Currently, different customers pay different rates based on the history of how the FEU have grown. Communities that are similar to Fort Nelson in many

			ways are served by FEI and pay the same rate as other FEI customers in the Lower Mainland. The FEU believe it is appropriate and beneficial to all of its customers to bring an end to the rate disparity. Further, through the implementation of common rates, costs can be spread amongst a larger customer group, bringing more long-term rate stability for customers. Other benefits of common rates are discussed in section 6 of the Application.
9	**March 2nd FNDCC Submitting Supplemental Comments (BCUC Exhibit C2-2-1)**	*Page 2 – "Speaking with the representatives from FortisBC we were told it's not 50% its only 3.3 - 4.3 % annually. Just because the projected increase is spread out over several years does not change the end result which is a 50.27% increase."*	Based on current information (see Section 6.7 and Appendix J-2), the full rate impact for a typical Fort Nelson residential customer will be an increase of 54.95% to their total annual bill. The FEU were open with regards to the full impact of the Fort Nelson increase, as referenced on the presented storyboards, but clarifications were made that it was not a one-time increase. Based on the phase-in proposal presented in Section 8.4.1.1 of this Application, the impact would be approximately 3.5-4.5% to the annual bill of a typical Fort Nelson residential customer, after a 5 year rate freeze, until rates are aligned.
10	**March 2nd FNDCC Submitting Supplemental Comments (BCUC Exhibit C2-2-1)**	*Page 2 – "*There is also no guarantee from FortisBC that this will be the only increase as it does not take into consideration rate changes due to natural gas prices and we were told we could still potentially expect to see regular commodity price increases."	All rate changes must be approved by the British Columbia Utilities Commission. The FEU will continue to flow through any changes to the gas cost or delivery rates, as required and if approved by the BCUC, similar as they are today. Gas cost rate changes, as a result of changes in natural gas pricing, may occur in the future but cannot be forecast with any certainty. Gas cost rates are reviewed on a quarterly basis with the BCUC in order to ensure the rates charged to customers appropriately cover the cost of purchasing natural gas on their behalf. The BCUC recently approved a decrease in the Fort Nelson gas cost rates to be effective April 1, 2012.
11	**March 2nd FNDCC Submitting Supplemental Comments (BCUC Exhibit**	*Page 2 – "According to FortisBC representatives an average home in Fort Nelson uses approximately 144 GJ annually*	The typical residential home in Fort Nelson consumes approximately 140GJ annually, while a typical Vancouver Island residential customer consumes

	C2-2-1)	*while a home on Vancouver Island only uses approximately 70."*	approximately 58.6GJ.
12	**March 2nd FNDCC Submitting Supplemental Comments (BCUC Exhibit C2-2-1)**	*Page 2 - "We need to stress there is no shortfall in the current Fort Nelson rate structure. We pay for the cost of our service delivery. The shortfall is in Vancouver Island, Whistler and the Lower Mainland where they have not paid for their cost of service delivery and had been protected by the Royalty Agreement."*	As discussed in #2, Royalty Revenues were only provided to FEVI. The FEW and the three FEI service areas did not receive any Royalty Revenues and their rates are based on the cost of service for each respective region.
13	**March 2nd FNDCC Submitting Supplemental Comments (BCUC Exhibit C2-2-1)**	*Page 3 - "As is illustrated above the Northern Rockies Regional Council also believes this to be an unfair rate increase however the options put before council from FortisBC clearly left the impression that the rate increase was approved and moving ahead regardless. FortisBC was only looking for their input on how the increase would proceed."*	The options were presented to the Council by the Mayor, not the FEU, and the FEU was not asked to participate or be present for the Council Meeting. The rate increase is only being proposed at this time and has not been approved by the BCUC. As stated in Section 10 of the Application, FEU representatives met with the Mayor and Corporate Staff to review the proposal and at no point did the FEU representatives state that the rate increase was already approved. The FEU made it clear that while we would be proposing common rates with a phased-in approach, Fort Nelson was entitled to register as an intervener in the regulatory proceeding. The FEU recognize the impact that this proposal will have on Fort Nelson and it is for this reason that feedback was requested from Fort Nelson customers through the Fort Nelson Public Information Session, Quantitative Market Research and meetings with the Mayor and Corporate Staff.

Attachment 98.1

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 1 - RESIDENTIAL SERVICE

APPENDIX J-3
TAB 1.2
PAGE 1

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING						ANNUAL INCREASE/DECREASE	
		Existing Rate Class:				**RGS - Residential Service**		**Proposed Rate Class:**				**Rate Schedule 1 - Residential Service**			
1	Charges	Volume		Rate		Annual $		Volume		Rate		Annual $		Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$0.3450	=	$126.00									
3															
4	Energy Charge	58.6	GJ x	$14.3250	=	$839.4450									
5															
6	Total *(with effective $/GJ rate)*	**58.6**		**$16.475**		**$965.45**									
7															
8															
9	Delivery Margin Related Charges														
10	Basic Charge per day							365.25	days x	$0.3890	=	$142.08			
11															
12	Delivery Charge per GJ							58.6	GJ x	$4.361	=	$255.543			
14	Rider 5 RSAM							58.6	GJ x	($0.026)	=	($1.524)			
15	Subtotal Delivery Margin Related Charges per GJ											$396.099			
16															
17	Commodity Related Charges														
18	Midstream Cost Recovery Charge per GJ							58.6	GJ x	$1.384	=	$81.127			
19	Rider 6 MCRA Rider							58.6	GJ x	$0.066	=	$3.893			
20															
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ							58.6	GJ x	$4.108	=	$240.718			
22	Subtotal Commodity Related Charges											$325.738			
23															
24	Total *(with effective $/GJ rate)*							**58.6**		**$12.318**		**$721.84**		**($243.61)**	**-25.23%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 2 - SMALL COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA – Existing Rate Class: AGS - Apartment General Service					PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING – Proposed Rate Class: Rate Schedule 2 - Small Commercial Service					ANNUAL INCREASE/DECREASE	
1	Charges	Volume		Rate		Annual $	Volume		Rate		Annual $	Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$1.3142	=	$480.00							
3													
4	Energy Charge	780.0	GJ x	$12.3730	=	$9,650.94							
5													
6	Total *(with effective $/GJ rate)*	**780.0**		**$12.988**		**$10,130.94**							
7													
8													
9	Delivery Margin Related Charges												
10	Basic Charge per day						365.25	days x	$0.8161	=	$298.08		
11													
12	Delivery Charge per GJ						780.0	GJ x	$3.499	=	$2,728.958		
14	Rider 5 RSAM						780.0	GJ x	($0.026)	=	($20.280)		
15	Subtotal Delivery Margin Related Charges per GJ										$3,006.758		
16													
17	Commodity Related Charges												
18	Midstream Cost Recovery Charge per GJ						780.0	GJ x	$1.316	=	$1,026.386		
19	Rider 6 MCRA Rider						780.0	GJ x	$0.066	=	$51.821		
20													
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ						780.0	GJ x	$4.108	=	$3,204.095		
22	Subtotal Commodity Related Charges										$4,282.302		
23													
24	Total *(with effective $/GJ rate)*						**780.0**		**$9.345**		**$7,289.060**	**($2,841.88)**	**-28.05%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

		PROPOSED JANUARY 1, 2013 RATES AS PER RRA					PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING					ANNUAL INCREASE/DECREASE	
Line No.	Particulars	Existing Rate Class:				AGS - Apartment General Service	Proposed Rate Class:				Rate Schedule 3 - Large Commercial Service		
1	Charges	Volume		Rate		Annual $	Volume		Rate		Annual $	Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$1.3142	=	$480.00							
3													
4	Energy Charge	3,990.0	GJ x	$12.3730	=	$49,368.27							
5													
6	Total *(with effective $/GJ rate)*	**3,990.0**		**$12.493**		**$49,848.27**							
7													
8													
9	Delivery Margin Related Charges												
10	Basic Charge per day						365.25	days x	$4.3538	=	$1,590.24		
11													
12	Delivery Charge per GJ						3,990.0	GJ x	$2.954	=	$11,786.536		
14	Rider 5 RSAM						3,990.0	GJ x	($0.026)	=	($103.740)		
15	Subtotal Delivery Margin Related Charges per GJ										$13,273.036		
16													
17	Commodity Related Charges												
18	Midstream Cost Recovery Charge per GJ						3,990.0	GJ x	$1.055	=	$4,210.783		
19	Rider 6 MCRA Rider						3,990.0	GJ x	$0.066	=	$265.084		
20													
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ						3,990.0	GJ x	$4.108	=	$16,390.177		
22	Subtotal Commodity Related Charges										$20,866.044		
23													
24	Total *(with effective $/GJ rate)*						**3,990.0**		**$8.556**		**$34,139.080**	**($15,709.19)**	**-31.51%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 2 - SMALL COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA Existing Rate Class: SCS1 - Small Commercial Service 1 Volume		Rate		Annual $	PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING Proposed Rate Class: Rate Schedule 2 - Small Commercial Service Volume		Rate		Annual $	ANNUAL INCREASE/DECREASE Annual $	% of Previous Total Annual Bill
1	Charges												
2	Basic Daily Charge	365.25	days x	$0.3105	=	$113.40							
3													
4	Energy Charge	80.3	GJ x	$16.9400	=	$1,360.2820							
5													
6	Total *(with effective $/GJ rate)*	**80.3**		**$18.352**		**$1,473.68**							
7													
8													
9	Delivery Margin Related Charges												
10	Basic Charge per day						365.25	days x	$0.8161	=	$298.08		
11													
12	Delivery Charge per GJ						80.3	GJ x	$3.499	=	$280.943		
14	Rider 5 RSAM						80.3	GJ x	($0.026)	=	($2.088)		
15	Subtotal Delivery Margin Related Charges per GJ										$576.935		
16													
17	Commodity Related Charges												
18	Midstream Cost Recovery Charge per GJ						80.3	GJ x	$1.316	=	$105.665		
19	Rider 6 MCRA Rider						80.3	GJ x	$0.066	=	$5.335		
20													
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ						80.3	GJ x	$4.108	=	$329.857		
22	Subtotal Commodity Related Charges										$440.857		
23													
24	Total *(with effective $/GJ rate)*						**80.3**		**$12.675**		**$1,017.792**	**($455.89)**	**-30.94%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 2 - SMALL COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING						ANNUAL INCREASE/DECREASE	
		Existing Rate Class:			**SCS2 - Small Commercial Service 2**			**Proposed Rate Class:**			**Rate Schedule 2 - Small Commercial Service**				
1	Charges	Volume		Rate			Annual $	Volume		Rate			Annual $	Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$1.1016	=		$402.36								
3															
4	Energy Charge	312.6	GJ x	$16.4550	=		$5,143.8330								
5															
6	Total *(with effective $/GJ rate)*	**312.6**		**$17.742**			**$5,546.19**								
7															
8															
9	Delivery Margin Related Charges														
10	Basic Charge per day							365.25	days x	$0.8161	=		$298.08		
11															
12	Delivery Charge per GJ							312.6	GJ x	$3.499	=		$1,093.682		
14	Rider 5 RSAM							312.6	GJ x	($0.026)	=		($8.128)		
15	Subtotal Delivery Margin Related Charges per GJ												$1,383.635		
16															
17	Commodity Related Charges														
18	Midstream Cost Recovery Charge per GJ							312.6	GJ x	$1.316	=		$411.344		
19	Rider 6 MCRA Rider							312.6	GJ x	$0.066	=		$20.768		
20															
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ							312.6	GJ x	$4.108	=		$1,284.103		
22	Subtotal Commodity Related Charges												$1,716.215		
23															
24	Total *(with effective $/GJ rate)*							**312.6**		**$9.916**			**$3,099.850**	**($2,446.34)**	**-44.11%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 2 - SMALL COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING						ANNUAL INCREASE/DECREASE	
		Existing Rate Class:					**LCS1 - Large Commercial Service 1**	**Proposed Rate Class:**					**Rate Schedule 2 - Small Commercial Service**		
1	Charges	Volume		Rate		Annual $		Volume		Rate		Annual $		Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$2.0041	=	$732.00									
3															
4	Energy Charge	929.8	GJ x	$13.3530	=	$12,415.6194									
5															
6	Total *(with effective $/GJ rate)*	**929.8**		**$14.140**		**$13,147.62**									
7															
8															
9	Related Charges														
10	Basic Charge per day							365.25	days x	$0.8161	=	$298.08			
11															
12	Delivery Charge per GJ							929.8	GJ x	$3.499	=	$3,253.058			
14	Rider 5 RSAM							929.8	GJ x	($0.026)	=	($24.175)			
15	Subtotal Delivery Margin Related Charges per GJ											$3,526.963			
16															
17	Commodity Related Charges														
18	Midstream Cost Recovery Charge per GJ							929.8	GJ x	$1.316	=	$1,223.505			
19	Rider 6 MCRA Rider							929.8	GJ x	$0.066	=	$61.773			
20															
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ							929.8	GJ x	$4.108	=	$3,819.445			
22	Subtotal Commodity Related Charges											$5,104.724			
23															
24	Total *(with effective $/GJ rate)*							**929.8**		**$9.283**		**$8,631.687**		**($4,515.93)**	**-34.35%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA: Existing Rate Class: LCS2 - Large Commercial Service 2 Volume		Rate		Annual $	PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING: Proposed Rate Class: Rate Schedule 3 - Large Commercial Service Volume		Rate		Annual $	ANNUAL INCREASE/DECREASE Annual $	% of Previous Total Annual Bill
1	Charges												
2	Basic Daily Charge	365.25	days x	$3.2138	=	$1,173.84							
3													
4	Energy Charge	2,361.9	GJ x	$12.3110	=	$29,077.35							
5													
6	Total *(with effective $/GJ rate)*	**2,361.9**		**$12.808**		**$30,251.19**							
7													
8													
9	Delivery Margin Related Charges												
10	Basic Charge per day						365.25	days x	$4.3538	=	$1,590.24		
11													
12	Delivery Charge per GJ						2,361.9	GJ x	$2.954	=	$6,977.098		
14	Rider 5 RSAM						2,361.9	GJ x	($0.026)	=	($61.409)		
15	Subtotal Delivery Margin Related Charges per GJ										$8,505.928		
16													
17	Commodity Related Charges												
18	Midstream Cost Recovery Charge per GJ						2,361.9	GJ x	$1.055	=	$2,492.594		
19	Rider 6 MCRA Rider						2,361.9	GJ x	$0.066	=	$156.918		
20													
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ						2,361.9	GJ x	$4.108	=	$9,702.245		
22	Subtotal Commodity Related Charges										$12,351.757		
23													
24	Total *(with effective $/GJ rate)*						**2,361.9**		**$8.831**		**$20,857.685**	**($9,393.51)**	**-31.05%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING						ANNUAL INCREASE/DECREASE	
		Existing Rate Class:					**LCS3 - Large Commercial Service 3**	**Proposed Rate Class:**					**Rate Schedule 3 - Large Commercial Service**		
1	Charges	Volume		Rate			Annual $	Volume		Rate			Annual $	Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$6.6205	=		$2,418.12								
3															
4	Energy Charge	17,694.0	GJ x	$12.0150	=		$212,593.41								
5															
6	Total *(with effective $/GJ rate)*	**17,694.0**		**$12.152**			**$215,011.53**								
7															
8															
9	Delivery Margin Related Charges														
10	Basic Charge per day							365.25	days x	$4.3538	=		$1,590.24		
11															
12	Delivery Charge per GJ							17,694.0	GJ x	$2.954	=		$52,268.413		
14	Rider 5 RSAM							17,694.0	GJ x	($0.026)	=		($460.044)		
15	Subtotal Delivery Margin Related Charges per GJ												$53,398.609		
16															
17	Commodity Related Charges														
18	Midstream Cost Recovery Charge per GJ							17,694.0	GJ x	$1.055	=		$18,673.083		
19	Rider 6 MCRA Rider							17,694.0	GJ x	$0.066	=		$1,175.538		
20															
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ							17,694.0	GJ x	$4.108	=		$72,683.656		
22	Subtotal Commodity Related Charges												$92,532.277		
23															
24	Total *(with effective $/GJ rate)*							**17,694.0**		**$8.247**			**$145,930.89**	**($69,080.64)**	**-32.13%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING						ANNUAL INCREASE/DECREASE	
		Existing Rate Class:				**HLF - High Load Factor**		**Proposed Rate Class:**				**Rate Schedule 3 - Large Commercial Service**			
1	Charges	Volume		Rate		Annual $		Volume		Rate		Annual $		Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$8.2136	=	$3,000.00									
3															
4	Energy Charge	14,025.0	GJ x	$8.6970	=	$121,975.43									
5															
6	Total					**$124,975.43**									
7															
8															
9	Delivery Margin Related Charges														
10	Basic Charge per day							365.25	days x	$4.3538	=	$1,590.24			
11															
12	Delivery Charge per GJ							14,025.0	GJ x	$2.954	=	$41,430.117			
14	Rider 5 RSAM							14,025.0	GJ x	($0.026)	=	($364.650)			
15	Subtotal Delivery Margin Related Charges per GJ											$42,655.707			
16															
17	Commodity Related Charges														
18	Midstream Cost Recovery Charge per GJ							14,025.0	GJ x	$1.055	=	$14,801.062			
19	Rider 6 MCRA Rider							14,025.0	GJ x	$0.066	=	$931.780			
20															
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ							14,025.0	GJ x	$4.108	=	$57,612.087			
22	Subtotal Commodity Related Charges											$73,344.930			
23															
24	Total											**$116,000.64**		**($8,974.79)**	**-7.18%**

FORTISBC ENERGY (VANCOUVER ISLAND) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING						ANNUAL INCREASE/DECREASE	
		Existing Rate Class:					**ILF - Inverse Load Factor**	**Proposed Rate Class:**					**Rate Schedule 3 - Large Commercial Service**		
1	Charges	Volume		Rate			Annual $	Volume		Rate			Annual $	Annual $	% of Previous Total Annual Bill
2	Basic Daily Charge	365.25	days x	$8.2136	=		$3,000.00								
3															
4	Energy Charge	10,183.0	GJ x	$10.0970	=		$102,817.75								
5															
6	Total						**$105,817.75**								
7															
8															
9	Delivery Margin Related Charges														
10	Basic Charge per day							365.25	days x	$4.3538	=		$1,590.24		
11															
12	Delivery Charge per GJ							10,183.0	GJ x	$2.954	=		$30,080.776		
14	Rider 5 RSAM							10,183.0	GJ x	($0.026)	=		($264.758)		
15	Subtotal Delivery Margin Related Charges per GJ												$31,406.258		
16															
17	Commodity Related Charges														
18	Midstream Cost Recovery Charge per GJ							10,183.0	GJ x	$1.055	=		$10,746.468		
19	Rider 6 MCRA Rider							10,183.0	GJ x	$0.066	=		$676.529		
20															
21	Cost of Gas (Commodity Cost Recovery Charge) per GJ							10,183.0	GJ x	$4.108	=		$41,829.867		
22	Subtotal Commodity Related Charges												$53,252.864		
23															
24	Total												**$84,659.12**	**($21,158.63)**	**-20.00%**

FORTISBC ENERGY (WHISTLER) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 1 - RESIDENTIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA							PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING					ANNUAL INCREASE/DECREASE	
		Existing Rate Class:				**SGS - Residential Service**			**Proposed Rate Class:**			**Rate Schedule 1 - Residential Service**		
		Volume			Rate		Annual $		Volume		Rate	Annual $	Annual $	% of Previous Total Annual Bill
1	Charges													
2	Basic Charge per day	365.25	days	x	$0.2464	=	$90.00							
3														
4	Delivery Charge per GJ	90.0	GJ	x	$11.686	=	$1,051.74							
5														
6	Cost of Gas (Commodity Cost Recovery Charge) per GJ	90.0	GJ	x	$5.164	=	$464.76							
7														
8	Rider A	90.0	GJ	x	$0.000	=	$0.00							
9	Rider 5 - RSAM	90.0	GJ	x	$0.524	=	$47.16							
10														
11	Total *(with effective $/GJ rate)*	**90.0**			**$18.374**		**$1,653.66**							
12														
13	Delivery Margin Related Charges													
14	Basic Charge per day								365.25	days x	$0.3890	$142.08		
15														
16	Delivery Charge per GJ								90.0	GJ x	$4.361	$392.472		
18	Rider 5 RSAM								90.0	GJ x	($0.026)	($2.340)		
19	Subtotal Delivery Margin Related Charges per GJ													
20												$532.212		
21	Commodity Related Charges													
22	Midstream Cost Recovery Charge per GJ								90.0	GJ x	$1.384	$124.598		
23	Rider 6 MCRA Rider								90.0	GJ x	$0.066	$5.979		
24														
25	Cost of Gas (Commodity Cost Recovery Charge) per GJ								90.0	GJ x	$4.108	$369.703		
26	Subtotal Commodity Related Charges											$500.281		
27														
28	Total *(with effective $/GJ rate)*								**90.0**		**$11.472**	**$1,032.49**	**($621.17)**	**-37.56%**

Notes: Cost of Gas (Commodity Cost Recovery Charge) per GJ includes MCRA Rider ($0.060/GJ)

FORTISBC ENERGY (WHISTLER) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE 2 - SMALL COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING				ANNUAL INCREASE/DECREASE	
		Existing Rate Class:					**SGS - Commercial Service**	**Proposed Rate Class:**		**Rate Schedule 2 - Small Commercial Service**			
1	Charges	Volume		Rate			Annual $	Volume		Rate	Annual $		
2	Basic Charge per day	365.25	days x	$0.2464	=		$90.00						
3													
4	Delivery Charge per GJ	260.0	GJ x	$11.686	=		$3,038.36						
5													
6	Cost of Gas (Commodity Cost Recovery Charge) per GJ	260.0	GJ x	$5.164	=		$1,342.64						
7													
8	Rider A	260.0	GJ x	$0.000	=		$0.00						
9	Rider 5 - RSAM	260.0	GJ x	$0.524	=		$136.24						
10													
11	Total *(with effective $/GJ rate)*	**260.0**		**$17.720**			**$4,607.24**						
12													
13	Delivery Margin Related Charges												
14	Basic Charge per day							365.25	days x	$0.8161	$298.08		
15													
16	Delivery Charge per GJ							260.0	GJ x	$3.499	$909.653		
18	Rider 5 RSAM							260.0	GJ x	($0.026)	($6.760)		
19	Subtotal Delivery Margin Related Charges per GJ										$1,200.973		
20													
21	Commodity Related Charges												
22	Midstream Cost Recovery Charge per GJ							260.0	GJ x	$1.316	$342.129		
23	Rider 6 MCRA Rider							260.0	GJ x	$0.066	$17.274		
24													
25	Cost of Gas (Commodity Cost Recovery Charge) per GJ							260.0	GJ x	$4.108	$1,068.032		
26	Subtotal Commodity Related Charges										$1,427.434		
27													
28	Total *(with effective $/GJ rate)*							**260.0**		**$10.109**	**$2,628.41**	**($1,978.83)**	**-42.95%**

Notes: Cost of Gas (Commodity Cost Recovery Charge) per GJ includes MCRA Rider ($0.060/GJ)

FORTISBC ENERGY (WHISTLER) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE 2 - SMALL COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA					PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING				ANNUAL INCREASE/DECREASE	
		Existing Rate Class:				**LGS1 - Large Commercial Service 1**	**Proposed Rate Class:**			**Rate Schedule 2 - Small Commercial Service**		
1	Charges	Volume		Rate		Annual $	Volume		Rate	Annual $		
2	Basic Charge per day	365.25	days x	$0.2464	=	$90.00						
3												
4	Delivery Charge per GJ	1,060.0	GJ x	$11.686	=	$12,387.16						
5												
6	Cost of Gas (Commodity Cost Recovery Charge) per GJ	1,060.0	GJ x	$5.164	=	$5,473.84						
7												
8	Rider A	1,060.0	GJ x	$0.000	=	$0.00						
9	Rider 5 - RSAM	1,060.0	GJ x	$0.524	=	$555.44						
10												
11	Total *(with effective $/GJ rate)*	**1,060.0**		**$17.459**		**$18,506.44**						
12												
13	Delivery Margin Related Charges											
14	Basic Charge per day						365.25	days x	$0.8161	$298.08		
15												
16	Delivery Charge per GJ						1,060.0	GJ x	$3.499	$3,708.584		
18	Rider 5 RSAM						1,060.0	GJ x	($0.026)	($27.560)		
19	Subtotal Delivery Margin Related Charges per GJ									$3,979.104		
20												
21	Commodity Related Charges											
22	Midstream Cost Recovery Charge per GJ						1,060.0	GJ x	$1.316	$1,394.833		
23	Rider 6 MCRA Rider						1,060.0	GJ x	$0.066	$70.423		
24												
25	Cost of Gas (Commodity Cost Recovery Charge) per GJ						1,060.0	GJ x	$4.108	$4,354.283		
26	Subtotal Commodity Related Charges									**$5,819.539**		
27												
28	Total *(with effective $/GJ rate)*						**1,060.0**		**$9.244**	**$9,798.64**	**($8,707.80)**	**-47.05%**

Notes: Cost of Gas (Commodity Cost Recovery Charge) per GJ includes MCRA Rider ($0.060/GJ)

FORTISBC ENERGY (WHISTLER) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE 3 - LARGE COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING				ANNUAL INCREASE/DECREASE	
		Existing Rate Class:				**LGS2 - Large Commercial Service 2**		**Proposed Rate Class:**			**Rate Schedule 3 - Large Commercial Service**		
1	Charges	Volume		Rate		Annual $		Volume		Rate	Annual $		
2	Basic Charge per day	365.25	days x	$0.2464	=	$90.00							
3													
4	Delivery Charge per GJ	2,810.0	GJ x	$11.686	=	$32,837.66							
5													
6	Cost of Gas (Commodity Cost Recovery Charge) per GJ	2,810.0	GJ x	$5.164	=	$14,510.84							
7													
8	Rider A	2,810.0	GJ x	$0.000	=	$0.00							
9	Rider 5 - RSAM	2,810.0	GJ x	$0.524	=	$1,472.44							
10													
11	Total *(with effective $/GJ rate)*	**2,810.0**		**$17.406**		**$48,910.94**							
12													
13	Delivery Margin Related Charges												
14	Basic Charge per day							365.25	days x	$4.3538	$1,590.24		
15													
16	Delivery Charge per GJ							2,810.0	GJ x	$2.954	$8,300.794		
18	Rider 5 RSAM							2,810.0	GJ x	($0.026)	($73.060)		
19	Subtotal Delivery Margin Related Charges per GJ										$9,817.974		
20													
21	Commodity Related Charges												
22	Midstream Cost Recovery Charge per GJ							2,810.0	GJ x	$1.055	$2,965.489		
23	Rider 6 MCRA Rider							2,810.0	GJ x	$0.066	$186.688		
24													
25	Cost of Gas (Commodity Cost Recovery Charge) per GJ							2,810.0	GJ x	$4.108	$11,542.957		
26	Subtotal Commodity Related Charges										$14,695.134		
27													
28	Total *(with effective $/GJ rate)*							**2,810.0**		**$8.724**	**$24,513.11**	**($24,397.83)**	**-49.88%**

Notes: Cost of Gas (Commodity Cost Recovery Charge) per GJ includes MCRA Rider ($0.060/GJ)

FORTISBC ENERGY (WHISTLER) INC.
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE 3 - LARGE COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2013 RATES AS PER RRA						PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING				ANNUAL INCREASE/DECREASE	
		Existing Rate Class:					**LGS3 - Large Commercial Service 3**	**Proposed Rate Class:**			**Rate Schedule 3 - Large Commercial Service**		
1	Charges	Volume		Rate			Annual $	Volume		Rate	Annual $		
2	Basic Charge per day	365.25	days x	$0.2464	=		$90.00						
3													
4	Delivery Charge per GJ	6,200.0	GJ x	$11.686	=		$72,453.20						
5													
6	Cost of Gas (Commodity Cost Recovery Charge) per GJ	6,200.0	GJ x	$5.164	=		$32,016.80						
7													
8	Rider A	6,200.0	GJ x	$0.000	=		$0.00						
9	Rider 5 - RSAM	6,200.0	GJ x	$0.524	=		$3,248.80						
10													
11	Total *(with effective $/GJ rate)*	**6,200.0**		**$17.389**			**$107,808.80**						
12													
13	Delivery Margin Related Charges												
14	Basic Charge per day							365.25	days x	$4.3538	$1,590.24		
15													
16	Delivery Charge per GJ							6,200.0	GJ x	$2.954	$18,314.918		
18	Rider 5 RSAM							6,200.0	GJ x	($0.026)	($161.200)		
19	Subtotal Delivery Margin Related Charges per GJ										$19,743.958		
20													
21	Commodity Related Charges												
22	Midstream Cost Recovery Charge per GJ							6,200.0	GJ x	$1.055	$6,543.072		
23	Rider 6 MCRA Rider							6,200.0	GJ x	$0.066	$411.910		
24													
25	Cost of Gas (Commodity Cost Recovery Charge) per GJ							6,200.0	GJ x	$4.108	$25,468.445		
26	Subtotal Commodity Related Charges										$32,423.427		
27													
28	Total *(with effective $/GJ rate)*							**6,200.0**		**$8.414**	**$52,167.39**	**($55,641.41)**	**-51.61%**

Notes: Cost of Gas (Commodity Cost Recovery Charge) per GJ includes MCRA Rider ($0.060/GJ)

FORTISBC ENERGY INC. - FORT NELSON AREA
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 1 - RESIDENTIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2014 AMALGAMATED RATES AS PER RRA				PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING				ANNUAL INCREASE/DECREASE	
		Existing Rate Class:			**Rate 1 - Residential Service**	**Proposed Rate Class:**			**Rate Schedule 1 - Residential Service**		
		Volume		Rate	Annual $	Volume		Rate	Annual $	Annual $	% of Previous Total Annual Bill
1	Charges										
2	Basic Charge per day	365.25	days x	$0.3184	$116.3040						
3	Revenue Stabilization Adjustment Amount per Day	365.25	days x	($0.0007)	($0.2557)						
4	Gas Cost Recovery Charge Prorated to Daily Basis	365.25	days x	$0.2757	$100.7040						
5	Minimum Daily Charge (includes first 2 gigajoules/month)			**$0.5934**	**$216.7523**						
6											
7	Delivery Charge per GJ	116	GJ x	$2.443	$283.3880						
8	Revenue Stabilization Adjustment Amount per GJ	116	GJ x	($0.011)	($1.2760)						
9	Gas Cost Recovery Charge per GJ	116	GJ x	$4.196	$486.7360						
10	Next 28 Gigajoules in any month			**$6.628**	**$768.8480**						
11											
12	Delivery Charge per GJ	0	GJ x	$2.340	$0.0000						
13	Revenue Stabilization Adjustment Amount per GJ	0	GJ x	($0.011)	$0.0000						
14	Gas Cost Recovery Charge per GJ	0	GJ x	$4.196	$0.0000						
15	Excess of 30 Gigajoules in any month			**$6.525**	**$0.0000**						
16											
17	Total *(with effective $/GJ rate)*	**140**		**$7.040**	**$985.60**						
18											
19											
20	Delivery Margin Related Charges										
21	Basic Charge per day					365.25	days x	$0.3890	$142.08		
22											
23	Delivery Charge per GJ					140.0	GJ x	$4.361	$610.512		
24	Rider 4 Phase-In Rider					140.0	GJ x	($3.868)	($541.566)		
25	Rider 5 RSAM					140.0	GJ x	($0.026)	($3.640)		
26	Subtotal Delivery Margin Related Charges per GJ								$207.386		
27											
28	Commodity Related Charges										
29	Midstream Cost Recovery Charge per GJ					140.0	GJ x	$1.384	$193.820		
30	Rider 6 MCRA					140.0	GJ x	$0.066	$9.301		
31											
32	Cost of Gas (Commodity Cost Recovery Charge) per GJ					140.0	GJ x	$4.108	$575.094		
33	Subtotal Commodity Related Charges								$778.215		
34											
35	Total *(with effective $/GJ rate)*					**140.0**		**$7.040**	**$985.60**	**$0.00**	**0.00%**

FORTISBC ENERGY INC. - FORT NELSON AREA
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 2 -SMALL COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2014 AMALGAMATED RATES AS PER RRA Existing Rate Class: GSR 2.1 - General (Commercial) Service				PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING Proposed Rate Class: Rate Schedule 2 - Small Commercial Service				ANNUAL INCREASE/DECREASE	
		Volume		Rate	Annual $	Volume		Rate	Annual $	Annual $	% of Previous Total Annual Bill
1	Charges										
2	Basic Charge per day	365.25	days x	$0.9310	$340.0440						
3	Revenue Stabilization Adjustment Amount per Day	365.25	days x	($0.0007)	($0.2557)						
4	Gas Cost Recovery Charge Prorated to Daily Basis	365.25	days x	$0.2757	$100.7040						
5	Minimum Daily Charge (includes first 2 gigajoules/month)			**$1.2060**	**$440.4923**						
6											
7	Delivery Charge per GJ	436	GJ x	$2.747	$1,197.69						
8	Revenue Stabilization Adjustment Amount per GJ	436	GJ x	($0.011)	($4.7960)						
9	Gas Cost Recovery Charge per GJ	436	GJ x	$4.196	$1,829.46						
10	Next 298 Gigajoules in any month			**$6.932**	**$3,022.35**						
11											
12	Delivery Charge per GJ	0	GJ x	$2.658	$0.0000						
13	Revenue Stabilization Adjustment Amount per GJ	0	GJ x	($0.011)	$0.0000						
14	Gas Cost Recovery Charge per GJ	0	GJ x	$4.196	$0.0000						
15	Excess of 300 Gigajoules in any month			**$6.843**	**$0.0000**						
16											
17	Total *(with effective $/GJ rate)*	**460**		**$7.528**	**$3,462.84**						
18											
19											
20	Delivery Margin Related Charges										
21	Basic Charge per day					365.25	days x	$0.8161	$298.08		
22											
23	Delivery Charge per GJ					460.0	GJ x	$3.499	$1,609.385		
24	Rider 4 Phase-In Rider					460.0	GJ x	($2.082)	($957.712)		
25	Rider 5 RSAM					460.0	GJ x	($0.026)	($11.960)		
26	Subtotal Delivery Margin Related Charges per GJ								$937.794		
27											
28	Commodity Related Charges										
29	Midstream Cost Recovery Charge per GJ					460.0	GJ x	$1.316	$605.305		
30	Rider 6 MCRA					460.0	GJ x	$0.066	$30.561		
31											
32	Cost of Gas (Commodity Cost Recovery Charge) per GJ					460.0	GJ x	$4.108	$1,889.594		
33	Subtotal Commodity Related Charges								$2,525.460		
34											
35	Total *(with effective $/GJ rate)*					**460.0**		**$7.529**	**$3,463.25**	**$0.41**	**0.01%**

FORTISBC ENERGY INC. - FORT NELSON AREA
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

		PROPOSED JANUARY 1, 2014 AMALGAMATED RATES AS PER RRA					PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING					ANNUAL INCREASE/DECREASE	
Line No.	Particulars	Existing Rate Class:			GSR 2.1 - General (Commercial) Service		Proposed Rate Class:			Rate Schedule 3 - Large Commercial Service			
1	Charges	Volume		Rate	Annual $		Volume		Rate	Annual $		Annual $	% of Previous Total Annual Bill
2	Basic Charge per day	365.25	days x	$0.9310	$340.0440								
3	Revenue Stabilization Adjustment Amount per Day	365.25	days x	($0.0007)	($0.2557)								
4	Gas Cost Recovery Charge Prorated to Daily Basis	365.25	days x	$0.2757	$100.7040								
5	Minimum Daily Charge (includes first 2 gigajoules/month)			**$1.2060**	**$440.4923**								
6													
7	Delivery Charge per GJ	2,600	GJ x	$2.747	$7,142.20								
8	Revenue Stabilization Adjustment Amount per GJ	2,600	GJ x	($0.011)	($28.6000)								
9	Gas Cost Recovery Charge per GJ	2,600	GJ x	$4.196	$10,909.60								
10	Next 298 Gigajoules in any month			**$6.932**	**$18,023.20**								
11													
12	Delivery Charge per GJ	0	GJ x	$2.658	$0.0000								
13	Revenue Stabilization Adjustment Amount per GJ	0	GJ x	($0.011)	$0.0000								
14	Gas Cost Recovery Charge per GJ	0	GJ x	$4.196	$0.0000								
15	Excess of 300 Gigajoules in any month			**$6.843**	**$0.0000**								
16													
17	Total (with effective $/GJ rate)	**2,624**		**$7.036**	**$18,463.69**								
18													
19													
20	Delivery Margin Related Charges												
21	Basic Charge per day						365.25	days x	$4.3538	$1,590.24			
22													
23	Delivery Charge per GJ						2,624.0	GJ x	$2.954	$7,751.346			
24	Rider 4 Phase-In Rider						2,624.0	GJ x	($3.110)	($8,159.461)			
25	Rider 5 RSAM						2,624.0	GJ x	($0.026)	($68.224)			
26	Subtotal Delivery Margin Related Charges per GJ									$1,113.901			
27													
28	Commodity Related Charges												
29	Midstream Cost Recovery Charge per GJ						2,624.0	GJ x	$1.055	$2,769.197			
30	Rider 6 MCRA						2,624.0	GJ x	$0.066	$174.331			
31													
32	Cost of Gas (Commodity Cost Recovery Charge) per GJ						2,624.0	GJ x	$4.108	$10,778.903			
33	Subtotal Commodity Related Charges									$13,722.431			
34													
35	Total (with effective $/GJ rate)						**2,624.0**		**$5.654**	**$14,836.33**		**($3,627.36)**	**-19.65%**

FORTISBC ENERGY INC. - FORT NELSON AREA
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

Line No.	Particulars	PROPOSED JANUARY 1, 2014 AMALGAMATED RATES AS PER RRA				PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING				ANNUAL INCREASE/DECREASE	
		Existing Rate Class:			**GSR 2.2 - General (Commercial) Service**	**Proposed Rate Class:**			**Rate Schedule 3 - Large Commercial Service**		
1	Charges	Volume		Rate	Annual $	Volume		Rate	Annual $	Annual $	% of Previous Total Annual Bill
2	Basic Charge per day	365.25	days x	$0.9310	$340.0440						
3	Revenue Stabilization Adjustment Amount per Day	365.25	days x	($0.0007)	($0.2557)						
4	Gas Cost Recovery Charge Prorated to Daily Basis	365.25	days x	$0.2757	$100.7040						
5	Minimum Daily Charge (includes first 2 gigajoules/month)			**$1.2060**	**$440.4923**						
6											
7	Delivery Charge per GJ	3,076	GJ x	$2.747	$8,449.77						
8	Revenue Stabilization Adjustment Amount per GJ	3,076	GJ x	($0.011)	($33.8360)						
9	Gas Cost Recovery Charge per GJ	3,076	GJ x	$4.196	$12,906.90						
10	Next 298 Gigajoules in any month			**$6.932**	**$21,322.83**						
11											
12	Delivery Charge per GJ	0	GJ x	$2.658	$0.0000						
13	Revenue Stabilization Adjustment Amount per GJ	0	GJ x	($0.011)	$0.0000						
14	Gas Cost Recovery Charge per GJ	0	GJ x	$4.196	$0.0000						
15	Excess of 300 Gigajoules in any month			**$6.843**	**$0.0000**						
16											
17	Total *(with effective $/GJ rate)*	**3,100**		**$7.020**	**$21,763.32**						
18											
19											
20	Delivery Margin Related Charges										
21	Basic Charge per day					365.25	days x	$4.3538	$1,590.24		
22											
23	Delivery Charge per GJ					3,100.0	GJ x	$2.954	$9,157.46		
24	Rider 4 Phase-In Rider					3,100.0	GJ x	($3.110)	($9,639.61)		
25	Rider 5 RSAM					3,100.0	GJ x	($0.026)	($80.60)		
26	Subtotal Delivery Margin Related Charges per GJ								$1,027.49		
27											
28	Commodity Related Charges										
29	Midstream Cost Recovery Charge per GJ					3,100.0	GJ x	$1.055	$3,271.54		
30	Rider 6 MCRA					3,100.0	GJ x	$0.066	$205.95		
31											
32	Cost of Gas (Commodity Cost Recovery Charge) per GJ					3,100.0	GJ x	$4.108	$12,734.22		
33	Subtotal Commodity Related Charges								$16,211.71		
34											
35	Total *(with effective $/GJ rate)*					**3,100.0**		**$5.561**	**$17,239.21**	**($4,524.12)**	**-20.79%**

FORTISBC ENERGY INC. - FORT NELSON AREA
CALCULATION OF AMALGAMATED CUSTOMERS' RATES
BCUC ORDER NO. G-XXX-12
RATE SCHEDULE 3 - LARGE COMMERCIAL SERVICE

APPENDIX J-3
TAB 1.4
PAGE 5

		PROPOSED JANUARY 1, 2014 AMALGAMATED RATES AS PER RRA				PROPOSED JANUARY 1, 2014 AMALGAMATED RATES BASED ON NO REVENUE REBALANCING					
Line No.	Particulars	**Existing Rate Class:**			**Rate 25 - Transportation Service**	**Proposed Rate Class:**			**Rate Schedule 3 - Large Commercial Service**	**ANNUAL INCREASE/DECREASE**	
		Volume		Rate	Annual $	Volume		Rate	Annual $	Annual $	% of Previous Total Annual Bill
1	Transportation Delivery Charges										
2	Delivery Charge per Gigajoule										
3	i) First 20 Gigajoules	240.00	GJ x	$2.799	$671.76						
4	ii) Next 260 Gigajoules	3,120.00	GJ x	$2.579	$8,046.48						
5	iii) Excess over 280 Gigajoules	3,530.00	GJ x	$2.103	$7,423.59						
6	iv) Minimum Delivery Charge per month	12	months x	$1,852.00							
7											
8	Administration Charge per month	12	months x	$202.00	$2,424.00						
9											
10	Rider 5: RSAM per GJ	6,890	GJ x	($0.0110)	($75.79)						
11											
12	Total Transportation Charges	6,890	GJ x	$2.684	$18,490.04						
13											
14	Summary of Annual Delivery, Administration and Commodity Charges										
15	Delivery & Administration Charge (including RSAM)	6,890	GJ x	$0.000	$18,490.04						
16	Commodity Charge (no sales from Authorized/Unauthorized Overrun Gas)	0	GJ x	$2.684	$0.0000						
17	Total	6,890		$2.684	18,490.04						
18											
19											
20											
21											
22	Delivery Margin Related Charges										
23	Basic Charge per day					365	days x	$4.3538	$1,590.24		
24											
25	Delivery Charge per GJ					6,890.0	GJ x	$2.954	$20,353.19		
26	Rider 4 Phase-In Rider					6,890.0	GJ x	($3.110)	($21,424.81)		
27	Rider 5 RSAM					6,890.0	GJ x	($0.026)	($179.14)		
28	Subtotal Delivery Margin Related Charges per GJ								$339.49		
29											
30	Commodity Related Charges										
31	Midstream Cost Recovery Charge per GJ					6,890.0	GJ x	$1.055	$7,271.25		
32	Rider 6 MCRA					0.0	GJ x	$0.066	$0.00		
33											
34	Cost of Gas (Commodity Cost Recovery Charge) per GJ					6,890.0	GJ x	$4.108	$28,302.84		
35	Subtotal Commodity Related Charges								$35,574.09		
36											
37	Total *(with effective $/GJ rate)*					**6,890.0**		**$5.212**	**$35,913.58**	**$17,423.54**	**94.23%**

13.0 Reference: Request for Common Rates

Exhibit B-9, BCUC 1.17.4, 1.10.3

Evaluation Framework – BC Gas 1993

In BCUC 1.17.4 FEU quotes Commission Order No. G-101-93 (in the context of a request by BC Gas to approve consolidation and postage stamp margins on the delivery component of its rates to residential and commercial customers in the Lower Mainland, Inland, and Columbia Divisions) as follows:

> "The Commission is of the view that, on balance, where the revenue to cost ratios and other conditions are similar, the perceived fairness and simplicity of postage-stamping outweighs the other considerations. However, where the nature of the rate base, the customer makeup, the gas supply administration, the operational characteristics and the overall cost structures between Divisions have historically differed, and there is no anticipation of early closer alignment, postage-stamping may not be appropriate."

13.1 Do FEU consider the evaluation framework quoted above to be an appropriate framework for the Commission to use in evaluating FEU's postage stamp proposal? Please explain why or why not.

<u>Response:</u>

While the quoted conclusion of the Commission from the BC Gas 1993 Decision may have been a reasonable analysis to apply to BC Gas in 1993, the Commission in this proceeding should determine what the key considerations are in determining whether the proposed postage stamp rates are appropriate in the circumstances of the FEU at the present time almost 20 years later.

In any case, the FEU's proposed amalgamation and postage stamp rates should be approved under the analysis quoted above. In particular, the conditions between FEI, FEVI, FEW and FEFN are sufficiently similar such that the fairness, simplicity and other benefits of postage stamping outweigh any other considerations.

The similarities between the service areas that the FEU are seeking to amalgamate in this Application include the following, which are organized in accordance with the topics used by the Commission in the 1993 BC Gas Decision quoted above:

Nature of the Rate Base

1. The same system design standards, codes and regulations[16]
2. Similar main extension policies[17]
3. The same policy regarding ownership of services & connections[18]
4. Similar current meter and service costs[19]

Customer Makeup

5. Similar heat sensitive load characteristics and load factors of residential & commercial customers[20]
6. Similar residential end use consumption[21]
7. Similar growth in customers and sales[22]
8. Similar variation in density as across FEI

Gas Supply Administration

9. The same gas supply purchase market area[23]
10. The same industry standard gas purchase sale agreements
11. The same pool of gas purchasers and suppliers[24]
12. Sharing of integrated transmission and storage system assets[25]

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16 Application p. 206, minimum size standard for distribution systems.
17 Application pp. 136 to 141, continuance of FEI/FEVI's Main Extension Test.
18 BCUC IRs 1.38.2 and 1.151.3, and BCOAPO 1.6.1, the same service line cost allowance.
19 BCUC IR 1.148.1, average meter and service cost per residential customer.
20 BCUC IRs 1.150.1 and 1.153.2, load factors for existing service areas.
21 BCUC IR 1.158.1, review of end use consumption by service area.
22 BCUC IR 1.147.1 and 1.154.1 review of growth trends in volumes and sales.
23 BCUC IR 1.~~1~~46.1.1 and CEC IR 1.4.3.
24 BCUC IR 1.~~1~~46.1.1, BCUC IR 1.~~1~~47.1, and BCOAPO IR 1.1.1.
25 BCUC IR 1.54.1, 1.54.2, 1.54.9, 1.145.1, 1.~~1~~47.2, 2.11.2, 2.12.1.

Operational Characteristics

13. The same operations and maintenance standards[26]

14. Similar tariff General Terms and Conditions[27]

15. The same regulator (BCUC)

16. Operational & administrative management is from one single management group[28]

17. The same customer service call centres in Prince George and Burnaby

18. The same labour unions and similar collective agreements

Overall Cost Structures

~~19. Similar growth in O&M Expenses[29]~~

~~20.~~19. Similar Cost of Capital[30]

~~21.~~20. Similar Capital Structure[31]

~~22.~~21. The same accounting methodologies[32]

~~23.~~22. Similar depreciation rates[33]

~~24.~~23. The same test year

~~25.~~24. Similar long run incremental costs for gas costs[34]

The main difference amongst the FEI, FEFN, FEVI and FEW service areas are the overall cost and age of the systems, with FEVI and FEW being relatively newer and higher cost. Within FEI itself, however, there are similar variations in costs and age of the system over which postage stamp rates are employed. Areas of new growth within FEI for instance would consist of newer plant and relatively higher cost to serve. In addition, any area that requires a large capital asset,

[26] Application p. ~~215~~217, and BCUC IR 1.63.1~~ and 1.156.1.1~~.
[27] Application pp. 134 – 136.
[28] Application pp. 1, 51, 144, 154, and BCUC IR 1.2.1, 1.2.6, 1.4.2, 1.5.7, 1.17.3, 1.20.2, 1.149.1, 2.10.1, 2.11.2, and 2.12.1.
~~[29] BCUC IR 1.147.1 growth in gross O&M expenses.~~
[30] Application p. 5-6, and BCUC IRs 1.58.1, 1.64.1, 2.18.1, 2.21.3, and 2.26.1.
[31] Application pp. 5-6 and 157-163, and BCUC IRs 1.58.1 and 1.64.1.
[32] BCUC IR 1.60.2.
[33] BCUC IR 1.60.2.
[34] BCUC IR 1.17.1, and 2.36.1.

such as the Kootenay River Crossing (Shoreacres) project as discussed on page 76 of the Application, will have a higher cost structure. Postage stamp rates, however, allow for the costs of new assets to be smoothed and shared by a larger group of customers over the asset life so that a particular area is not, potentially, subject to a significant rate increase having to bear the full costs of the asset. Examples of large shared capital assets are the Southern Crossing Pipeline and the Mt. Hayes LNG Storage Facility which are used across multiple areas. Over time, all areas will likely require asset replacement and upgrades, so it is fair that costs be pooled and shared in this manner. Similarly, over time the overall cost structures of the service areas will converge as the assets in the FEVI and FEW service areas depreciate and more asset replacement occurs within FEI and FEFN. Overall, therefore, the service areas are more similar than they are different and will converge towards greater similarity over time.

The FEU submit that the differences between the service areas are outweighed by the similarities described above and the benefits of postage stamp rates as described in the Application, including:

- The fairness of postage stamp rates;
- The simplicity and ease of understandability of postage stamp rates;
- The operational, regulatory and legal cost savings and efficiencies realized through amalgamation and postage stamp rates;
- The rate stability provided by postage stamp rates;
- The lower rates provided to FEVI and FEW; and
- The facilitation of the expansion of all services across all service areas.

It is also relevant that postage stamp rates are used for most utilities in the Province, are the most common form of rate for gas distribution utilities, and are supported by government policy, despite regional cost differences that exist within currently postage stamped areas.