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July 16, 2013

**Via Email**
**Original via Mail**

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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. (FEI) Application for Approval of a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018 (the Application)**

**Evidentiary Update dated July 16, 2013**

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On June 10, 2013, FEI filed the Application referenced above. At the time of filing, FEI had noted that it would be providing an evidentiary update to reflect both the British Columbia Utilities Commission (the Commission) Order G-75-13 regarding Phase 1 of the Generic Cost of Capital Proceeding and also the Commission's decision in Order G-88-13 in respect of FEI's Application to Amend Rate Schedule 16 on a Permanent Basis. This Evidentiary Update reflects both of these items, as well as some other minor corrections to the financial schedules and the Application itself. Each of these items is described below, and the impact on the revenue requirements and delivery rates is also specified in Tables 1 and 2 below.

1. As a result of Order G-75-13, FEI has recalculated the 2013 delivery rates and amended its Revenue at Existing Rates for 2014 and future years.
2. As a result of Order G-88-13 and the resulting reduction in Natural Gas for Transportation (NGT) forecast volumes, FEI has reduced its 2014 forecast of delivery margin volumes for Rate Schedules 16 and 25 by 1,230,422 GJ. This impact is partly offset by an increase in the Rate Schedule 16 delivery rate, so that the total effect on the 2014 delivery margin is a $3.4 million decrease compared to the Application. In addition, FEI has reduced its forecast of Overhead and Marketing Recoveries due to the lower NGT volumes by $301 thousand. FEI has also created

separate deferral accounts for the Rate Schedule 16 application costs and incremental Rate Schedule 16 Costs & Recoveries, in accordance with Order G-88-13, with no effect on the revenue requirements.

3. FEI has corrected the amortization of the Tax Variance Deferral Account in the financial schedules to one year in accordance with the approved amortization period.
4. FEI has corrected the Midstream Cost Reconciliation Account in the financial schedules to properly exclude Fort Nelson.
5. FEI has included capital additions for the biogas upgraders (Kelowna and Salmon Arm) in the 2013 projection that had erroneously been excluded from the financial schedules.

A summary of the changes to the revenue deficiency and rates for FEI for 2014 through 2018 are provided in Tables 1 and 2 below. As discussed in the Application, FEI is only requesting approval of 2014 delivery rates at this time; 2015 through 2018 rates are considered indicative only and will be updated as part of FEI's Annual Review process.

**Table 1: Revised Delivery Rate Impacts**

| | 2014 | 2015 | 2016 | 2017 | 2018 | Total |
|---|---|---|---|---|---|---|
| Evidentiary Update July 16th, 2013 | 0.97% | 1.16% | 1.73% | 0.84% | 2.59% | 7.28% |
| Original Filing June 10th, 2013 | -1.64% | 1.54% | 1.89% | 0.87% | 2.51% | 5.17% |
| Increase (Decrease) | 2.61% | -0.38% | -0.16% | -0.03% | 0.07% | 2.11% |

**Table 2: Revised Revenue Deficiency / (Surplus), $ millions**

| | 2014 | 2015 | 2016 | 2017 | 2018 | Total |
|---|---|---|---|---|---|---|
| Evidentiary Update July 16th, 2013 | $ 6.069 | $ 7.425 | $ 11.218 | $ 5.622 | $ 16.938 | $ 47.272 |
| Original Filing June 10th, 2013 | $ (10.611) | $ 9.962 | $ 12.390 | $ 5.810 | $ 16.751 | $ 34.302 |
| Increase (Decrease) | $ 16.680 | $ (2.537) | $ (1.172) | $ (0.188) | $ 0.187 | $ 12.970 |

In addition to changes to the tables and wording in the Application itself and Section E: Financial Schedules for 2014 Delivery Rates (both included as Attachment 1), FEI has updated the following appendices and included them in this filing:

- Appendix C1 Compliance with Past Directives Table of Concordance
- Appendix D7 Service Quality Indicator Report
- Appendix F4 and F5 Rate Base and Non Rate Base Deferrals
- Appendix G1 and G2 FEI 2015-2018 Formula and Forecast Financial Schedules
- Appendix H Natural Gas for Transportation
- Appendix J Draft Order

For ease of identification of the revisions made, FEI has provided all revised pages in Attachment 1 blacklined, with the exception of Section E – Financial Schedules.

The revised Application pages have been printed single-sided to facilitate insertion into Binder Volume 1, and can be inserted sequentially, keeping the original page in place and marking it with a stroke through to indicate it has been replaced. Section E – Financial Schedules is reproduced in full to facilitate remove of the original section and replacement with the attached.

The revised Appendices have been reproduced in full to facilitate removal of the original and replacement with the blacklined version provided in Attachment 1 into Binder Volume 2.

If you require further information or have any questions regarding this submission, please contact the undersigned.

Yours very truly,

**on behalf of FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Registered Parties

endorsement of spillover and attribution of savings from codes and regulations for reporting purposes; and the ability to allocate funds to new programs without prior Commission approval over the five-year period.

Section E provides the financial schedules filed in support of the 2014 delivery rates proposed in this Application. The proposed 2014 non-bypass delivery rates are approximately 1.0~~7~~ percent higher~~lower~~ than the existing 2013 ~~interim~~ delivery rates. This ~~decrease is due to two factors. The first is the impact of the Generic Cost of Capital Phase 1 Decision (GCOC Decision) which decreases delivery rates by approximately 2.4 percent.[2] The second is a~~ delivery rate increase ~~of approximately 0.7 percent that results from the PBR Plan and~~ demonstrates the continuing benefits of the Company's productivity and customer focus.

In its 2012-2013 RRA Decision,[3] the Commission made the following comments in its discussion of FEI's 2004 Plan:

> *"The Commission Panel is satisfied that there were positive results experienced by both ratepayers and the shareholder over the PBR period. In addition, the Panel finds there is sufficient evidence to suggest that introducing a PBR environment has the potential to act as an incentive to create productivity improvements…*
>
> *In the view of the Commission Panel, the most important lesson to be learned from the PBR period was not specifically addressed by any of the parties. We refer directly to the success of PBR…However, the Commission Panel believes the success was not only in the amount of savings which was achieved, but perhaps more importantly, in the fact that when presented with a challenge, the FEU took the necessary steps to ensure the cost targets set during PBR were not only met but consistently exceeded. Moreover, this was achieved with no indication that the safety or reliability of the system was in jeopardy…*
>
> *In British Columbia, PBR, combined with the Negotiated Settlement Process has played a role within the rate setting process of FEI. Starting in 2004 and lasting through 2009 FEI operated in a PBR environment. During this period FEI was very successful as targets were met and the Companies note that shared earnings benefits flowing to customers and shareholders totalled $67.5 million each over the six years."*

FEI agrees that the 2004 Plan and the negotiated settlement process that produced it were a success. While FEI's proposed PBR Plan is similar to the 2004 Plan, FEI's going-in rates for this PBR Plan already incorporate a number of productivity savings. These productivity savings include both those that were achieved in the 2004 Plan through the Utilities Strategy Project and

~~2 FEI will be providing an Evidentiary Update to this Application that will reflect the 2013 permanent delivery rates once those rates are finally determined.~~

3 British Columbia Utilities Commission, *In the Matter of The FEU 2012-2013 Revenue Requirements and Rates*, Decision and Order G-44-12, dated April 12, 2012.

# 2. APPROVALS SOUGHT

In this Application, FEI is seeking an Order of the Commission granting approvals required to implement a five-year PBR Plan. The approvals sought are described in terms of their main categories below.

## PBR Plan

1. Approval pursuant to sections 59 to 61 of the Act of the PBR mechanisms set out in Section B of this Application for setting delivery rates for the years 2014-2018.

## Delivery Rates

2. Approval pursuant to sections 59 to 61 of the Act of permanent delivery rates for all non-bypass customers effective January 1, 2014, resulting in an in~~de~~crease of 1.0~~1.7~~ per cent compared to 2013 ~~interim~~ delivery rates, with the in~~de~~crease to be applied to the delivery charge, holding the basic charge at 2013 levels.
3. Approval of the Rate Stabilization Adjustment Mechanism (RSAM) rider for customers served under FEI Rate Schedules 1, 1B, 1S, 1X, 2, 2U, 2X, 3, 3U, 3X and 23 effective January 1, 2014 of a credit amount of $0.118/GJ as set out in Section E Schedule 63 of the Application.

## Deferral Accounts

4. Approval pursuant to sections 59 to 61 of the Act of the discontinuance, modification, and creation of deferral accounts, and the amortization and disposition of balances of deferral accounts, for FEI as set out in Section D4 and Appendices F4 and F5 of the Application and summarized in the following table.

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| **New Account** | 2014 - 2018 PBR Application Costs | FEI | Section D4.1.1; amortization period of 5 years commencing January 1, 2014 |
| | TESDA Overhead Allocation Variance | FEI | Section D4.1.2; disposition of account will be addressed in 2014 Annual Review |
| **Amortization Period Change - New or Modified** | Midstream Cost Reconciliation Account | FEI | Section D4.2.1; change from 3 year amortization period to 2 year amortization period, commencing January 1, 2014 |
| | Revenue Stabilization Adjustment Mechanism | FEI | Section D4.2.2; change from 3 year amortization period to 2 year amortization period, commencing January 1, 2014 |
| | Pension and OPEB Variance | FEI | Section D4.2.4; change from 3 year amortization period to a 12 year amortization period (EARSL), commencing January 1, 2014 |
| | Customer Service Variance Account | FEI | Section D4.2.5; 5 year amortization period, commencing January 1, 2014 |

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| **Other** | Energy Efficiency and Conservation | FEU | Section D4.2.6<br>The continuation of the FEI EEC Incentive non-rate base deferral account attracting AFUDC, approved by Commission Order G-44-12, to capture the actual as spent costs above the amount forecast in rates, up to the approved funding envelope, for 2014 through 2018, and to transfer the FEI portion of the balance to the FEI EEC rate base deferral account in the following year and recover the amount transferred over a ten year period beginning the year in which the balance is transferred. Additionally, FEI is seeking to transfer the FEI portion of the balance in this deferral as at December 31, 2013 to the FEI rate base EEC deferral account and to amortize the amounts in rates over 10 years beginning in 2014 |
| | Biomethane Program Costs | FEI | Section D4.2.7; inclusion of application costs related to the FEI Biomethane Post Implementation Report |
| | ~~NGV for Transportation Application~~ | ~~FEI~~ | ~~Section D4.2.8; inclusion of Rate Schedule 16 application costs[4]~~ |
| | Generic Cost of Capital Application Costs | FEI | Section D4.2.8~~9~~; amortization period of 2 years commencing January 1, 2014 |
| | Amalgamation and Rate Design Application Costs | FEI | Section D4.2.9~~10~~; transfer FEI's portion of the balance to rate base January 1, 2014, amortization of 3 years commencing January 1, 2014 |
| | Residual Delivery Rate Riders | FEI | Section D4.2.10~~11~~; inclusion of new residual balances for Rate Riders 3, 4 and 8 |
| | On-Bill Financing Pilot Program | FEI | Section D4.3.1; transfer the balance of this account as at December 31, 2014 to rate base on January 1, 2015 and continue to recover the balance from OBF pilot program customers over approximately a ten year period until the account is fully recovered. |
| **Discontinuance** | Southern Crossing Pipeline Tax Reassessment | FEI | Section D4.4.2; amortization period of 1 year commencing January 1, 2014 and then discontinuance of this account effective January 1, 2015 |
| | Tilbury Property Purchase (Subdividable Land) | FEI | Section D4.4.3; amortization period of 1 year commencing January 1, 2014 and then discontinuance of this account effective January 1, 2016 |
| | CNG and LNG Recoveries | FEI | Section D4.4.4; discontinuation of this account effective January 1, 2015 |
| | BFI Costs and Recoveries | FEI | Section D4.4.5; discontinuation of this account effective January 1, 2014 |
| | Overhead and Marketing Recoveries from NGT Class of Service | FEI | Section D4.4.6; 1 year amortization period, commencing January 1, 2014; discontinuation of this account effective January 1, 2016 |

~~[4] Pursuant to Commission Order G-88-13 received on June 4, 2013, Rate Schedule 16 Application Costs will be addressed through an Evidentiary Update to this Application once the Rate Schedule 16 Decision has been fully evaluated~~

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| | RS 16 Application Costs | FEI | Section D4.4.7; discontinuation of this account effective January 1, 2016 |
| | RS 16 Costs and Recoveries | FEI | Section D4.4.8; 1 year amortization period, commencing January 1, 2014; discontinuation of this account effective January 1, 2016 |
| | NGV for Transportation Application | FEI | Section D4.4.9; discontinuation of this account effective January 1, 2016 |
| | 2011 CNG and LNG Service Costs and Recoveries | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | Olympic Security Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | IFRS Implementation Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | 2009 ROE and Cost of Capital Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | 2010-2011 Revenue Requirement Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | 2012-2013 Revenue Requirement Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | CCE CPCN Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | Deferred Removal Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | US GAAP Conversion Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | US GAAP Transitional Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | Mark to Market - Customer Care Enhancement Project | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2014 |

## Accounting Policies

*5.* Approvals pursuant to sections 59-61 of the Act of changes to the following accounting policies to be used in the determination of rates for FEI effective January 1, 2014:

(a) Modification to the approved Lead Lag days with the removal of the HST lead days and the insertion of GST and PST lead days as set out in Section D3.2 of the Application.

(b) Inclusion of the retiree portion of pension and OPEB expenses in benefit loadings for O&M and capital as set in Section D3.1 of the Application.

(c) Capitalization of the annual software costs paid to vendors in support of upgrade capability as set out in Section D3.1 of the Application.

(d) Depreciation to commence January 1 of the year following when the asset is placed into service as set out in Section D3.3 of the Application.

$1.664 million[23] was included relating to PST on capital in the calculation of the amount to be included in the Tax Variance deferral account. Grossed up for a full year, the $1.664 million becomes $2.219 million, of which $1.999 million is related to capital expenditures and has been adjusted in the Base Capital below, and the remaining $220 thousand relates to removal costs (captured in another deferral account).

2. $923 thousand in the BCUC Levies Variance deferral account[24], representing the difference between the actual amounts that will be paid in 2013 and the amounts approved in rates.
3. $93 thousand in the Insurance Variance deferral account[25], representing the difference between the actual insurance that will be paid in 2013 and the amounts approved in rates;
4. A total of $12.607 million to the Pension and OPEB Variance deferral account[26]. Of this amount, $10.605 million is related to O&M, $1.311 million is related to capital expenditures and has been adjusted in the Base Capital below, and the remaining $691 thousand relates to removal costs (captured in another deferral account).

***Accounting Changes:***

The two accounting changes (allocation of retiree pensions/OPEBs and capitalization of annual software costs) are described in further detail Section D3.1 and serve to reallocate costs from O&M to capital.

#### *6.2.4.2 2014 - 2018 O&M*

The 2013 Base O&M is then escalated using the formula approach. Excluded from the O&M formula approach are pensions and OPEBs, insurance and also the O&M related to Rate Schedule 16~~[27].~~ The pensions, OPEBs and insurance were also excluded from the formula in the last PBR and were considered "flow through" items in recognition of their uncontrollable nature. The Rate Schedule 16 O&M has been excluded because these costs are directly tied to incremental revenue that is not part of the formula approach.

As in the 2004 PBR Plan, the PBR formula FEI proposes to apply to the O&M is tied to the average number of customers. FEI will reforecast the average number of customers for the upcoming year in the Annual Review. The following formula illustrates the formula applied to O&M:

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[23] Appendix F7, 2013 FEI Summary of PST Expenditures for 2013 Revenue Requirements Lines 2 and 3

[24] Section E financial schedules Schedule 47, Line 22, Column 4

[25] Section E Financial Schedules Schedule 47, Line 20, Column 4

[26] Section E Financial Schedules; Schedule 47, Line 21, Column 4.

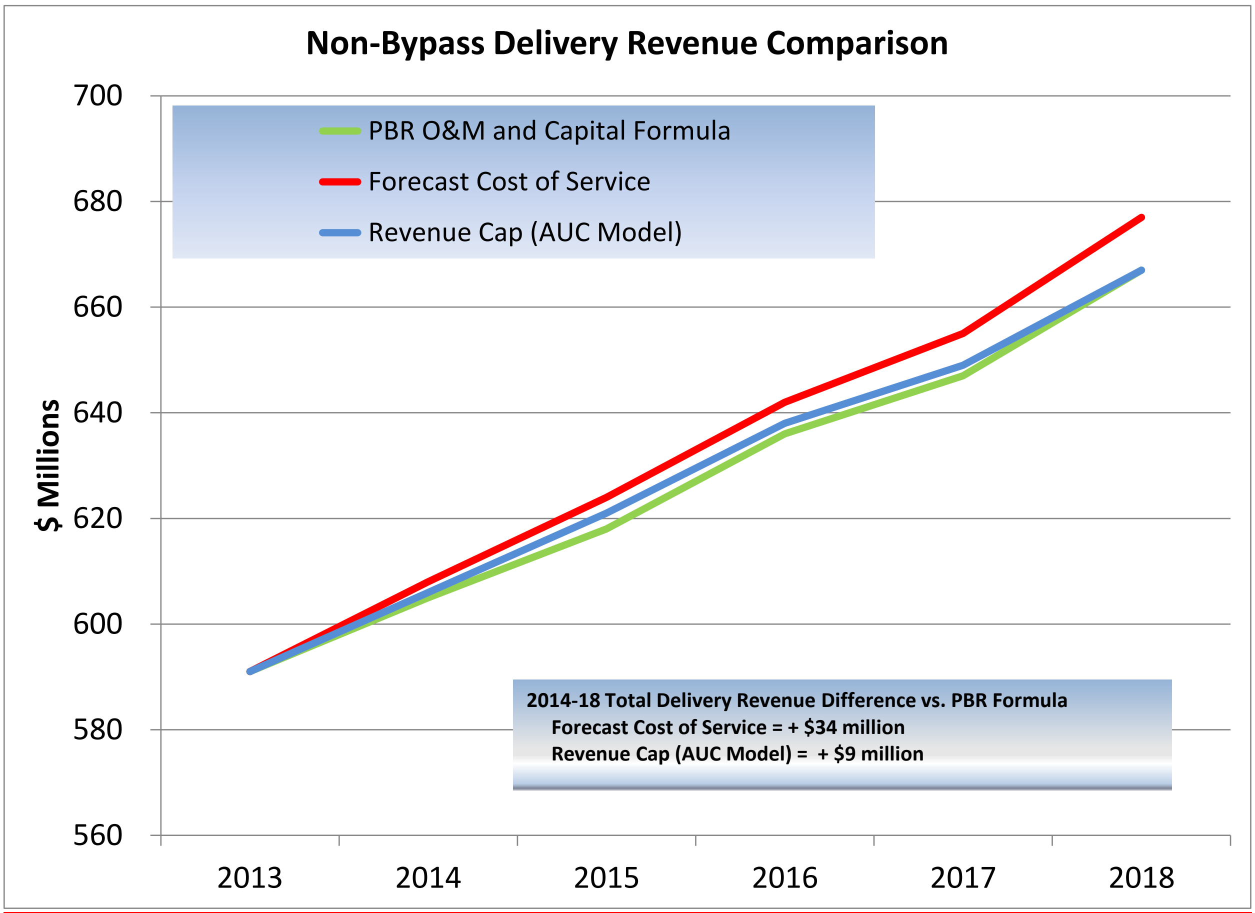
~~[27] Pursuant to Commission Order G-88-13 received on June 4, 2013, O&M related to Rate Schedule 16 may be updated in an evidentiary update to this Application once the Rate Schedule 16 decision has been fully evaluated.~~

# 7. DELIVERY REVENUE FORECASTS UNDER PBR

FEI has looked at three delivery revenue[36] scenarios for the years 2014 through 2018. They are:

- FEI's PBR Plan Proposal (green line in the graph below);
- Cost of Service using the O&M and capital forecasts included in Sections C3 and C4 using forecast inflation (red line)
- A delivery revenue cap per customer scenario using the same assumptions as the PBR Plan Proposal (blue line).

**Figure B-5: Non-Bypass Delivery Margin Comparison**



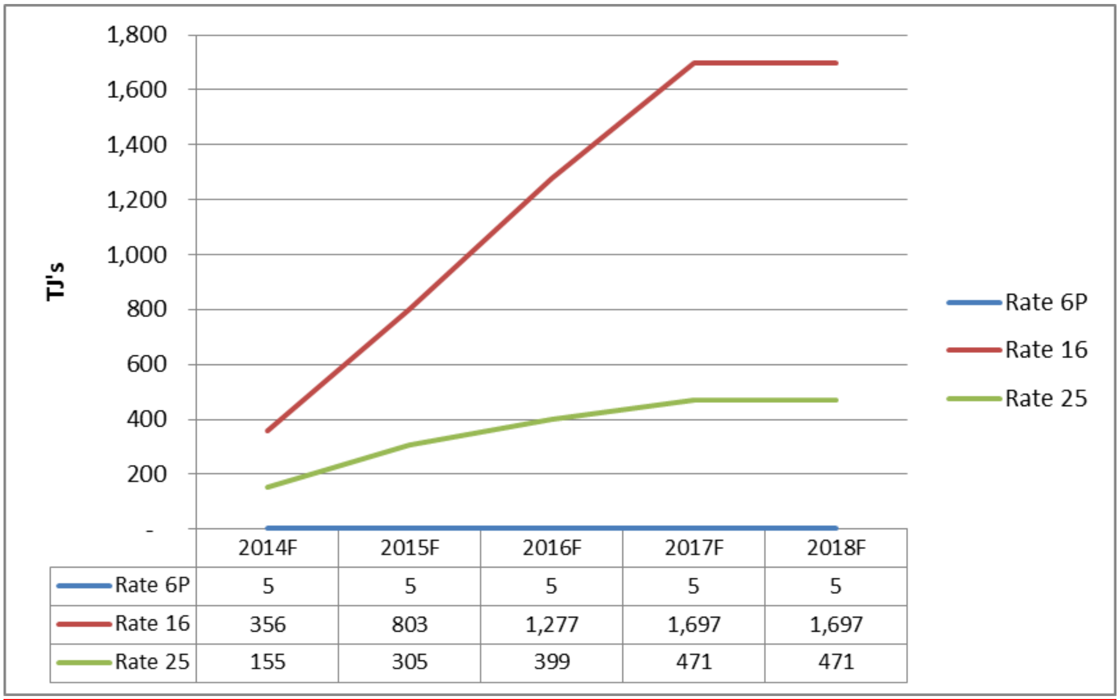

[36] The chart compares non-bypass delivery revenues under the various scenarios, which comprise more than 90% of FEI's total delivery revenues. The analysis adopts non-bypass delivery revenues as the basis of comparison since these represent the customer classes that receive rate adjustments through revenue requirement applications. Bypass and special contract revenues are excluded as they do not receive RRA rate increases or decreases.

The differences in required revenues in the graph above reflect the customer benefit of the proposed PBR formula as compared to either the cost-based approach of setting rates or a delivery revenue cap per customer approach.  FEI's PBR Plan results in non-bypass delivery revenues that are lower by an estimated $34~~$41~~ million over the five-year period than the Cost of Service scenario using the forecast O&M and capital expenditures included in this Application. In 2018, the fifth year of the PBR Plan, the non-bypass delivery revenues under the PBR are approximately 2 percent lower than those under the forecast Cost of Service scenario. The PBR Plan also produces delivery revenues that are lower by $9~~$27~~ million over the five-year period than a revenue cap model (similar to the type approved by the AUC in its Decision 2012-237).

In addition, the PBR Proposal offers both regulatory efficiencies and the opportunity for lower rates for customers through the ESM as compared to the Cost of Service approach.  The PBR Proposal offers greater flexibility in addressing uncontrollable matters as compared to the delivery revenue per customer approach.

forecast new customer additions unless we actually have a new customer signed up. The majority of the NGT volume is from new customers and therefore falls into the new customer realm. As we only have a few existing NGT customers, the NGT forecast is calculated separately. In Appendix H, Section 4 outlines the approach FEI has taken to forecast NGT market demand. Figure C1-22 below shows the forecast demand driven by the NGT market that is incremental to the demand forecast presented in Section C1.4.5 above.

**Figure C1-22: NGT Demand, TJ's**




| | 2014F | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|
| Rate 6P | 5 | 5 | 5 | 5 | 5 |
| Rate 16 | 356 | 803 | 1,277 | 1,697 | 1,697 |
| Rate 25 | 155 | 305 | 399 | 471 | 471 |

## 1.4.7 Revenue and Margin Forecast

A reasonable forecast of revenues and margins has been developed by considering the total energy forecast applied at existing 2013 approved rates.

### *1.4.7.1 Revenue*

Revenues are a function of both energy consumption and the rate applicable at the time the energy is consumed. FEI has developed a reasonable forecast of revenues by applying the total energy forecast to the ~~currently~~ approved rates (as at July ~~January~~ 1, 2013 for Delivery rates and January 1, 2013 for Commodity rates) for each customer class.

The revenue forecast presented in Table C1-5 does not include amounts for Vancouver Island Wheeling and B.C. Hydro for Burrard Thermal. The 2014 Burrard Thermal revenues are included in the financial schedules in Section E, Schedule 11 of the Application and the Vancouver Island wheeling revenue included in Other Revenue (Section E, Schedule 13) and reflect existing contractual revenue and volume agreements.

Table C1-5 below summarizes the revenues projected for 2013 and forecast for 2014 through 2018, at 2013 rates.

**Table C1-5: Forecast Sales Revenue at Existing Rates**

| Revenue ($ millions) | Projected 2013 | Forecast 2014 | Forecast 2015 | Forecast 2016 | Forecast 2017 | Forecast 2018 |
|---|---|---|---|---|---|---|
| | | | | | | |
| Residential[1] | 672.2 | 667.3 | 664.9 | 664.9 | 664.9 | 664.7 |
| Commercial[2] | 356.2 | 353.6 | 359.4 | 368.6 | 377.6 | 381.9 |
| Industrial[3] | 77.1 | 74.9 | 75.2 | 75.2 | 75.2 | 75.2 |
| **Grand Total** | **1,105.5** | **1,095.8** | **1,099.5** | **1,108.7** | **1,117.8** | **1,121.8** |

Notes:
1. Rate Schedule 1
2. Rate Schedules 2, 3, 16, 23[40]
3. Rate Schedules 4, 5, 6, 7, 22, 25, 27 (does not include Burrard Thermal or Vancouver Island Wheeling)

NGT revenues are embedded within the revenue numbers shown in Table C1-5. The embedded amounts are shown in Table C1-6 below.

**Table C1-6: Forecast Sales Revenue for NGT at Existing Rates[41]**

| Revenue ($ millions) | Forecast 2014 | Forecast 2015 | Forecast 2016 | Forecast 2017 | Forecast 2018 |
|---|---|---|---|---|---|
| Rate 6P | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rate 16 | 3.7 | 8.6 | 14.1 | 19.1 | 19.5 |
| Rate 25 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 |
| **Total** | **3.9** | **8.9** | **14.4** | **19.5** | **19.9** |

### *1.4.7.2 Cost of Gas*

The cost of gas includes the cost of natural gas, propane, and biomethane, with propane and biomethane making up a very small component of the FEI gas supply portfolio. The table below sets out the forecast cost of gas at ~~existing rates~~January 1, 2013 Commodity rates, by rate schedule group.

[40] ~~Implications to Rate Schedule 16 Revenues pursuant to Order G-88-13 received on June 4, 2013 will be addressed through an evidentiary update to this application once the decision has been fully evaluated~~

[41] Rate Schedule 6P shows as zero due to presenting the dollars values as millions.

**Table C1-7: Forecast Cost of Gas at Existing Rates**

| Cost of Gas ($ millions) | Projected 2013 | Forecast 2014 | Forecast 2015 | Forecast 2016 | Forecast 2017 | Forecast 2018 |
|---|---|---|---|---|---|---|
| | | | | | | |
| Residential[1] | 310.5 | 305.4 | 302.8 | 302.4 | 302.0 | 301.5 |
| Commercial[2] | 184.8 | 180.1 | 180.5 | 183.9 | 187.5 | 189.0 |
| Industrial[3] | 10.3 | 10.1 | 10.1 | 10.1 | 10.1 | 10.1 |
| **Grand Total** | **505.6** | **495.6** | **493.3** | **496.4** | **499.6** | **500.6** |

Notes:
1. Rate Schedule 1
2. Rate Schedules 2, 3, 16, 23[42]
3. Rate Schedules 4, 5, 6, 7, 22, 25, 27 (does not include Burrard Thermal or Vancouver Island Wheeling)

The Company is not requesting approval of forecast gas costs with this Application. Instead, any rate changes related to the flow-through of gas costs are dealt with in separate applications to the Commission. During the PBR Period FEI will continue to report gas costs on a quarterly basis, as required under the Commission Guidelines for Setting Gas Recovery Rates and Managing the Gas Cost Reconciliation Account Balance (established pursuant to Commission Letters L-05-01 and L-40-11). Any variations between forecast and actual gas costs will continue to be returned to or recovered from customers through the existing deferral account mechanisms.

While the Company is not requesting approval of forecast gas costs with this Application, the forecast cost of gas is required in the determination of a number of revenue requirement line items that form part of the forecasts included in this Application. The cost of gas comprises two main components, the commodity and midstream, as discussed briefly below. Further, the total cost of gas for the purposes of this Application has been determined by multiplying forecast sales volumes by the existing (as of January 1, 2013) unit gas cost recovery charges for each rate schedule.

FEI's total cost of gas consists of the commodity and the midstream components. The commodity component includes the costs for purchasing the baseload gas commodity and an allocated share of the Core Market Administration Expense (CMAE). The midstream component includes the costs for the contracted third party pipeline and storage resources, spot and peaking gas purchases, and contains costs for unaccounted for gas (UAF) and the midstream share of the CMAE. UAF and the CMAE are described further below.

UAF refers to gas that is not specifically accounted for in gas energy balance of receipts, deliveries, and operations use. UAF includes measurement variances and line loss of gas that is flowing in the transmission and distribution systems. The cost of UAF related to the Sales

[42] ~~Implications to Rate Schedule 16 Cost of Gas pursuant to Order G-88-13 received on June 4, 2013 will be addressed through an evidentiary update to this application once the decision has been fully evaluated~~

rate classes is included in the cost of gas and recovered from core customers[43] via the gas cost rates; whereas the cost of UAF related to the Transportation Service rate classes is included in the determination of the delivery rates.

The cost of gas includes CMAE costs required to manage the FEI's natural gas and propane supply functions. The gas supply function encompasses most elements of the merchant role, ensuring that there are reliable, secure and cost effective supplies of gas for core customers. These management activities are carried out by Gas Supply, which is an area within the Energy Supply and Resource Planning department. The CMAE forecasts that are included in the cost of gas for 2014 through 2018 will be submitted for Commission approval as part of the Company's routine gas cost reporting and rate setting process.

### *1.4.7.3 Margin*

Margins are calculated by subtracting the cost of gas from the total revenues.

Table C1-8 below summarizes the margin projected for 2013 and forecast for 2014 through 2018, by customer segment, at 2013 approved rates.

**Table C1-8: Forecast Gross Margin at Existing Rates**

| Margin ($ millions) | Projected 2013 | Forecast 2014 | Forecast 2015 | Forecast 2016 | Forecast 2017 | Forecast 2018 |
|---|---|---|---|---|---|---|
| | | | | | | |
| Residential[1] | 361.7 | 361.8 | 362.1 | 362.5 | 362.9 | 363.2 |
| Commercial[2] | 171.4 | 173.5 | 178.9 | 184.7 | 190.1 | 192.9 |
| Industrial[3] | 66.8 | 64.8 | 65.1 | 65.1 | 65.2 | 65.2 |
| **Grand Total** | **599.9** | **600.2** | **606.1** | **612.3** | **618.2** | **621.3** |

Notes:
1. Rate Schedule 1
2. Rate Schedules 2, 3, 16, 23[44]
3. Rate Schedules 4, 5, 6, 7, 22, 25, 27 (does not include Burrard Thermal or Vancouver Island Wheeling)

NGT margins are embedded within the margin numbers shown in Table C1-8. The amounts are shown in Table C1-9 below.

[43] Core customers are those for whom FEI is obligated to ensure the purchase, transportation, and uninterrupted delivery of natural gas to their premises.

[44] ~~Implications to Rate Schedule 16 Gross Margin pursuant to Order G-88-13 received on June 4, 2013 will be addressed through an evidentiary update to this application once the decision has been fully evaluated~~

**Table C1-9: Forecast Gross Margin for NGT at Existing Rates**[45]

| Margin ($ millions) | Forecast 2014 | Forecast 2015 | Forecast 2016 | Forecast 2017 | Forecast 2018 |
|---|---|---|---|---|---|
| Rate 6P | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rate 16 | 2.3 | 5.2 | 8.3 | 11.0 | 11.0 |
| Rate 25 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 |
| **Total** | **2.4** | **5.5** | **8.6** | **11.4** | **11.4** |

Revenues are comprised of both fixed and variable charges, and the portion each contributes to margin varies for each customer segment. The revenues for the Residential and Commercial customer segments have a smaller portion of fixed to variable charges (approximately 20 percent fixed, 80 percent variable) than do the firm sales and Industrial customer segments, where approximately 55 percent of revenues are fixed compared to 45 percent variable. This means that the margin collected for Residential and Commercial customers is more influenced by annual fluctuations in consumption patterns than it is for firm sales and Industrial customers. However, use rate fluctuations for Rate Schedules 1, 2, 3 and 23 are captured through the RSAM mechanism referred to in Section C1.4.2. Margins collected from firm sales and Industrial customers, due to the nature of their contracts, are partially protected from yearly fluctuations in usage patterns through the use of contract demand (CD), minimum volume and firm daily take quantities (DTQ) whereby these customers may pay a minimum amount regardless of usage.

## 1.5 *SUMMARY*

Through considering the factors influencing customer additions, average UPC and also Industrial volumes the Company has developed a forecast of demand for natural gas. Residential customers continue to look for ways in which to improve efficiencies and average UPC is forecast to continue to decline over the forecast period. Commercial customer additions are forecast to increase, as are the use rates for all three commercial rate classes. As a result, the commercial demand forecast continues to trend upwards. The 2012 Annual Industrial Survey indicated that overall Industrial volumes will decrease slightly from the peak seen in 2012. It is through considering these factors, applying methods consistent with prior years, and by using the latest information available that the Company believes it has developed a reasonable demand forecast for the 2014 through 2018 forecast period. As part of the annual rate setting process, FEI will be reforecasting its demand each year; therefore the forecasts for 2015 through 2018 will be updated in the future.

## 1.6 *IMPACT OF VARIANCES IN CUSTOMER ADDITIONS*

FEI provides the following summary in response to Commission Directive #1 in the 2012-2013 RRA Decision (page 27 and Appendix A, page 1):

[45] Rate Schedule 6P shows as zero due to presenting the dollars values as millions.

# 2. OTHER REVENUE

## 2.1 INTRODUCTION AND OVERVIEW

As demonstrated in the table below, FEI is forecasting other revenues at a similar level as that approved for 2013, after adjusting for the CNG and LNG Service Recoveries, as described in Section C2.2.3.~~-~~

**Table C2-1: 2013 and 2014 Other Revenue Components**

| Other Operating Revenue, ($ thousands) | | | |
|---|---|---|---|
| | Approved 2013 | Projected 2013 | Forecast 2014 |
| Late Payment Charge | $ 2,333 | $ 2,109 | $ 2,089 |
| Connection Charge | 2,685 | 2,622 | 2,636 |
| NSF Returned Cheque Charges | 79 | 79 | 79 |
| Other Recoveries | 126 | 284 | 284 |
| FEVI Wheeling Charge | 3,464 | 3,464 | 3,365 |
| SCP Third Party Revenue | 14,827 | 14,773 | 14,773 |
| NGT Overhead and Marketing Recovery | - | - | 189 |
| Burnaby & Surrey Operations Pump Charges | - | (55) | (55) |
| Biomethane Other Revenue | (29) | (97) | (70) |
| CNG & LNG Service Revenues | 1,304 | - | - |
| **Total Other Operating Revenue** | **$ 24,789** | **$ 23,179** | **$ 23,290** |

The PBR Period forecast was prepared using a consistent methodology to that approved in the 2012-2013 RRA. 2015 through 2018 forecasts for each item will be updated each year during the Annual Review. The currently forecasted amounts for those years result in an annual average increase of approximately 0~~1~~.9 percent per year in other revenue due mainly to the volume-driven annual increases in the NGT Overhead and Marketing recovery.

In the following sections, FEI summarizes the new and discontinued sources of other revenue for 2014, and then addresses the largest component of other revenue, the SCP third party revenue.

## 2.2 NEW AND DISCONTINUED SOURCES OF OTHER REVENUE FOR 2014

### 2.2.1 NGT Overhead and Marketing Recovery (New)

Pursuant to Order G-78-13 and with reference to Appendix H, Section 5.2, FEI has forecast a recovery of overhead and marketing (OH&M) costs from the NGT Classes of Service. The charge represents a recovery from the NGT Classes of Service for overhead and marketing costs incurred by the Natural Gas for Distribution Class of Service. The OH&M rate of $0.52 per GJ is multiplied by forecast CNG and LNG sales volumes and credited to the Natural Gas for Distribution Class of Service. FEI notes that the total OH&M recovery in 2014 is forecast at $~~490~~ 189 thousand at the currently approved rate. If the rate remains at $0.52 then the OH&M recovery is projected to grow to $~~1.3~~522 ~~million~~ thousand by 2018 for a total of $~~5~~ 2 million over the PBR Period. ~~As discussed in Appendix H, these recoveries exceed the amount of actual O&M costs embedded in the Natural Gas for Distribution Class of Service, and at the current rate represents a cross subsidization from the NGT class of service to the Natural Gas for Distribution Class of Service.~~ FEI ~~will~~ may revisit the appropriateness of the $0.52 rate in future filings.

### 2.2.2 Surrey & Burnaby Operations CNG Pump Charges (new)

The FEI fleet consumes CNG from CNG pumps located in the Surrey and Burnaby Operations yards. Pursuant to BCUC decisions[46] regarding accounting for NGT assets in separate classes of service from the Natural Gas for Distribution Class of Service, the Surrey and Burnaby CNG pumps have been accounted for in the Non-GGRR CNG Class of Service[47]. Consequently, the cost of service of these pumps is excluded from the rate impact to Natural Gas for Distribution Class of Service customers. However, since the FEI fleet uses these pumps to fuel its fleet vehicles, Natural Gas for Distribution Class of Service customers must pay for this service.

The Burnaby Operations CNG pump is used exclusively by the FEI fleet. Therefore the total cost of service for this pump is reflected in this charge (approximately $28 thousand per year). Surrey Operations CNG pump is used partially by FEI's fleet and partially by the public. Therefore, the cost to Natural Gas for Distribution Class of Service customers reflected in this charge is the forecast FEI Fleet volume of CNG from this pump multiplied by the Compression and Dispensing charge from Rate Schedule 6P, approved by Order G-165-11A (approximately $27 thousand per year). The total annual cost is therefore forecast at $55 thousand per year.

### 2.2.3 CNG and LNG Service Revenues (Discontinued)

In the 2012-2013 RRA, FEI had forecast both fuelling station revenue and incremental delivery margin revenue as part of Other Revenue. Starting in 2013, FEI will be accounting for all NGT Fuelling stations in separate classes of service from Natural Gas for Distribution Class of Service. Therefore, all fuelling station revenue is forecast in the NGT Class of Service and not to the account of Natural Gas for Distribution Class of Service customers. Any delivery margin revenues driven by NGT volumes are included in the revenue forecasts in Section C1.4.6. Please refer to Appendix H for a discussion on the NGT classes of service.

[46] Commission Orders C-6-12, G-161-12, G-201-12, G-56-13.
[47] See Appendix H for a detailed overview of FEI's accounting for NGT assets and Class of Service discussion.

is influenced by code and standard requirements (i.e. Canadian Standards Association or CSA), regulatory requirements, operating and asset conditions.

- Account Services work performed by Operations includes premise calls, meter lock-offs, unlocks and reactivations, meter exchanges/renewals and other customer inquiries requiring a field workforce response. An example of this is a high bill complaint initiated by a customer which results in a visit to the customer's premise to ensure the meter is functioning correctly.

#### *3.4.1.2 Transmission (Pipelines)*

The Transmission group is responsible for operating and maintaining the pipelines and right-of-ways. The group ensures that the FEI transmission or pipeline system can deliver gas from interconnecting pipelines or the Tilbury LNG facility to the gate stations operated by Distribution to FEVI and Burrard Thermal, and to a number of industrial customers in a safe and reliable manner. The Company's pipeline system includes the Interior Transmission System mainline, Southern Crossing Pipeline, Coastal Transmission System and some transmission pressure lateral pipelines.

The group is responsible for management of pipeline right-of-ways including maintaining signage and demarcation to help prevent third-party damage, removing right of way encroachments, and controlling vegetation to maintain visibility of right-of-way boundaries.

#### *3.4.1.3 Plant Operations*

Plant Operations provides the function and supporting facilities that allows the FEI transmission system to deliver natural gas to gate stations for distribution or to a number of industrial customers and FEVI. Plant Operations is comprised of two groups: Liquefied Natural Gas (LNG) and Compression.

FEI operates an LNG facility at Tilbury Island (Delta). Its main function is to provide peaking gas supply to the Lower Mainland as part of a supply portfolio that provides a reliable and secure supply of natural gas for the Company's customers. The facility also provides emergency gas supply during periods when regular supply from pipelines is deficient. The operation involves liquefying natural gas during off-peak periods and storing it for peak period use. The process of peaking use involves re-gasifying the liquid, odorizing the gas and compressing it for re-injection into the transmission system.

FEI filed an application to provide a permanent offering under Rate Schedule 16 to offer sales of surplus LNG for heavy transport applications, and has included the LNG costs that are necessary, including electricity to facilitate the liquefaction process, to provide this service in its forecasts. ~~FEI received Commission Order G-88-13 on June 4, 2013. FEI may update the O&M related to Rate Schedule 16 in an evidentiary update to this Application once the Rate Schedule 16 decision has been fully evaluated.~~

In addition to inflation, Plant Operations is forecasting some other incremental costs. In 2014 and 2015 there are incremental labour and non-labour LNG production costs forecast in Plant Operations ($376 thousand and $713 thousand respectively) to support the revenues from the incremental Rate Schedule 16 volumes[49], which were discussed in the Rate Schedule 16 Amendment Application. Unrelated to Rate Schedule 16 activity, the Plant Operations group is also forecasting an incremental one-time non-labour pressure in 2017 for LNG storage tank re-coating. Any additional code changes or changes in the scope of Plant Operations activities will drive incremental costs that the Company will need to offset with productivity realizations.

### 3.4.5 Operations Summary

In conclusion, Operations is committed to delivering natural gas safely, reliably and cost effectively to all customers. Operations plans to continue to pursue opportunities for increased productivity by exploring any potential benefits of integration and further automation of business processes without deteriorating service. The forecasts reflect the scope of work that is anticipated for the PBR Period and the known pressures. Any additional code changes, changes in the scope of Operations type activities or above forecasted inflationary increases will drive incremental costs that the Company will need to offset with productivity realizations.

## 3.5 *CUSTOMER SERVICE*

### 3.5.1 Description of Customer Service Department

The Customer Service department is responsible for providing accurate and timely billing for customers, for ensuring that meters are read regularly and accurately, for providing effective and timely resolution of customer inquiries, and for providing customers with energy consumption information. The department also oversees mass market customer communications regarding accounts and billing, administers the Customer Choice program, performs market research and analysis, oversees mass market bad debt management, works to swiftly resolve customer issues raised to third parties including the BCUC, Better Business Bureau and Provincial MLAs, and provides contact centre services for customer construction requests including new service line installations, service alterations and abandonments through its Construction Services Contact Centre.

FEI successfully completed the stabilization phase of the CCE Project in the second quarter of 2012. The CCE Project was delivered on-time and under budget, with the transition to internally-delivered customer service operations going live as planned on January 1, 2012. Final project costs were $109 million as compared to a budget of $115 million, a significant savings achieved while still meeting commitments on the timeline and project deliverables. During the first year of operations, the FEU were able to deliver on customer service level commitments and make

[49] ~~Pursuant to Commission Order G-88-13 received on June 4, 2013, O&M related to Rate 16 may be updated in an evidentiary update to this Application once the Rate Schedule 16 decision has been fully evaluated.~~

- Another initiative developed and implemented during this period was a new natural gas service offering for NGT applications. The Company's NGT initiative benefits natural gas customers through increased year-round load on the gas distribution system and furthers the provincial goals of GHG emission reductions and its natural gas strategy for transportation. Demand for LNG and CNG intended for NGT applications is promising with ~~421,375~~371,000 GJ forecasted for 2013, and with successive increases each year to a total of 1.980~~3.259~~ PJ by the end of 2017. Please refer to Appendix H for more details. The business development and sales effort costs required to support NGT programs are captured in the ES&ER department's O&M expenditures. The recovery of these costs, from the NGT class of service, is captured in "Other Revenue" and is also discussed in Appendix H. Additionally, all costs associated with NGT fuelling stations are captured in a separate class of service, which is discussed in Appendix H.

These types of programs and initiatives are on-going and are developed over a period of time. Since new service offerings often follow a number of phases, including development, design, and seeking regulatory and compliance approvals, funding to support these programs must continue through their full development and implementation cycle. In order to facilitate future growth that benefits both customers and the Company, it will be necessary for FEI to continue to explore new service offerings and explore new markets for natural gas, including the development of new major industrial applications, such as the more recent development of natural gas supply for an LNG export terminal.

## Department O&M Expenditure Review

Table C3-17 below shows the O&M expenditure for the ES&ER department for the period 2010 to 2013.

**Table C3-17: Energy Solutions/External Relations O&M Review ($ thousands)**

| | 2010 Actual | 2011 Actual | 2012 Actual | 2013 Projection | 2013 Approved |
|---|---|---|---|---|---|
| Labour | $ 8,210 | $ 9,692 | $ 9,905 | $ 11,460 | $ 11,737 |
| Non-Labour | 6,426 | 5,763 | 8,170 | 7,755 | 6,444 |
| **Total O&M** | **$ 14,636** | **$ 15,456** | **$ 18,075** | **$ 19,215** | **$ 18,181** |

The 2013 projected expenditure shows an increase over the 2013 approved spend for the department. The initiatives currently underway which account for the increase in spend of $1 million in 2013 are described below.

- Enhancing the high carbon fuel switching program to increase customer uptake and to accommodate customer participation rates; and

**Table C4-1: Historical FEI Capital Expenditures ($ thousands)**

| | 2010 Actual | 2011 Actual | 2012 Actual | 2012 Approved | 2013 Projection | 2013 Approved |
|---|---|---|---|---|---|---|
| **Sustainment Capital** | | | | | | |
| Meter Recalls/Exchanges | 19,126 | 22,922 | 24,197 | 20,668 | 25,062 | 21,272 |
| Transmission System Reinforcements | 9,771 | 10,808 | 14,964 | 20,350 | 18,005 | 24,386 |
| Distribution System Reinforcements | 5,198 | 7,670 | 8,574 | 7,170 | 8,691 | 7,610 |
| Distribution Mains & Service Renewals & Alt. | 11,342 | 17,736 | 16,556 | 17,330 | 20,500 | 21,845 |
| **Total Sustainment Capital** | 45,437 | 59,137 | 64,291 | 65,517 | 72,258 | 75,114 |
| **Growth Capital** | | | | | | |
| New Customer Mains | 4,538 | 4,510 | 5,374 | 6,127 | 5,033 | 6,500 |
| New Customer Services | 13,874 | 14,423 | 17,423 | 12,050 | 16,791 | 12,910 |
| New Customer Meters | 1,905 | 1,699 | 1,403 | 1,965 | 1,438 | 2,105 |
| **Total Growth Capital** | 20,317 | 20,632 | 24,200 | 20,142 | 23,262 | 21,515 |
| **Other** | | | | | | |
| Biomethane - Interconnect | 504 | - | - | 1,015 | 1,100 | 1,015 |
| Equipment | 3,434 | 3,499 | 3,951 | 3,310 | 3,875 | 2,930 |
| Facilities | 4,177 | 5,840 | 1,996 | 8,424 | 7,549 | 4,124 |
| IT | 12,418 | 14,503 | 13,983 | 18,000 | 21,600 | 18,000 |
| **Total Other** | 20,533 | 23,841 | 19,930 | 30,749 | 34,124 | 26,069 |
| **Total Gross Capex** | 86,287 | 103,610 | 108,421 | 116,408 | 129,644 | 122,698 |
| **CIAC** | (3,922) | (7,948) | (5,830) | (5,341) | (5,864) | (5,400) |
| **Total Net Capex** | 82,365 | 95,662 | 102,591 | 111,067 | 123,781 | 117,298 |

~~Base and Forecast Capital Expenditures~~

Table C4-2 below reconciles the 2013 Approved amount to the 2013 Base amount by category. As discussed in Section B2.5 of the Application, the adjustments reflect:

1. the return to PST;
2. the pension amounts related to capital that were included in a deferral account in 2013;
3. the impact on capital expenditures (but not on capital additions) of purchasing vehicles rather than treating them as a capital lease, at the approved 2013 capital lease addition amount; and
4. a change to the capitalization of annual software costs.

Each of these items is described in Section B2.5 of the Application. The table below shows how these items have been allocated to the various categories of capital. Total PST expenditures are allocated based on the total costs attributable to a category of capital as a percentage of total capital expenditures net of contributions. Pension amounts related to capital are allocated based on 2012 actual expenditures for IBEW labour. The percentage split for each category is then multiplied by the total estimated capital related pension amount for 2013.

368) one of the refinements made to the estimating process was to introduce job specific estimating for conversion services as these types of installations typically attract irregular costs. The shift minimizes uneconomical attachments and ensures appropriate contributions are obtained from customers where the estimated service cost exceeds the service line cost allowance. The increase in the planning cost per service is also reflective of the increased planning requirements for work in the more complex Metro municipalities, as well as the turnover and experience levels in the planning and construction order taking departments, as well as salary inflation and step increases.

### *Service Unit Cost Summary:*

The 2012 actual service unit costs adjusted for inflation and changes to the geographical mix of services, was used as the basis for the 2014-2018 forecast services unit cost. The 2012 cost is higher than 2010 and 2011 actuals for a combination of the reasons described above. We believe the 2012 actual unit price reflects current and future contractor pricing, current and future crew configurations and charge-out rates as well as the service product mix , the change to the geographic mix and external resource pricing for paving and flagging services.

### *Services Expenditures*

Tables C4-17 and C4-18 summarize gross customer additions, the service additions to gross customer additions ratios, the actual and forecast service additions, the actual and forecast services unit cost and the resultant capital expenditures for services.

The services expenditures summary is based on the following calculation:

*Gross Customer Additions x .90 = Service Additions (Activities)*

*Service Additions x Services Unit Cost = Services Capital Dollars*

**Table C4-17: Historical Service Activities, Unit Costs & Expenditures**

| | 2010 Actual | 2011 Actual | 2012 Actual | 2013 Projection | 2013 Approved |
|---|---|---|---|---|---|
| Gross Customer Additions | 9,587 | 6,254 | 8,738 | 8,624 | 11,100 |
| Ratio of Service Additions to Gross Customer Adds | 0.98 | 1.27 | 0.90 | 0.90 | 0.72 |
| | | | | | |
| Activities (riser or services) | 9,382 | 7,958 | 7,898 | 7,762 | 7,989 |
| Unit Costs ($ per service - riser) | 1,479 | 1,812 | 2,206 | 2,163 | 1,616 |
| Expenditures ($000's) | 13,874 | 14,423 | 17,423 | 16,791 | 12,910 |

The following projects planned for the period of 2014 to 2018 are required to improve employee and public safety, address potential shortcomings in customer service levels and to drive O&M cost reductions. The historical and forecast capital expenditures for IT capital expenditures are summarized in Tables C4-21 and C4-22 below.

**Table C4-21: Historical IT Capital Expenditures ($ thousands)**

| | 2010 Actual | 2011 Actual | 2012 Actual | 2013 Projection | 2013 Approved |
|---|---|---|---|---|---|
| **IT Capital** | | | | | |
| Business Technology Transformation | 3,655 | 5,099 | 2,193 | 6,300 | 5,850 |
| Business Technology Enhancements | 800 | 1,085 | 3,968 | 4,500 | 3,150 |
| Infrastructure Sustainment | 3,952 | 4,667 | 3,931 | 4,500 | 4,050 |
| Desktop Infrastructure Sustainment | 2,379 | 1,541 | 1,407 | 2,700 | 2,250 |
| Application Sustainment | 1,631 | 2,112 | 2,484 | 3,600 | 2,700 |
| | 12,418 | 14,503 | 13,983 | 21,600 | 18,000 |

While the annual approved IT budget for each of the categories above was flat through 2012 and 2013, project execution and resulting expenditures lagged in the Business Technology Transformation area, contributing to 90 percent of the $4 million underspend in 2012 against the $18 million approved spending. This lag was primarily due to the delay of the 2012-2013 RRA Decision. Factors within FEI's control have been mitigated in 2013, resulting in FEI expecting to fully execute on its 2013 IT budget. FEI plans to spend most of the unused capital from 2012 based on the Benefits Management practice implemented by FEI (see Appendix C4) within 2013, resulting in the total 2012-2013 spending being projected at approximately $1.0 million below the approved 2012-2103 total.

**Table C4-22: Forecast IT Capital Expenditures ($ thousands)**

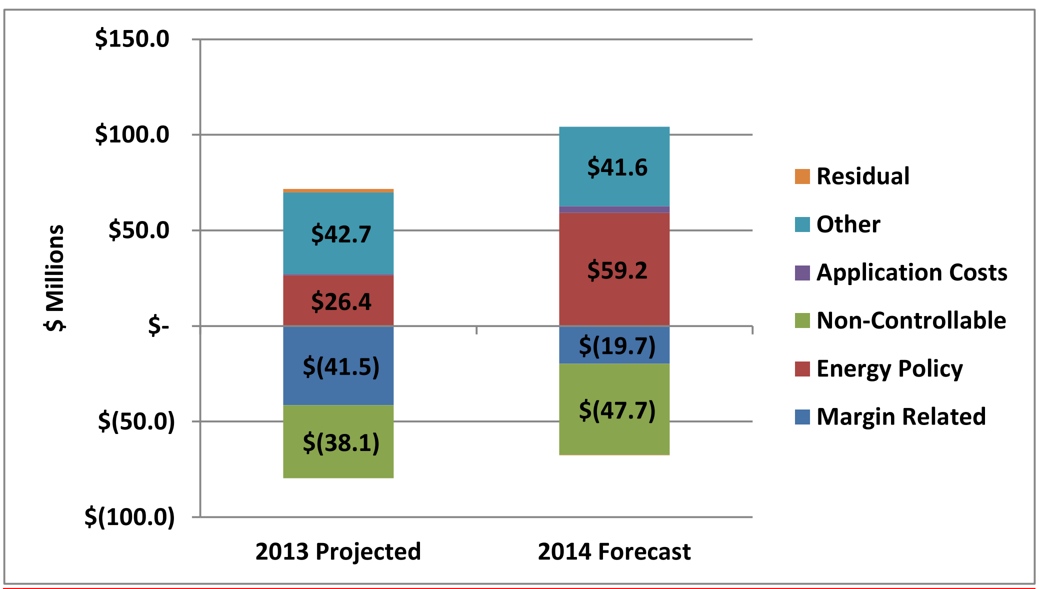
| | 2013 Base | 2014 Forecast | 2015 Forecast | 2016 Forecast | 2017 Forecast | 2018 Forecast |
|---|---|---|---|---|---|---|
| **IT Capital** | | | | | | |
| Business Technology Transformation | 5,941 | 5,940 | 5,940 | 5,940 | 5,939 | 5,938 |
| Business Technology Enhancements | 3,199 | 3,199 | 3,199 | 3,199 | 3,198 | 3,197 |
| Infrastructure Sustainment | 3,884 | 3,884 | 3,884 | 3,884 | 3,655 | 3,197 |
| Desktop Infrastructure Sustainment | 1,599 | 1,599 | 1,599 | 1,599 | 1,827 | 2,284 |
| Application Sustainment | 5,484 | 5,483 | 5,483 | 5,483 | 5,482 | 5,481 |
| | 20,107 | 20,105 | 20,105 | 20,106 | 20,102 | 20,098 |

The increase of Application Sustainment capital from 2013 Approved to 2013 base by $2.8 million was discussed in Section C4.6.4.1.

| Deferral Account Category | General Purpose & Description |
|---|---|
| Residual | • Deferral accounts which are no longer required and the Company is proposing to discontinue the use of the account.<br>• Typically the proposal is to fully amortize any remaining balances. |

The forecast mid-year balance of unamortized deferred charges in rate base for FEI is approximately $36.8~~47.7~~ million in 2014 and is driven largely by the balances in several deferral accounts including the Energy Efficiency and Conservation, NGT Incentives, Pension and OPEB Variance, Gains and Losses on Asset Disposition and 2011 Customer Service O&M and COS deferral while partially offset by the net variance between the Pension and OPEB Funding accounts. The forecast mid-year balances range from $54.9~~61.2~~ to $68.0~~76.7~~ million in 2015 to 2018; however, the actual balances to be recovered in rates for these future years will be addressed in the annual rate setting process. Figure D4-1 provides the mid-year deferral account balances summarized by deferral account category.

**Figure D4-1: FEI Forecast Mid-Year Balances of Deferral Accounts by Category**




The section below includes a discussion on new rate base deferral accounts and changes to existing rate base deferral accounts, including discontinuing the use of many deferral accounts that are no longer required. With respect to FEI's other currently approved accounts, the original rationale that justified establishing the accounts and the associated financial treatment remains. They are expected to continue to accumulate new amounts during the PBR Period, and should remain in place. A summary of all existing approved rate base deferral accounts expected to continue accumulating new amounts through the PBR Period, and which FEI is this Application, FEI has forecasted a transfer of $7.1 million[72] on January 1, 2014. The forecasted amount relates to the actual after-tax 2012 additions to the non-rate base account and accumulated AFUDC on this amount in 2013. No additions have been forecast in the non-rate base account in 2013. The amounts will be amortized over 10 years beginning 2014 in accordance with the existing approved amortization period for the EEC rate base deferral account. Additionally, FEI is seeking approval to transfer any new amounts accumulated in this account, during the 2014 – 2018 revenue requirement period, to the rate base EEC deferral account in the following year, with amortization over 10 years commencing the year in which the balance is transferred.

### 4.2.7 Biomethane Program Costs

FEI is requesting approval to capture the application costs related to the FEI Biomethane Post Implementation Report and Application for Continuance of Biomethane Program filed December 19, 2012 with the Commission in this existing deferral account. These costs consist of legal fees, intervener and participant funding costs, Commission costs, and miscellaneous facilities, stationery and supplies costs. As of March 2013, FEI has incurred approximately $85 thousand in costs and has forecasted approximately another $50 thousand for the remainder of 2013. As the original amortization period was three years beginning January 1, 2012, FEI will amortize these new additions to this account in 2014 to recover the balance of this account by the end of 2014.

### ~~NGV for Transportation Application~~

~~In the NGV Application filed on December 1, 2010, and as approved through BCUC Order G-128-11, FEI received approval for a non-rate base deferral account attracting AFUDC to capture the NGV Fuelling Service Application costs incurred in 2010 and 2011 and to recover these costs from all non-bypass customers by transferring the account to rate base and amortizing the balance through delivery rates commencing January 1, 2012 over a three year period. This Order also noted that future individual application costs must be recovered directly from those customers. Any variances between the forecast account balances and the actual incurred costs for the December 1, 2010 Application is being amortized in rates in 2014.~~

~~FEI has also included costs in this deferral account in 2012 and 2013 related to the Rate Schedule 16 Application filed September 25, 2012. The inclusion of these costs was requested in the Rate Schedule 16 Application and justified in the related Information Requests. Pursuant to Order G-88-13 received on June 4, 2013, application costs related to Rate 16 will be updated in an evidentiary update to this application once the decision has been fully evaluated. For purposes of determining its 2014 through 2018 revenue requirements, FEI has included these costs in this account and amortized the costs over 3 years beginning 2014.~~

[72] Section E, Schedule 49, Line 10, Column 3

### ~~4.2.9~~4.2.8 Generic Cost of Capital Application

On November 28, 2011, the Commission issued a Preliminary Notification of Initiation of Generic Cost of Capital (GCOC) Proceeding to all regulated entities. As approved through BCUC Order G-20-12, the Commission ordered a GCOC Proceeding taking place in two stages. Stage 1 was to review the setting of the appropriate cost of capital for a benchmark low-risk utility, the possible return to an ROE AAM for setting an ROE for the benchmark low-risk utility, and the establishment of a deemed capital structure and deemed cost of capital methodology. As part of the GCOC Stage 1 Proceeding, FEI has incurred application costs related to legal fees, costs for witnesses and consultants, and miscellaneous facilities, stationery and supplies costs. The Commission determined in Order G-47-12, that the Commission's direct costs incurred in this proceeding would not be directly billed, but would be covered through the annual recovery of Commission costs through the annual levies and cost recoveries the utilities pay quarterly.

FEI has also estimated for further costs it anticipates incurring related to Participant Assistance/Cost Award (PACA) reimbursements once the Commission issues its Stage 1 decision. Pursuant to Order G-72-12, the Commission determined that the fairest way to allocate PACA costs, recognizing that all utilities will be affected by this proceeding, is based on the principles established in Order F-5-06, which allocates the PACA awards, once determined, to utilities in this proceeding based on their share of the previous year's total utility sales converted to gigajoules.

The GCOC Stage 2 will apply the generic benchmark utility ROE and capital structure in the determination of an appropriate ROE and capital structure for each affected utility. No Stage 2 proceeding is required for FEI itself.

In this Application, FEI is seeking approval for a rate base deferral account to record the forecast costs related to the GCOC Stage 1 proceeding, less the amounts recovered from other affected utilities. The balance in the rate base deferral account will be allocated to FEVI, FEW and Fort Nelson customers based on the Commission's levy calculation and their share of the previous year's total utility sales converted to gigajoules. FEI proposes to amortize the balance in the account over two years beginning in 2014. This time period is consistent with the direction in Order G-75-13, which stated "FEI is directed to file an application for the review of the common equity component and the ROE approved in Paragraphs 1 and 2 of this Order by no later than November 30, 2015".

### ~~4.2.10~~4.2.9 Amalgamation and Rate Design Application Costs

As part of the Common Rates, Amalgamation and Rate Design Application, FEU incurred costs related to application and hearing-related legal fees, costs for expert witnesses and consultants, intervener and participant funding costs, Commission costs, required public notifications, stakeholder consultation and miscellaneous facilities, stationery and supplies costs. These costs were all captured in a non-rate base deferral account, within FEI, attracting AFUDC as requested in that application. The forecasted balance in this account at the end of 2013, including AFUDC, is approximately $1.7 million dollars. FEI is requesting to continue accumulating residual costs related to that Application, and the subsequent reconsideration application that was filed on April 26, 2013, in this deferral account and to transfer FEI's portion of the accumulated balance to rate base beginning January 1, 2014. The remaining portion will be allocated amongst the FEU on the basis of average customers. The balance in FEI's rate base deferral would then be amortized to its delivery rates over three years beginning in 2014.

### ~~4.2.11~~4.2.10 Residual Delivery Rate Riders

As approved through Commission Order G-44-12 as part of the 2012-2013 RRA, FEI received approval to combine three residual non-rate base deferral account balances into one account, the Residual Delivery Rate Riders account, and to recover the balance through delivery rates in 2012. The residual balances in the ROE Revenue Requirement Variance Account (Rate Rider 2) and the Lochburn Land Costs and Delivery Rate Refund Rider accounts (both accounts used Rate Rider 4). All three balances have now been fully recovered during the 2012-2013 period with no further amounts remaining to be recovered from or returned to customers in the future.

Rather than discontinue the deferral account, FEI is seeking approval to combine three more residual deferral accounts into this account. The residual balances in the Commodity Unbundling non-rate base deferral account (Rate Rider 8), the Earnings Sharing/Capital Incentive Mechanism rate base deferral account (Rate Rider 3), and the new amount in the Delivery Rate Refund Rider non-rate base deferral account (Rate Rider 4) result from volume variances (the actual volumes for recovery of the riders differed from what was forecast). Approved by Commission Order G-25-04, G-66-05 and C-6-06, delivery Rate Rider 8 captured the costs related to residential and commercial unbundling and recovered them from all non-bypass customers. Approved by Commission Order G-7-03, delivery Rate Rider 3 captured the earnings sharing amounts to be returned to customers during the 2003-2009 PBR period, as well as the calculation of the capital incentive mechanism amount for the 2003-2009 PBR period to be returned to customers. Approved by Commission Order G-44-12 and included in the May 15, 2012 Compliance Filing for the 2012-2013 RRA, delivery Rate Rider 4 captured the revenue variance between the 2012 interim and permanent delivery rates and refunded this amount to customers over a seven month period from June 1, 2012 to December 31, 2012.

The residual balances in these accounts, forecasted to be a credit of $38 thousand at the end of 2013, will be returned to customers in 2014 through the amortization of the Residual Delivery Rate Riders deferral account.

Additionally, as a result of the change to the 2013 ROE and equity structure as approved by Commission Order G-75-13, FEI will capture the amount to be returned to customers and the offsetting rider refunds to customers in the Delivery Rate Refund Rider non-rate base deferral account (Rate Rider 4). To the extent there is a balance remaining in this account at the end of 2013 due to potential volume variances, FEI is seeking approval to transfer this balance to the Residual Delivery Rate Riders account and recover it from or return it to customers in 2015.

### 4.4.4 CNG and LNG Recoveries

The CNG and LNG Recoveries Deferral Account, approved by BCUC Order G-128-11, captured the incremental CNG and LNG fueling station recoveries received from fueling station volumes in excess of the minimum contract demand amounts embedded in the 2012 and 2013 revenue requirements. Effective January 1, 2014, given all stations are accounted for in a separate class of service, excess recoveries will be captured in the NGT classes of service and this account will be discontinued. For 2013, FEI has not forecast any additions to this account. ~~forecast credit additions of $22 thousand to be returned to non-bypass customers for Rate Schedule 16[77] costs and revenues for that calendar year~~.

FEI will amortize the forecasted ending 2013 residual balance in delivery rates over 1 year, beginning January 1, 2014. Any variances between the 2013 forecasted amount and actual amount will be amortized in 2015.

### 4.4.5 BFI Costs and Recoveries

In accordance with Commission Orders C-6-12 and G-150-12, FEI is to capture incremental CNG Service recoveries received from BFI for actual volumes purchased in excess of minimum take or pay commitments in a rate base deferral account, for disposition to be determined at a future date.

Given that BFI is now in a separate class of service, FEI is requesting to discontinue the use of this account and will expense the account effective January 1, 2014 into that class of service. All deficiencies or surpluses related to BFI will be accounted for in the Non-GGRR CNG Class of Service[78] and not FEI's traditional natural gas ratepayers' class of service.

### 4.4.6 Overhead and Marketing Recoveries from NGT Class of Service

Pursuant to Commission Order G-78-13, this account will capture the recovery of the NGT related portion of overall FEI overhead and marketing costs from NGT customers. This deferral account is non-rate base for the years 2012 and 2013 and FEI forecasts the balance of the account to be a $163~~189~~ thousand credit at December 31, 2013. This amount will be transferred to rate base effective January 1, 2014 and amortized into non bypass customers' rates commencing January 1, 2014. In this Application, FEI is requesting approval to amortize the balance of this account over a one-year period. To the extent there is a variance between the 2013 forecasted and actual account additions, this difference would be amortized in 2015 and then the account will be discontinued. FEI will forecast the overhead and marketing recovery costs for 2014 forward in the Other Revenues line.

~~[77] Pursuant to Order G-88-13 received on June 4, 2013, Costs and Recoveries related to Rate 16 will be updated in an evidentiary update to this application once the decision has been fully evaluated~~

[78] Appendix H.

### 4.4.7 Rate Schedule 16 Application Costs

In the Application for Approval to Amend Rate Schedule 16 on a Permanent Basis filed on September 24, 2012, and the resulting Decision issued through BCUC Order G-88-13, FEI received approval for a non-rate base deferral account attracting interest to capture the Rate Schedule 16 Application costs incurred and to recover these costs from all non-bypass customers by transferring the account to rate base and amortizing the balance through delivery rates commencing January 1, 2014 over a one year period.

FEI will amortize the forecasted ending 2013 residual balance of $77 thousand in delivery rates over one year, beginning January 1, 2014. Any variances between the 2013 forecasted amount and actual amount will be amortized in 2015 and then the account will be discontinued.

### 4.4.8 Rate Schedule 16 Costs and Recoveries

In the Application for Approval to Amend Rate Schedule 16 on a Permanent Basis filed on September 24, 2012, and the resulting Decision issued through BCUC Order G-88-13, FEI received approval for a rate base deferral account to capture the Rate 16 Costs and Recoveries not forecast in the 2012 and 2013 Revenue Requirement.

In this Application, FEI is requesting approval to amortize the net forecasted 2013 ending credit balance of $53 thousand over a one-year period beginning January 1, 2014. To the extent there is a variance between the 2013 forecasted and actual account additions, this difference would be amortized in 2015 and then the account will be discontinued.

### 4.4.9 NGV for Transportation Application

In the NGV Application filed on December 1, 2010, and as approved through BCUC Order G-128-11, FEI received approval for a non-rate base deferral account attracting AFUDC to capture the NGV Fuelling Service Application costs incurred in 2010 and 2011 and to recover these costs from all non-bypass customers by transferring the account to rate base and amortizing the balance through delivery rates commencing January 1, 2012 over a three year period. This Order also noted that future individual application costs must be recovered directly from those customers. Any variances between the forecast account balances and the actual incurred costs for the December 1, 2010 Application is being amortized in rates in 2014. To the extent there is a variance between the 2013 forecasted and actual account additions, this difference would be amortized in 2015 and then the account will be discontinued.

### ~~4.4.7~~4.4.10 Other

A number of deferral accounts were created for specific purposes during the term of the last RRA and previous PBR periods that are expected to have no remaining balance or to be fully amortized by December 31, 2014. FEI will be discontinuing the use of the following deferral accounts once there is no remaining balance in the account. The total forecasted balance at the end of 2013 for all the accounts below is approximately a $1.033 million debit to be collected from customers.

- 2011 CNG and LNG Service Costs and Recoveries
- Olympic Security Costs
- IFRS Implementation Costs
- 2009 ROE and Cost of Capital Application
- 2010-2011 Revenue Requirement Application

- 2012-2013 Revenue Requirement Application
- CCE CPCN Application
- Deferred Removal Costs
- US GAAP Conversion Costs
- US GAAP Transitional Costs
- Mark to Market – Customer Care Enhancement Project

## 4.5 SUMMARY OF APPROVALS SOUGHT RE DEFERRAL ACCOUNTS

The Commission has indicated in the Decision accompanying Order No. G-7-03 that its Orders supporting deferral accounts continue in force until a change is approved by the Commission. FEI will continue to use existing deferral accounts as approved, except as articulated in this Application. FEI is requesting approval for two new rate base deferral accounts, the setting of, or modification to, the amortization period or contents of seven~~eight~~ rate base deferral accounts, as well as the discontinuation of nineteen ~~sixteen~~ deferral accounts. Table D4-5 provides a summary of the request for approvals in this Application related to all rate base deferral accounts.

**Table D4-5: Summary of Deferral Account Requests**

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| **New Account** | 2014 - 2018 PBR Application Costs | FEI | Section D4.1.1; amortization period of 5 years commencing January 1, 2014 |
| | TESDA Overhead Allocation Variance | FEI | Section D4.1.2; disposition of account will be addressed in 2014 Annual Review |
| **Amortization Period Change - New or Modified** | Midstream Cost Reconciliation Account | FEI | Section D4.2.1; change from 3 year amortization period to 2 year amortization period, commencing January 1, 2014 |
| | Revenue Stabilization Adjustment Mechanism | FEI | Section D4.2.2; change from 3 year amortization period to 2 year amortization period, commencing January 1, 2014 |
| | Pension and OPEB Variance | FEI | Section D4.2.4; change from 3 year amortization period to a 12 year amortization period (EARSL), commencing January 1, 2014 |
| | Customer Service Variance Account | FEI | Section D4.2.5; 5 year amortization period, commencing January 1, 2014 |
| **Other** | Energy Efficiency and Conservation | FEU | Section D4.2.6<br>1. An decrease from $35.6 million (the approved FEU funding envelope in 2013) to a total of $34.4 million in 2014 and and then an increase to the portfolio in 2015 through 2018 up to $39.0 million in 2018 for Mainland FEI, Vancouver Island and Whistler combined;<br>2. The continuation of the FEI EEC Incentive non-rate base deferral account attracting AFUDC, approved by Commission Order G-44-12, to capture the actual as spent costs above the amount forecast in rates, up to the approved funding envelope, for 2014 through 2018, and to transfer the FEI portion of the balance to the FEIEEC rate base deferral account in the following year and recover the amount transferred over a ten year period beginning the year in which the balance is transferred. Additionally, FEI is seeking to transfer the FEI portion of the balance in this deferral as at December 31, 2013 to the FEI rate base EEC deferral account and to amortize the amounts in rates over 10 years beginning in 2014 |
| | Biomethane Program Costs | FEI | Section D4.2.7; inclusion of application costs related to the FEI Biomethane Post Implementation Report |

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| | ~~NGV for Transportation Application~~ | ~~FEI~~ | ~~Section D4.2.8; inclusion of Rate Schedule 16 application costs~~[79] |
| | Generic Cost of Capital Application Costs | FEI | Section D4.2.8~~9~~; amortization period of 2 years commencing January 1, 2014 |
| | Amalgamation and Rate Design Application Costs | FEI | Section D4.2.9~~10~~; transfer FEI's portion of the balance to rate base January 1, 2014, amortization of 3 years commencing January 1, 2014 |
| | Residual Delivery Rate Riders | FEI | Section D4.2.10~~11~~; inclusion of new residual balances for Rate Riders 3, 4 and 8 |
| | On-Bill Financing Pilot Program | FEI | Section D4.3.1; transfer the balance of this account as at December 31, 2014 to rate base on January 1, 2015 and continue to recover the balance from OBF pilot program customers over approximately a ten year period until the account is fully recovered. |
| **Discontinuance** | Southern Crossing Pipeline Tax Reassessment | FEI | Section D4.4.2; amortization period of 1 year commencing January 1, 2014 and then discontinuance of this account effective January 1, 2015 |
| | Tilbury Property Purchase (Subdividable Land) | FEI | Section D4.4.3; amortization period of 1 year commencing January 1, 2014 and then discontinuance of this account effective January 1, 2016 |
| | CNG and LNG Recoveries | FEI | Section D4.4.4; discontinuation of this account effective January 1, 2015 |
| | BFI Costs and Recoveries | FEI | Section D4.4.5; discontinuation of this account effective January 1, 2014 |
| | Overhead and Marketing Recoveries from NGT Class of Service | FEI | Section D4.4.6; 1 year amortization period, commencing January 1, 2014; discontinuation of this account effective January 1, 2016 |
| | RS 16 Application Costs | FEI | Section D4.4.7; discontinuation of this account effective January 1, 2016 |
| | RS 16 Costs and Recoveries | FEI | Section D4.4.8; 1 year amortization period, commencing January 1, 2014; discontinuation of this account effective January 1, 2016 |
| | NGV for Transportation Application | FEI | Section D4.4.9; discontinuation of this account effective January 1, 2016 |
| | 2011 CNG and LNG Service Costs and Recoveries | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | Olympic Security Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | IFRS Implementation Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | 2009 ROE and Cost of Capital Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | 2010-2011 Revenue Requirement Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | 2012-2013 Revenue Requirement Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | CCE CPCN Application | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | Deferred Removal Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | US GAAP Conversion Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | US GAAP Transitional Costs | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2015 |
| | Mark to Market - Customer Care Enhancement Project | FEI | Section D4.4.10~~7~~; discontinuation of this account effective January 1, 2014 |

~~[79] Pursuant to Commission Order G-88-13 received on June 4, 2013, Rate Schedule 16 Application Costs will be addressed through an Evidentiary Update to this Application once the Rate Schedule 16 Decision has been fully evaluated~~

**Summary of Rate Change** Evidentiary Update - July 16, 2013

Section E
FORMULA
Schedule 1

| Line No. | Particulars | 2014 ($ Millions) | | Cross Reference |
|---|---|---|---|---|
| 1 | (1) | (2) | | (3) |
| 2 | Volume/Revenue Related | | | |
| 3 | Customer Growth and Use Rates | 0.3 | | |
| 4 | Change in Other Revenue | 1.5 | 1.8 | |
| 5 | | | | |
| 6 | O&M Changes | | | |
| 7 | Gross O&M Increases | (0.8) | | |
| 8 | Less: Capitalized Overhead | 0.1 | (0.7) | |
| 9 | | | | |
| 10 | Depreciation Expense | | | |
| 11 | Change in Depreciation Rates | (0.2) | | |
| 12 | Tax Expense Impact of Depreciation Changes | 0.3 | | |
| 13 | Depreciation from Net Additions | 1.1 | 1.1 | |
| 14 | | | | |
| 15 | Amortization Expense | | | |
| 16 | CIAC | 0.2 | | |
| 17 | Deferral Accounts | 4.4 | 4.6 | |
| 18 | | | | |
| 19 | Other | | | |
| 20 | Property and Other Taxes | (2.4) | | |
| 21 | Income Tax Rate Change | - | | |
| 22 | Other Income Tax Changes | 3.8 | | |
| 23 | Financing Rate Changes | (3.0) | | |
| 24 | Financing Changes | 0.1 | | |
| 25 | Rate Base Growth | 0.7 | (0.8) | |
| 26 | | | | |
| 27 | **Revenue Deficiency (Surplus)** | | **6.1** | - Section E-FORMULA, Sch 2 |
| 28 | | | | |

FORTISBC ENERGY INC.

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)



| Line No. | Particulars | 2013 PROJECTED | 2014 Non-Bypass Sales | 2014 Non-Bypass Transportation | 2014 Bypass and Special Rates | 2014 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,115,509 | $ 1,011,185 | $ 83,064 | $ 11,524 | $ 1,105,773 | $ (9,736) | - Section E-FORMULA, Sch 8 |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party + FEVI Wheeling | | | | | | | |
| 7 | Revenue | 18,237 | - | - | 18,138 | 18,138 | (99) | - Section E-FORMULA, Sch 13 |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,133,746 | 1,011,185 | 83,064 | 29,662 | 1,123,911 | (9,835) | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (505,954) | (495,312) | (250) | (248) | (495,810) | 10,144 | - Section E-FORMULA, Sch 9 |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 627,792 | $ 515,873 | $ 82,814 | $ 29,414 | $ 628,101 | $ 309 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ - | $ 5,229 | $ 840 | $ - | **$ 6,069** | $ 6,069 | |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 0.00% | 1.01% | 1.01% | 0.00% | 0.97% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 0.00% | 0.52% | 1.01% | 0.00% | 0.54% | | |
| 20 | | | | | | | | |

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars (1) | 2012 ACTUAL (2) | 2013 APPROVED (3) | 2013 PROJECTED (4) | Change (5) (Column (4) - Column (3)) | Cross Reference (6) |
|---|---|---|---|---|---|---|
| 1 | ENERGY VOLUMES (TJ) | | | | | |
| 2 | Sales | 113,621 | 112,327 | 114,021 | 1,694 | - Section E-FORMULA, Sch 5 |
| 3 | Transportation | 86,767 | 94,833 | 97,855 | 3,022 | - Section E-FORMULA, Sch 5 |
| 4 | | 200,388 | 207,160 | 211,876 | 4,716 | |
| 5 | | | | | | |
| 6 | Average Rate per GJ | | | | | |
| 7 | Sales | $ 9.106 | $ 10.538 | $ 8.948 | $ (1.590) | |
| 8 | Transportation | $ 1.039 | $ 0.966 | $ 0.974 | $ 0.008 | |
| 9 | Average | $ 5.616 | $ 6.156 | $ 5.233 | $ (0.923) | |
| 10 | | | | | | |
| 11 | UTILITY REVENUE | | | | | |
| 12 | Sales - Existing Rates | $ 1,034,629 | $ 1,133,062 | $ 1,020,240 | $ (112,822) | - Section E-FORMULA, Sch 7 |
| 13 | - Increase / (Decrease) | - | 50,679 | - | (50,679) | |
| 14 | RSAM Revenue | 472 | - | (6,666) | (6,666) | |
| 15 | Transportation - Existing Rates | 90,183 | 83,945 | 95,270 | 11,325 | - Section E-FORMULA, Sch 7 |
| 16 | - Increase / (Decrease) | - | 7,660 | - | (7,660) | |
| 17 | | | | | | |
| 18 | **Total Revenue** | 1,125,284 | 1,275,346 | 1,108,844 | (166,502) | |
| 19 | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 539,821 | 658,568 | 505,954 | (152,614) | - Section E-FORMULA, Sch 9 |
| 21 | | | | | | |
| 22 | **Gross Margin** | 585,463 | 616,778 | 602,890 | (13,888) | |
| 23 | | | | | | |
| 24 | Operation and Maintenance | 187,925 | 202,963 | 198,578 | (4,385) | - Section E-FORMULA, Sch 15 |
| 25 | Property and Sundry Taxes | 49,656 | 51,239 | 51,239 | - | - Section E-FORMULA, Sch 19 |
| 26 | Depreciation and Amortization | 123,928 | 142,912 | 142,912 | - | - Section E-FORMULA, Sch 21 |
| 27 | Other Operating Revenue | (24,501) | (24,789) | (23,179) | 1,610 | - Section E-FORMULA, Sch 12 |
| 28 | Sub-total | 337,008 | 372,325 | 369,550 | (2,775) | |
| 29 | Utility Income Before Income Taxes | 248,454 | 244,453 | 233,340 | (11,113) | |
| 30 | | | | | | |
| 31 | Income Taxes | 26,880 | 28,049 | 23,859 | (4,190) | - Section E-FORMULA, Sch 23 |
| 32 | | | | | | |
| 33 | **EARNED RETURN** | $ 221,574 | $ 216,404 | $ 209,481 | $ (6,923) | - Section E-FORMULA, Sch 59 |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,692,824 | $ 2,767,988 | $ 2,702,072 | $ (65,916) | - Section E-FORMULA, Sch 29 |
| 37 | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 8.23% | 7.82% | 7.75% | -0.07% | - Section E-FORMULA, Sch 59 |

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 FORECAST Existing 2013 Rates | Revised Revenue | Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 114,021 | 114,000 | - | 114,000 | (21) | - Section E-FORMULA, Sch 6 |
| 3 | Transportation | 97,855 | 98,337 | - | 98,337 | 482 | - Section E-FORMULA, Sch 6 |
| 4 | | 211,876 | 212,337 | - | 212,337 | 461 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $ 8.948 | $ 8.870 | $ - | $ 8.916 | $ (0.032) | |
| 8 | Transportation | $ 0.974 | $ 0.962 | $ - | $ 0.970 | $ (0.004) | |
| 9 | Average | $ 5.233 | $ 5.208 | $ - | $ 5.236 | $ 0.003 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,020,240 | $ 1,011,185 | $ - | $ 1,011,185 | $ (9,055) | - Section E-FORMULA, Sch 8 |
| 13 | - Increase / (Decrease) | - | - | 5,229 | 5,229 | 5,229 | - Section E-FORMULA, Sch 10 |
| 14 | RSAM Revenue | (6,666) | | | | 6,666 | |
| 15 | Transportation - Existing Rates | 95,270 | 94,587 | - | 94,587 | (683) | - Section E-FORMULA, Sch 8 |
| 16 | - Increase / (Decrease) | - | | 840 | 840 | 840 | - Section E-FORMULA, Sch 10 |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,108,844 | 1,105,772 | 6,069 | 1,111,841 | 2,997 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 505,954 | 495,810 | - | 495,810 | (10,144) | - Section E-FORMULA, Sch 9 |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 602,890 | 609,962 | 6,069 | 616,031 | 13,141 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 198,578 | 202,307 | - | 202,307 | 3,729 | - Section E-FORMULA, Sch 15 |
| 25 | Property and Sundry Taxes | 51,239 | 48,797 | - | 48,797 | (2,442) | - Section E-FORMULA, Sch 20 |
| 26 | Depreciation and Amortization | 142,912 | 148,338 | - | 148,338 | 5,426 | - Section E-FORMULA, Sch 22 |
| 27 | Other Operating Revenue | (23,179) | (23,290) | - | (23,290) | (111) | - Section E-FORMULA, Sch 13 |
| 28 | Sub-total | 369,550 | 376,152 | - | 376,152 | 6,602 | |
| 29 | Utility Income Before Income Taxes | 233,340 | 233,810 | 6,069 | 239,879 | 6,539 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 23,859 | 34,588 | 1,518 | 36,106 | 12,247 | - Section E-FORMULA, Sch 24 |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 209,481 | $ 199,222 | $ 4,551 | $ 203,773 | $ (5,708) | - Section E-FORMULA, Sch 60 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,702,072 | $ 2,788,879 | $ 15 | $ 2,788,894 | $ 86,822 | - Section E-FORMULA, Sch 30 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.75% | 7.14% | | 7.31% | -0.45% | - Section E-FORMULA, Sch 60 |

GAS SALES AND TRANSPORTATION VOLUMES
FOR THE YEAR ENDING DECEMBER 31, 2013

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 Projected Terajoules: Non-Bypass Sales & Transp | Bypass and Special Rates | Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | | | | | | | (Column (6) - Column (3)) | |
| 1 | **SALES** | | | | | | | |
| 2 | Schedule 1 - Residential | 69,753.0 | 69,816.4 | 69,644.2 | - | 69,644.2 | (172.2) | |
| 3 | Schedule 2 - Small Commercial | 24,319.0 | 23,331.9 | 24,087.6 | | 24,087.6 | 755.7 | |
| 4 | Schedule 3 - Large Commercial | 16,744.0 | 16,514.8 | 17,354.8 | | 17,354.8 | 840.0 | |
| 5 | | | | | | | | |
| 6 | Schedules 1, 2 and 3 | 110,816.0 | 109,663.1 | 111,086.6 | - | 111,086.6 | 1,423.5 | |
| 7 | | | | | | | | |
| 8 | Schedule 4 - Seasonal | 169.0 | 185.2 | 169.1 | | 169.1 | (16.1) | |
| 9 | Schedule 5 - General Firm | 2,315.0 | 2,407.7 | 2,315.3 | | 2,315.3 | (92.4) | |
| 10 | | | | | | | | |
| 11 | Industrials | | | | | | | |
| 12 | Schedule 7 - Interruptible | 87.0 | 14.2 | 86.7 | | 86.7 | 72.5 | |
| 13 | | | | | | | | |
| 14 | Schedule 6 - N G V Fuel - Stations | 62.0 | 56.4 | 61.4 | | 61.4 | 5.0 | |
| 15 | Schedule 16 - Liquefied Natural Gas (LNG) | 172.0 | - | 302.0 | | 302.0 | 302.0 | |
| 16 | Total Sales | 113,621.0 | 112,326.6 | 114,021.1 | - | 114,021.1 | 1,694.5 | - Section E-FORMULA, Sch 3 |
| 17 | | | | | | | | |
| 18 | **TRANSPORTATION SERVICE** | | | | | | | |
| 19 | Schedule 22 - Firm Service | 18,884.0 | 17,089.5 | 13,208.0 | 6,874.9 | 20,082.9 | 2,993.4 | |
| 20 | - Interruptible Service | 18,760.0 | 12,302.6 | 15,940.9 | - | 15,940.9 | 3,638.3 | |
| 21 | Byron Creek (aka Fording Coal Mountain) | 393.0 | 227.4 | | 179.1 | 179.1 | (48.3) | |
| 22 | Burrard Thermal - Firm | 482.0 | 1,372.0 | | 482.5 | 482.5 | (889.5) | |
| 23 | FEVI - Firm | 21,244.0 | 37,080.0 | | 33,553.2 | 33,553.2 | (3,526.8) | |
| 24 | Schedule 23 - Large Commercial | 7,803.0 | 7,485.3 | 8,168.1 | | 8,168.1 | 682.8 | |
| 25 | Schedule 25 - Firm Service | 12,829.0 | 13,471.3 | 12,286.5 | 837.3 | 13,123.8 | (347.5) | |
| 26 | Schedule 27 - Interruptible Service | 6,372.0 | 5,804.8 | 6,324.5 | | 6,324.5 | 519.7 | |
| 27 | | | | | | | | |
| 28 | Total Transportation Service | 86,767.0 | 94,832.9 | 55,928.0 | 41,927.0 | 97,855.0 | 3,022.1 | - Section E-FORMULA, Sch 3 |
| 29 | | | | | | | | |
| 30 | **TOTAL SALES AND TRANSPORTATION SERVICES** | 200,388.0 | 207,160.0 | 169,949.1 | 41,927.0 | 211,876.1 | 4,716.6 | - Section E-FORMULA, Sch 3 |
| 31 | | | | | | | | |

GAS SALES AND TRANSPORTATION VOLUMES
FOR THE YEAR ENDING DECEMBER 31, 2014

| Line No. | Particulars | 2013 PROJECTED | 2014 Forecast Terajoules: Non-Bypass Sales & Transp | 2014 Forecast Terajoules: Bypass and Special Rates | 2014 Forecast Terajoules: Total | 2014 Forecast Terajoules: Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **SALES** | | | | | | |
| 2 | Schedule 1 - Residential | 69,644.2 | 69,511.7 | - | 69,511.7 | (132.5) | |
| 3 | Schedule 2 - Small Commercial | 24,087.6 | 24,246.8 | | 24,246.8 | 159.2 | |
| 4 | Schedule 3 - Large Commercial | 17,354.8 | 17,253.0 | | 17,253.0 | (101.8) | |
| 5 | | | | | | | |
| 6 | Schedules 1, 2 and 3 | 111,086.6 | 111,011.5 | - | 111,011.5 | (75.1) | |
| 7 | | | | | | | |
| 8 | Schedule 4 - Seasonal | 169.1 | 169.1 | | 169.1 | - | |
| 9 | Schedule 5 - General Firm | 2,315.3 | 2,315.3 | | 2,315.3 | - | |
| 10 | | | | | | | |
| 11 | Industrials | | | | | | |
| 12 | Schedule 7 - Interruptible | 86.7 | 86.7 | | 86.7 | - | |
| 13 | | | | | | | |
| 14 | Schedule 6 - N G V Fuel - Stations | 61.4 | 61.4 | | 61.4 | - | |
| 15 | Schedule 16 - Liquefied Natural Gas (LNG) | 302.0 | 356.0 | | 356.0 | 54.0 | |
| 16 | Total Sales | 114,021.1 | 114,000.0 | - | 114,000.0 | (21.1) | - Section E-FORMULA, Sch 4 |
| 17 | | | | | | | |
| 18 | **TRANSPORTATION SERVICE** | | | | | | |
| 19 | Schedule 22 - Firm Service | 20,082.9 | 13,188.4 | 6,553.2 | 19,741.6 | (341.3) | |
| 20 | - Interruptible Service | 15,940.9 | 15,822.0 | - | 15,822.0 | (118.9) | |
| 21 | Byron Creek (aka Fording Coal Mountain) | 179.1 | | 176.6 | 176.6 | (2.5) | |
| 22 | Burrard Thermal - Firm | 482.5 | | 482.5 | 482.5 | - | |
| 23 | FEVI - Firm | 33,553.2 | | 33,720.0 | 33,720.0 | 166.8 | |
| 24 | Schedule 23 - Large Commercial | 8,168.1 | 8,721.3 | | 8,721.3 | 553.2 | |
| 25 | Schedule 25 - Firm Service | 13,123.8 | 12,359.3 | 837.3 | 13,196.6 | 72.8 | |
| 26 | Schedule 27 - Interruptible Service | 6,324.5 | 6,476.3 | | 6,476.3 | 151.8 | |
| 27 | | | | | | | |
| 28 | Total Transportation Service | 97,855.0 | 56,567.3 | 41,769.6 | 98,336.9 | 481.9 | - Section E-FORMULA, Sch 4 |
| 29 | | | | | | | |
| 30 | **TOTAL SALES AND TRANSPORTATION SERVICES** | 211,876.1 | 170,567.3 | 41,769.6 | 212,336.9 | 460.8 | - Section E-FORMULA, Sch 4 |
| 31 | | | | | | | - Section E-FORMULA, Sch 11 |

REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 Gas Sales Revenue At Existing 2013 Rates: Non-Bypass Sales & Transp | 2013 Gas Sales Revenue At Existing 2013 Rates: Bypass and Special Rates | Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) (Column (6) - Column (3)) | (8) |
| 1 | **SALES** | | | | | | | |
| 2 | Schedule 1 - Residential | $ 684,879 | $ 750,275 | $ 672,249 | $ - | $ 672,249 | $ (78,026) | |
| 3 | Schedule 2 - Small Commercial | 207,547 | 222,969 | 204,217 | | 204,217 | (18,752) | |
| 4 | Schedule 3 - Large Commercial | 123,547 | 139,001 | 124,396 | | 124,396 | (14,605) | |
| 5 | Schedules 1, 2 and 3 | 1,015,973 | 1,112,245 | 1,000,862 | - | 1,000,862 | (111,383) | |
| 6 | | | | | | | | |
| 7 | Schedule 4 - Seasonal | 945 | 1,263 | 939 | - | 939 | (324) | |
| 8 | Schedule 5 - General Firm | 15,405 | 18,921 | 14,522 | | 14,522 | (4,399) | |
| 9 | | 16,350 | 20,184 | 15,461 | - | 15,461 | (4,723) | |
| 10 | Industrials | | | | | | | |
| 11 | Schedule 7 - Interruptible | 489 | 133 | 456 | - | 456 | 323 | |
| 12 | | | | | | | | |
| 13 | Schedule 6 - N G V Fuel - Stations | 480 | 500 | 461 | | 461 | (39) | |
| 14 | Schedule 16 - Liquefied Natural Gas (LNG) | 1,337 | - | 3,000 | | 3,000 | 3,000 | |
| 15 | Total Sales | 1,034,629 | 1,133,062 | 1,020,240 | - | 1,020,240 | (112,822) | - Section E-FORMULA, Sch 3 |
| 16 | | | | | | | | |
| 17 | **Transportation Service** | | | | | | | |
| 18 | Schedule 22 - Firm Service | 7,173 | 8,837 | 10,523 | 823 | 11,346 | 2,509 | |
| 19 | - Interruptible Service | 17,350 | 11,101 | 14,721 | - | 14,721 | 3,620 | |
| 20 | Byron Creek (aka Fording Coal Mountain) | 78 | 55 | | 32 | 32 | (23) | |
| 21 | Burrard Thermal - Firm | 9,965 | 9,996 | | 9,965 | 9,965 | (31) | |
| 22 | FEVI - Firm (Revenue/Margin included in Other Revenue - Sch12) | - | - | | - | - | - | |
| 23 | Schedule 23 - Large Commercial | 22,810 | 21,153 | 24,566 | - | 24,566 | 3,413 | |
| 24 | Schedule 25 - Firm Service | 24,484 | 25,413 | 25,412 | 704 | 26,116 | 703 | |
| 25 | Schedule 27 - Interruptible Service | 8,323 | 7,390 | 8,524 | - | 8,524 | 1,134 | |
| 26 | Total Transportation Service | 90,183 | 83,945 | 83,746 | 11,524 | 95,270 | 11,325 | - Section E-FORMULA, Sch 3 |
| 27 | | | | | | | | |
| 28 | TOTAL SALES AND TRANSPORTATION SERVICES | $ 1,124,812 | $ 1,217,007 | $ 1,103,986 | $ 11,524 | $ 1,115,510 | $ (101,497) | - Section E-FORMULA, Sch 3 |

REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 Gas Sales Revenue At Existing 2013 Rates: Non-Bypass Sales & Transp | Bypass and Special Rates | Total | Change | Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **SALES** | | | | | | |
| 2 | Schedule 1 - Residential | $ 672,249 | $ 667,279 | $ - | $ 667,279 | $ (4,970) | |
| 3 | Schedule 2 - Small Commercial | 204,217 | 201,875 | | 201,875 | (2,342) | |
| 4 | Schedule 3 - Large Commercial | 124,396 | 121,939 | | 121,939 | (2,457) | |
| 5 | Schedules 1, 2 and 3 | 1,000,862 | 991,093 | - | 991,093 | (9,769) | |
| 6 | | | | | | | |
| 7 | Schedule 4 - Seasonal | 939 | 939 | - | 939 | - | |
| 8 | Schedule 5 - General Firm | 14,522 | 14,522 | | 14,522 | - | |
| 9 | | 15,461 | 15,461 | - | 15,461 | - | |
| 10 | Industrials | | | | | | |
| 11 | Schedule 7 - Interruptible | 456 | 456 | - | 456 | - | |
| 12 | | | | | | | |
| 13 | Schedule 6 - N G V Fuel - Stations | 461 | 461 | | 461 | - | |
| 14 | Schedule 16 - Liquefied Natural Gas (LNG) | 3,000 | 3,714 | | 3,714 | 714 | |
| 15 | Total Sales | 1,020,240 | 1,011,185 | - | 1,011,185 | (9,055) | - Section E-FORMULA, Sch 4 |
| 16 | | | | | | | |
| 17 | **Transportation Service** | | | | | | |
| 18 | Schedule 22 - Firm Service | 11,346 | 8,397 | 823 | 9,220 | (2,126) | |
| 19 | - Interruptible Service | 14,721 | 14,379 | - | 14,379 | (342) | |
| 20 | Byron Creek (aka Fording Coal Mountain) | 32 | | 32 | 32 | - | |
| 21 | Burrard Thermal - Firm | 9,965 | | 9,965 | 9,965 | - | |
| 22 | FEVI - Firm (Revenue/Margin included in Other Revenue - Sch13) | - | | - | - | - | |
| 23 | Schedule 23 - Large Commercial | 24,566 | 26,120 | - | 26,120 | 1,554 | |
| 24 | Schedule 25 - Firm Service | 26,116 | 25,465 | 704 | 26,169 | 53 | |
| 25 | Schedule 27 - Interruptible Service | 8,524 | 8,702 | - | 8,702 | 178 | |
| 26 | Total Transportation Service | 95,270 | 83,063 | 11,524 | 94,587 | (683) | - Section E-FORMULA, Sch 4 |
| 27 | | | | | | | |
| 28 | TOTAL SALES AND TRANSPORTATION SERVICES | $ 1,115,510 | $ 1,094,248 | $ 11,524 | $ 1,105,772 | $ (9,738) | - Section E-FORMULA, Sch 4<br>- Section E-FORMULA, Sch 11 |

COST OF GAS
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| Line No. | Particulars | 2013 Projected Gas Costs Non-Bypass Sales & Transp | 2013 Bypass and Special Rates | 2013 Total | 2014 Forecast Gas Costs Non-Bypass Sales & Transp | 2014 Bypass and Special Rates | 2014 Total |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **SALES** | | | | | | |
| 2 | Schedule 1 - Residential | 310,537 | $ - | $ 310,537 | $ 305,432 | $ - | $ 305,432 |
| 3 | Schedule 2 - Small Commercial | 110,811 | | 110,811 | 107,890 | | 107,890 |
| 4 | Schedule 3 - Large Commercial | 72,872 | | 72,872 | 70,770 | | 70,770 |
| 5 | | | | | | | |
| 6 | Schedules 1, 2 and 3 | 494,220 | - | 494,220 | 484,092 | - | 484,092 |
| 7 | | | | | | | |
| 8 | Schedule 4 - Seasonal | 629 | | 629 | 629 | | 629 |
| 9 | Schedule 5 - General Firm | 8,660 | | 8,660 | 8,660 | | 8,660 |
| 10 | | | | | | | |
| 11 | Schedules 4 and 5 | 9,289 | - | 9,289 | 9,289 | - | 9,289 |
| 12 | | | | | | | |
| 13 | Industrials | | | | | | |
| 14 | Schedule 7 - Interruptible | 323 | | 323 | 323 | | 323 |
| 15 | | | | | | | |
| 16 | Schedule 6 - N G V Fuel - Stations | 208 | | 208 | 208 | | 208 |
| 17 | Schedule 16 - Liquefied Natural Gas (LNG) | 1,037 | | 1,037 | 1,400 | | 1,400 |
| 18 | | | | | | | |
| 19 | Total Sales | 505,077 | - | 505,077 | 495,312 | - | 495,312 |
| 20 | | | | | | | |
| 21 | **TRANSPORTATION SERVICE** | | | | | | |
| 22 | Schedule 22 - Firm Service | 268 | 58 | 326 | 44 | 31 | 75 |
| 23 | - Interruptible Service | 58 | - | 58 | 73 | - | 73 |
| 24 | Byron Creek (aka Fording Coal Mountain) | | 7 | 7 | | - | - |
| 25 | Burrard Thermal - Firm | | 5 | 5 | | 3 | 3 |
| 26 | FEVI - Firm | | 324 | 324 | | 210 | 210 |
| 27 | Schedule 23 - Large Commercial | 41 | - | 41 | 43 | - | 43 |
| 28 | Schedule 25 - Firm Service | 71 | 6 | 77 | 59 | 4 | 63 |
| 29 | Schedule 27 - Interruptible Service | 39 | - | 39 | 31 | - | 31 |
| 30 | | | | | | | |
| 31 | Total Transportation Service | 477 | 400 | 877 | 250 | 248 | 498 |
| 32 | | | | | | | |
| 33 | TOTAL SALES AND TRANSPORTATION SERVICES | $ 505,554 | $ 400 | $ 505,954 | $ 495,562 | $ 248 | $ 495,810 |
| 34 | | | | | | | |
| 35 | Cross Reference | | - Section E-FORMULA, Sch 3 | | | - Section E-FORMULA, Sch 4 | |

Evidentiary Update July 16, 2013

REVENUE UNDER EXISTING 2013 RATES AND REVISED 2014 RATES (Non-Bypass)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Terajoules | Revenue -- At Existing 2013 Rates -- Average $/GJ | Revenue ($000s) | Gross Margin -- At Existing 2013 Rates -- Average $/GJ | Margin ($000s) | Effective Increase / (Decrease) 1.01% of Margin $/GJ | Revenue ($000s) | Average Number of Customers | Revenue Average $/GJ | Revenue ($000s) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | **NON-BYPASS** | | | | | | | | | | |
| 2 | Sales | | | | | | | | | | |
| 3 | Schedule 1 - Residential | 69,511.7 | $ 9.600 | $ 667,279 | $ 5.206 | $ 361,847 | $ 0.053 | $ 3,667 | 765,842 | $ 9.653 | $ 670,946 |
| 4 | Schedule 2 - Small Commercial | 24,246.8 | 8.326 | 201,875 | 3.876 | 93,986 | 0.039 | 953 | 72,614 | 8.365 | 202,828 |
| 5 | Schedule 3 - Large Commercial | 17,253.0 | 7.068 | 121,939 | 2.966 | 51,168 | 0.030 | 519 | 4,577 | 7.098 | 122,458 |
| 6 | Schedules 1, 2 and 3 | 111,011.5 | | 991,093 | | 507,001 | | 5,139 | 843,033 | | 996,232 |
| 7 | | | | | | | | | | | |
| 8 | Schedule 4 - Seasonal | 169.1 | 5.553 | 939 | 1.833 | 310 | 0.024 | 4 | 26 | 5.577 | 943 |
| 9 | Schedule 5 - General Firm | 2,315.3 | 6.272 | 14,522 | 2.532 | 5,863 | 0.025 | 59 | 216 | 6.297 | 14,581 |
| 10 | | | | | | | | | | | |
| 11 | Industrials | | | | | | | | | | |
| 12 | Schedule 7 - Interruptible | 86.7 | 5.260 | 456 | 1.546 | 134 | 0.012 | 1 | 3 | 5.272 | 457 |
| 13 | | | | | | | | | | | |
| 14 | Schedule 6 - N G V Fuel - Stations | 61.4 | 7.508 | 461 | 4.137 | 254 | 0.049 | 3 | 14 | 7.557 | 464 |
| 15 | Schedule 16 - Liquefied Natural Gas (LNG) | 356.0 | 10.433 | 3,714 | 6.500 | 2,314 | 0.065 | 23 | 8 | 10.498 | 3,737 |
| 16 | Total Sales | 114,000.0 | | 1,011,185 | | 515,876 | | 5,229 | 843,300 | | 1,016,414 |
| 17 | | | | | | | | | | | |
| 18 | TRANSPORTATION SERVICE | | | | | | | | | | |
| 19 | Schedule 22 - Firm Service | 13,188.4 | 0.637 | 8,397 | 0.633 | 8,353 | 0.006 | 85 | 14 | 0.643 | 8,482 |
| 20 | - Interruptible Service | 15,822.0 | 0.909 | 14,380 | 0.904 | 14,307 | 0.009 | 145 | 25 | 0.918 | 14,525 |
| 21 | Schedule 23 - Large Commercial | 8,721.3 | 2.995 | 26,120 | 2.990 | 26,078 | 0.030 | 264 | 1,560 | 3.025 | 26,384 |
| 22 | Schedule 25 - Firm Service | 12,359.3 | 2.060 | 25,465 | 2.056 | 25,406 | 0.021 | 258 | 487 | 2.081 | 25,723 |
| 23 | Schedule 27 - Interruptible Service | 6,476.3 | 1.344 | 8,702 | 1.339 | 8,671 | 0.014 | 88 | 95 | 1.358 | 8,790 |
| 24 | | | | | | | | | | | |
| 25 | Total Transportation Service | 56,567.3 | | 83,064 | | 82,815 | | 840 | 2,181 | | 83,904 |
| 26 | | | | | | | | | | | |
| 27 | Total Non-Bypass Sales & Transportation Service | 170,567.3 | | $ 1,094,249 | | $ 598,691 | | $ 6,069 | 845,481 | | $ 1,100,318 |
| 28 | | | | | | | | | | | |
| 29 | Cross Reference | ection E-FORMULA, Sch 6 | - Section E-FORMULA, Sch 8 | | | | - Section E-FORMULA, Sch 2 | | | | |

REVENUE UNDER EXISTING 2013 RATES AND REVISED 2014 RATES (Bypass)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Terajoules | Revenue -- At Existing 2013 Rates -- Average $/GJ | Revenue -- At Existing 2013 Rates -- Revenue ($000) | Gross Margin -- At Existing 2013 Rates -- Average $/GJ | Gross Margin -- At Existing 2013 Rates -- Margin ($000s) | Increase / (Decrease) 1.01% of Margin $/GJ | Increase / (Decrease) 1.01% of Margin Revenue ($000) | Average Number of Customers | Revenue Average $/GJ | Revenue Revenue ($000) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | **BYPASS AND SPECIAL RATES** | | | | | | | | | | |
| 2 | Bypass and Special Rates Transportation Service | | | | | | | | | | |
| 3 | Schedule 22 - Firm Service | 6,553.2 | $ 0.126 | $ 823 | $ 0.121 | $ 791 | $ - | $ - | 5 | $ 0.126 | $ 823 |
| 4 | - Interruptible Service | - | - | - | - | - | - | - | 1 | - | - |
| 5 | Byron Creek (aka Fording Coal Mountain) | 176.6 | 0.181 | 32 | 0.181 | 32 | - | - | 1 | 0.181 | 32 |
| 6 | Burrard Thermal - Firm | 482.5 | 20.653 | 9,965 | 20.647 | 9,962 | - | - | 1 | 20.653 | 9,965 |
| 7 | FEVI - Firm (Revenue/Margin in Other Revenue - Sch13) | 33,720.0 | - | - | - | - | - | - | 1 | - | - |
| 8 | Schedule 23 - Large Commercial | - | - | - | - | - | - | - | - | - | - |
| 9 | Schedule 25 - Firm Service | 837.3 | 0.841 | 704 | 0.836 | 700 | - | - | 6 | 0.841 | 704 |
| 10 | Schedule 27 - Interruptible Service | - | - | - | - | - | - | - | - | - | - |
| 11 | Total Bypass and Spec. Rates T-Svc | 41,769.6 | | 11,524 | | 11,485 | | - | 15 | | 11,524 |
| 12 | | | | | | | | | | | |
| 13 | TOTAL NON-BYPASS AND BYPASS SALES AND | | | | | | | | | | |
| 14 | TRANSPORTATION SERVICE | 212,336.9 | | $ 1,105,773 | | $ 610,176 | | $ 6,069 | 845,496 | | $ 1,111,842 |
| 15 | | | | | | | | | | | |
| 16 | Cross Reference | ection E-FORMULA, Sch 6 | - Section E-FORMULA, Sch 8 | | | | - Section E-FORMULA, Sch 2 | | | | |

OTHER OPERATING REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) (Column (4) - Column (3)) | (6) |
| 1 | **Other Utility Revenue** | | | | | |
| 2 | | | | | | |
| 3 | Late Payment Charge | $ 2,402 | $ 2,333 | $ 2,109 | $ (224) | - Section E-FORMULA, Sch 56 |
| 4 | | | | | | |
| 5 | Connection Charge | 2,390 | 2,685 | 2,622 | (63) | - Section E-FORMULA, Sch 56 |
| 6 | | | | | | |
| 7 | NSF Returned Cheque Charges | 110 | 79 | 79 | - | - Section E-FORMULA, Sch 56 |
| 8 | | | | | | |
| 9 | Other Recoveries | 237 | 126 | 284 | 158 | - Section E-FORMULA, Sch 56 |
| 10 | | | | | | |
| 11 | Total Other Utility Revenue | 5,139 | 5,223 | 5,094 | (129) | |
| 12 | | | | | | |
| 13 | **Miscellaneous Revenue** | | | | | |
| 14 | | | | | | |
| 15 | FEVI Wheeling Charge | 3,353 | 3,464 | 3,464 | - | |
| 16 | | | | | | |
| 17 | SCP Third Party Revenue | 15,272 | 14,827 | 14,773 | (54) | |
| 18 | | | | | | |
| 19 | FEVI SAP Lease Income | 17 | - | - | - | - Section E-FORMULA, Sch 56 |
| 20 | | | | | | |
| 21 | NGT Overhead and Marketing Recovery | - | - | - | - | - Section E-FORMULA, Sch 56 |
| 22 | | | | | | |
| 23 | Surrey & Burnaby Operations CNG Pump Charges | - | - | (55) | (55) | - Section E-FORMULA, Sch 56 |
| 24 | | | | | | |
| 25 | Biomethane Other Revenue | - | (29) | (97) | (68) | - Section E-FORMULA, Sch 56 |
| 26 | | | | | | |
| 27 | CNG & LNG Service Revenues | 720 | 1,304 | - | (1,304) | - Section E-FORMULA, Sch 56 |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | Total Miscellaneous | 19,362 | 19,566 | 18,085 | (1,481) | |
| 31 | | | | | | |
| 32 | **Total Other Operating Revenue** | $ 24,501 | $ 24,789 | $ 23,179 | $ (1,610) | - Section E-FORMULA, Sch 3 |

OTHER OPERATING REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 | Change | Cross Reference |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | **Other Utility Revenue** | | | | |
| 2 | | | | | |
| 3 | Late Payment Charge | $ 2,109 | $ 2,089 | $ (20) | - Section E-FORMULA, Sch 56 |
| 4 | | | | | |
| 5 | Connection Charge | 2,622 | 2,636 | 14 | - Section E-FORMULA, Sch 56 |
| 6 | | | | | |
| 7 | NSF Returned Cheque Charges | 79 | 79 | - | - Section E-FORMULA, Sch 56 |
| 8 | | | | | |
| 9 | Other Recoveries | 284 | 284 | - | - Section E-FORMULA, Sch 56 |
| 10 | | | | | |
| 11 | Total Other Utility Revenue | 5,094 | 5,088 | (6) | |
| 12 | | | | | |
| 13 | **Miscellaneous Revenue** | | | | |
| 14 | | | | | |
| 15 | FEVI Wheeling Charge | 3,464 | 3,365 | (99) | - Section E-FORMULA, Sch 2 |
| 16 | | | | | |
| 17 | SCP Third Party Revenue | 14,773 | 14,773 | - | - Section E-FORMULA, Sch 2 |
| 18 | | | | | |
| 19 | FEVI SAP Lease Income | - | - | - | - Section E-FORMULA, Sch 56 |
| 20 | | | | | |
| 21 | NGT Overhead and Marketing Recovery | - | 189 | 189 | - Section E-FORMULA, Sch 56 |
| 22 | | | | | |
| 23 | Surrey & Burnaby Operations CNG Pump Charges | (55) | (55) | - | - Section E-FORMULA, Sch 56 |
| 24 | | | | | |
| 25 | Biomethane Other Revenue | (97) | (70) | 27 | - Section E-FORMULA, Sch 56 |
| 26 | | | | | |
| 27 | CNG & LNG Service Revenues | - | - | - | - Section E-FORMULA, Sch 56 |
| 28 | | | | | |
| 29 | | | | | |
| 30 | Total Miscellaneous | 18,085 | 18,202 | 117 | |
| 31 | | | | | |
| 32 | **Total Other Operating Revenue** | $ 23,179 | $ 23,290 | $ 111 | - Section E-FORMULA, Sch 4 |

FORMULA GROSS OPERATING & MAINTENANCE EXPENSE
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014

| Line No. | Particulars | | 2013 Base | 2014 Formula | Cross Reference |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | | | | | |
| 2 | | | | | |
| 3 | **Cost Drivers for Formulaic O&M** | | | | |
| 4 | CPI | | | 1.83% | |
| 5 | AWE | | | 2.70% | |
| 6 | Labour Split | | | | |
| 7 | Non Labour | | | 45.00% | |
| 8 | Labour | | | 55.00% | |
| 9 | CPI/AWE | (line 4 * line 7) + (line 5 * line 8) | | 2.31% | |
| 10 | Productivity Factor | | | -0.50% | |
| 11 | Customer Growth | | | 0.57% | |
| 12 | Net Inflation Factor | (1 + line 9 + line 10) * (1 + line 11) | | **102.39%** | |
| 13 | | | | | |
| 14 | **2013 Base O&M** | | $ 230,985 | | |
| 15 | Remove O&M tracked outside of Formula | | | | |
| 16 | Pension/OPEB (O&M portion) | | (25,313) | | |
| 17 | Insurance | | (4,710) | | |
| 18 | RS 16 O&M | | | | |
| 19 | **O&M Subject to Formula** | (prior year * line 12) | 200,963 | 205,762 | |
| 20 | O&M tracked outside of Formula | | | | |
| 21 | Pension/OPEB (O&M portion) | | 25,313 | 24,113 | |
| 22 | Insurance | | 4,710 | 4,990 | |
| 23 | RS 16 O&M | | - | 376 | |
| 24 | | | | | |
| 25 | **Formulaic O&M** | | 230,985 | 235,241 | - Section E-FORMULA, Sch 15 |
| 26 | Cross Reference | | - Table C3-2 in Application | | - Section E-FORMULA, Sch 18 |
| 27 | | | | | |

OPERATION & MAINTENANCE EXPENSES - RESOURCE VIEW
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | M&E Costs | $ 50,708 | $ 59,097 | $ 55,817 | | |
| 2 | COPE Costs | 32,450 | 37,183 | 31,780 | | |
| 3 | COPE Customer Services Costs | 11,825 | 11,144 | 11,644 | | |
| 4 | IBEW Costs | 27,180 | 27,640 | 26,472 | | |
| 5 | | | | | | |
| 6 | **Labour Costs** | **122,164** | **135,064** | **125,713** | | |
| 7 | | | | | | |
| 8 | Vehicle Costs | 3,807 | 3,685 | 3,855 | | |
| 9 | Employee Expenses | 5,898 | 5,716 | 5,671 | | |
| 10 | Materials and Supplies | 7,903 | 7,019 | 6,841 | | |
| 11 | Computer Costs | 14,570 | 14,769 | 15,274 | | |
| 12 | Fees and Administration Costs | 38,611 | 37,905 | 38,449 | | |
| 13 | Contractor Costs | 31,955 | 38,335 | 40,896 | | |
| 14 | Facilities | 15,486 | 14,284 | 13,976 | | |
| 15 | Recoveries & Revenue | (20,689) | (20,774) | (19,055) | | |
| 16 | | | | | | |
| 17 | **Non-Labour Costs** | **97,540** | **100,939** | **105,906** | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | **Total Gross O&M Expenses** | **219,704** | **236,003** | **231,618** | **235,241** | |
| 21 | | | | | | |
| 22 | Less: Capitalized Overhead | (31,779) | (33,040) | (33,040) | (32,934) | |
| 23 | | | | | | |
| 24 | **Total O&M Expenses** | **$ 187,925** | **$ 202,963** | **$ 198,578** | **$ 202,307** | |
| 25 | | | | | | |
| 26 | Cross Reference | | | - Section E-FORMULA, Sch 3 | | |
| 27 | | | | | - Section E-FORMULA, Sch 4 | |

FORTISBC ENERGY INC. | Evidentiary Update - July 16, 2013 | Section E FORMULA Schedule 16

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | BCUC Reference | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Distribution Supervision | 110-11 | $ 10,578 | $ 11,026 | $ 11,194 | | |
| 2 | Distribution Supervision Total | 110-10 | 10,578 | 11,026 | 11,194 | | |
| 3 | | | | | | | |
| 4 | Operation Centre - Distribution | 110-21 | 10,112 | 11,074 | 9,901 | | |
| 5 | Preventative Maintenance - Distribution | 110-22 | 2,644 | 2,990 | 2,844 | | |
| 6 | Operations - Distribution | 110-23 | 5,538 | 5,904 | 6,409 | | |
| 7 | Emergency Management - Distribution | 110-24 | 5,405 | 5,077 | 5,337 | | |
| 8 | Field Training - Distribution | 110-25 | 1,746 | 4,088 | 3,153 | | |
| 9 | Meter Exchange - Distribution | 110-26 | 2,397 | 2,231 | 2,373 | | |
| 10 | Distribution Operations Total | 110-20 | 27,842 | 31,363 | 30,018 | | |
| 11 | | | | | | | |
| 12 | Corrective - Distribution | 110-31 | 5,564 | 4,643 | 5,559 | | |
| 13 | Distribution Maintenance Total | 110-30 | 5,564 | 4,643 | 5,559 | | |
| 14 | | | | | | | |
| 15 | Account Services - Distribution | 110-41 | 1,111 | 1,004 | 1,081 | | |
| 16 | Bad Debt Management - Distribution | 110-42 | 585 | 599 | 443 | | |
| 17 | Distribution Meter to Cash Total | 110-40 | 1,697 | 1,603 | 1,524 | | |
| 18 | | | | | | | |
| 19 | **Distribution Total** | **110** | **45,680** | **48,635** | **48,295** | | |
| 20 | | | | | | | |
| 21 | Transmission Supervision | 120-11 | 535 | 482 | 606 | | |
| 22 | Transmission Supervision Total | 120-10 | 535 | 482 | 606 | | |
| 23 | | | | | | | |
| 24 | Pipeline / Right of Way Operations | 120-21 | 7,287 | 6,096 | 6,163 | | |
| 25 | Compression Operations | 120-22 | 1,827 | 2,112 | 1,813 | | |
| 26 | Measurement Control Operations | 120-23 | 103 | - | - | | |
| 27 | Transmission Operations Total | 120-20 | 9,217 | 8,208 | 7,976 | | |
| 28 | | | | | | | |
| 29 | Pipeline / Right of Way - Maintenance | 120-31 | 1,830 | 2,707 | 3,206 | | |
| 30 | Compression - Maintenance | 120-32 | 554 | 1,147 | 1,216 | | |
| 31 | Measurement Control Operations | 120-33 | 117 | 119 | 201 | | |
| 32 | Transmission Maintenance Total | 120-30 | 2,501 | 3,973 | 4,623 | | |
| 33 | | | | | | | |
| 34 | **Transmission Total** | **120** | **12,253** | **12,663** | **13,205** | | |
| 35 | | | | | | | |
| 36 | LNG Operations | 130-11 | 1,601 | 1,617 | 1,717 | | |
| 37 | LNG Operations Total | 130-10 | 1,601 | 1,617 | 1,717 | | |
| 38 | | | | | | | |
| 39 | LNG Plant Maintenance | 130-21 | 272 | 274 | 292 | | |
| 40 | LNG Plant Maintenance Total | 130-20 | 272 | 274 | 292 | | |
| 41 | | | | | | | |
| 42 | **LNG Plant Total** | **130** | **1,873** | **1,891** | **2,009** | | |
| 43 | | | | | | | |
| 44 | **Operations Total** | **100** | **59,806** | **63,189** | **63,509** | | |
| 45 | | | | | | | |
| 46 | Customer Service Supervision | 210-11 | 482 | 566 | 566 | | |
| 47 | Customer Assistance | 210-12 | 11,513 | 11,493 | 11,480 | | |
| 48 | Customer Billing | 210-13 | 18,586 | 14,494 | 14,494 | | |
| 49 | Meter Reading | 210-14 | 12,178 | 19,696 | 19,696 | | |
| 50 | Credit & Collections | 210-15 | 3,028 | 3,851 | 3,787 | | |
| 51 | Customer Operations | 210-16 | 2,385 | 2,353 | 2,088 | | |
| 52 | Customer Service Total | 210-10 | 48,172 | 52,452 | 52,110 | | |
| 53 | | | | | | | |
| 54 | **Customer Service Total** | **210** | **48,172** | **52,452** | **52,110** | | |
| 55 | | | | | | | |
| 56 | **Customer Service Total** | **200** | **48,172** | **52,452** | **52,110** | | |

FORTISBC ENERGY INC. | Evidentiary Update - July 16, 2013 | Section E FORMULA Schedule 17

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (Continued)
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | BCUC Reference | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Energy Solutions & External Relations Supervisi | 310-11 | 614 | 796 | $ 671 | | |
| 2 | Energy Solutions | 310-12 | 5,134 | 4,991 | 5,117 | | |
| 3 | Energy Efficiency | 310-13 | 117 | 120 | 301 | | |
| 4 | Corporate Communications and External Relatio | 310-14 | 7,212 | 6,155 | 6,988 | | |
| 5 | Forecasting, Market & Business Development | 310-15 | 4,998 | 6,119 | 6,138 | | |
| 6 | Energy Solutions & External Relations Total | 310-10 | 18,075 | 18,181 | 19,215 | | |
| 7 | | | | | | | |
| 8 | **Energy Solutions & External Relations Total** | **310** | **18,075** | **18,181** | **19,215** | | |
| 9 | | | | | | | |
| 10 | **Energy Solutions & External Relations Total** | **300** | **18,075** | **18,181** | **19,215** | | |
| 11 | | | | | | | |
| 12 | Energy Supply & Resource Development | 410-11 | 1,937 | 2,136 | 2,550 | | |
| 13 | Gas Control | 410-12 | 1,551 | 1,602 | 1,451 | | |
| 14 | Energy Supply & Resource Development Tot | 410-10 | 3,488 | 3,738 | 4,000 | | |
| 15 | | | | | | | |
| 16 | **Energy Supply & Resource Development Tot** | **410** | **3,488** | **3,738** | **4,000** | | |
| 17 | | | | | | | |
| 18 | Information Technology Supervision | 420-11 | 4,172 | 4,577 | 4,001 | | |
| 19 | Application Management | 420-12 | 11,251 | 12,083 | 11,980 | | |
| 20 | Infrastructure Management | 420-13 | 8,018 | 8,719 | 8,236 | | |
| 21 | Information Technology Total | 420-10 | 23,442 | 25,379 | 24,217 | | |
| 22 | | | | | | | |
| 23 | **Information Technology Total** | **420** | **23,442** | **25,379** | **24,217** | | |
| 24 | | | | | | | |
| 25 | System Planning | 430-11 | 5,672 | 8,394 | 7,675 | | |
| 26 | Engineering | 430-12 | 6,803 | 7,027 | 6,760 | | |
| 27 | Project Management | 430-13 | 1,125 | 1,535 | 1,021 | | |
| 28 | Engineering Services & Project Management | 430-10 | 13,599 | 16,956 | 15,456 | | |
| 29 | | | | | | | |
| 30 | **Engineering Services & Project Management** | **430** | **13,599** | **16,956** | **15,456** | | |
| 31 | | | | | | | |
| 32 | Supply Chain | 440-11 | 4,420 | 4,884 | 4,450 | | |
| 33 | Measurement | 440-12 | 5,548 | 6,688 | 6,124 | | |
| 34 | Property Services | 440-13 | 1,070 | 1,418 | 1,293 | | |
| 35 | Operations Support Total | 440-10 | 11,038 | 12,990 | 11,867 | | |
| 36 | | | | | | | |
| 37 | **Operations Support Total** | **440** | **11,038** | **12,990** | **11,867** | | |
| 38 | | | | | | | |
| 39 | Facilities Management | 450-11 | 9,563 | 9,259 | 9,249 | | |
| 40 | Facilities Total | 450-10 | 9,563 | 9,259 | 9,249 | | |
| 41 | | | | | | | |
| 42 | **Facilities Total** | **450** | **9,563** | **9,259** | **9,249** | | |
| 43 | | | | | | | |
| 44 | Environment Health & Safety | 460-11 | 2,481 | 2,999 | 2,681 | | |
| 45 | Environment Health & Safety Total | 460-10 | 2,481 | 2,999 | 2,681 | | |
| 46 | | | | | | | |
| 47 | **Environment Health & Safety Total** | **460** | **2,481** | **2,999** | **2,681** | | |
| 48 | | | | | | | |
| 49 | | | | | | | |
| 50 | **Business Services Total** | **400** | **63,611** | **71,321** | **67,470** | | |

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (Continued)
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | BCUC Reference | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Financial & Regulatory Services | 510-11 | 12,149 | 14,184 | 13,279 | | |
| 2 | Financial & Regulatory Services Total | 510-10 | 12,149 | 14,184 | 13,279 | | |
| 3 | | | | | | | |
| 4 | **Financial & Regulatory Services Total** | **510** | **12,149** | **14,184** | **13,279** | | |
| 5 | | | | | | | |
| 6 | Human Resources | 520-11 | 8,610 | 8,511 | 8,458 | | |
| 7 | Human Resources Total | 520-10 | 8,610 | 8,511 | 8,458 | | |
| 8 | | | | | | | |
| 9 | **Human Resources Total** | **520** | **8,610** | **8,511** | **8,458** | | |
| 10 | | | | | | | |
| 11 | Legal | 530-11 | 1,917 | 2,282 | 2,282 | | |
| 12 | Internal Audit | 530-12 | 695 | 755 | 755 | | |
| 13 | Risk Management/Insurance | 530-13 | 4,754 | 4,898 | 4,898 | | |
| 14 | Governance | 530-10 | 7,366 | 7,935 | 7,935 | | |
| 15 | | | | | | | |
| 16 | **Governance Total** | **530** | **7,366** | **7,935** | **7,935** | | |
| 17 | | | | | | | |
| 18 | Administration & General | 540-11 | 226 | (46) | 269 | | |
| 19 | Shared Services Agreement | 540-12 | (5,984) | (5,581) | (6,483) | | |
| 20 | Retiree Benefits | 540-16 | 7,673 | 5,857 | 5,857 | | |
| 21 | Corporate Total | 540-10 | 1,915 | 230 | (357) | | |
| 22 | | | | | | | |
| 23 | **Corporate Total** | **540** | **1,915** | **230** | **(357)** | | |
| 24 | | | | | | | |
| 25 | **Corporate Services Total** | **500** | **30,041** | **30,860** | **29,314** | | |
| 26 | | | | | | | |
| 27 | **Total Gross O&M Expenses** | | **219,704** | **236,003** | **231,618** | **235,241** | |
| 28 | | | | | | | |
| 29 | Less: Capitalized Overhead | | (31,779) | (33,040) | (33,040) | (32,934) | |
| 30 | | | | | | | |
| 31 | **Total O&M Expenses** | | **$ 187,925** | **$ 202,963** | **$ 198,578** | **$ 202,307** | |
| 32 | | | | | | | |
| 33 | Cross Reference | | | | - Section E-FORMULA, Sch 3 | | |
| 34 | | | | | | - Section E-FORMULA, Sch 4 | |

PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED Total Expenses | 2013 PROJECTED 2013 Rates, Total Expenses | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) (Column (5) - Column (3)) | (7) |
| 1 | Property Taxes | | | | | | |
| 2 | | | | | | | |
| 3 | 1% in Lieu of General Municipal Tax | $ 13,283 | $ 13,728 | $ 12,542 | $ 12,542 | $ (1,186) | |
| 4 | | | | | | | |
| 5 | General, School and Other | 34,132 | 37,511 | 35,547 | 35,547 | (1,964) | |
| 6 | | | | | | | |
| 7 | | 47,415 | 51,239 | 48,089 | 48,089 | (3,150) | |
| 8 | | | | | | | |
| 9 | Add / Less: Deferred Property Taxes | 2,241 | - | 3,150 | 3,150 | 3,150 | |
| 10 | | | | | | | |
| 11 | Total | $ 49,656 | $ 51,239 | $ 51,239 | $ 51,239 | $ - | - Section E-FORMULA, Sch 3 |

PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 Total Expenses | 2014 2013 Rates, Total Expenses | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | Property Taxes | | | | | |
| 2 | | | | | | |
| 3 | 1% in Lieu of General Municipal Tax | $ 12,542 | $ 12,032 | $ 12,032 | $ (510) | |
| 4 | | | | | | |
| 5 | General, School and Other | 35,547 | 36,765 | 36,765 | 1,218 | |
| 6 | | | | | | |
| 7 | | 48,089 | 48,797 | 48,797 | 708 | |
| 8 | | | | | | |
| 9 | Add / Less: Deferred Property Taxes | 3,150 | - | - | (3,150) | |
| 10 | | | | | | |
| 11 | Total | $ 51,239 | $ 48,797 | $ 48,797 | $ (2,442) | - Section E-FORMULA, Sch 4 |

DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) (Column (4) - Column (3)) | (6) |
| 1 | **Depreciation & Removal Provision** | | | | | |
| 2 | | | | | | |
| 3 | Depreciation Expense | $ 118,639 | $ 123,842 | $ 123,842 | $ - | - Section E-FORMULA, Sch 41 |
| 4 | | | | | | |
| 5 | Less: Amortization of Contributions in Aid of Construction | (6,558) | (6,499) | (6,499) | - | - Section E-FORMULA, Sch 45 |
| 6 | | 112,081 | 117,343 | 117,343 | - | - Section E-FORMULA, Sch 25 |
| 7 | | | | | | |
| 8 | **Amortization Expense** | | | | | |
| 9 | | | | | | |
| 10 | Amortization of Deferred Charges | $ 11,847 | $ 25,569 | $ 25,569 | $ - | - Section E-FORMULA, Sch 48 |
| 11 | | | | | | |
| 12 | TOTAL | 123,928 | 142,912 | 142,912 | $ - | - Section E-FORMULA, Sch 3 |

DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars (1) | 2013 PROJECTED (2) | 2014 (3) | Change (4) | Cross Reference (5) |
|---|---|---|---|---|---|
| 1 | **Depreciation & Removal Provision** | | | | |
| 2 | | | | | |
| 3 | Depreciation Expense | $ 123,842 | $ 124,688 | $ 846 | - Section E-FORMULA, Sch 44 |
| 4 | | | | | |
| 5 | Less: Amortization of Contributions in Aid of Construction | (6,499) | (6,320) | 179 | - Section E-FORMULA, Sch 46 |
| 6 | | 117,343 | 118,368 | 1,025 | - Section E-FORMULA, Sch 26 |
| 7 | | | | | |
| 8 | **Amortization Expense** | | | | |
| 9 | | | | | |
| 10 | Amortization of Deferred Charges | $ 25,569 | $ 29,970 | $ 4,401 | - Section E-FORMULA, Sch 50 |
| 11 | | | | | |
| 12 | TOTAL | $ 142,912 | 148,338 | $ 5,426 | - Section E-FORMULA, Sch 4 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED Existing Rates | Revised Revenue | Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | | | | | | | (Column (6) - Column (3)) | |
| 1 | CALCULATION OF INCOME TAXES | | | | | | | |
| 2 | EARNED RETURN | $ 221,574 | $ 216,404 | $ 209,481 | $ - | $ 209,481 | $ (6,923) | - Section E-FORMULA, Sch 3 |
| 3 | Deduct - Interest on Debt | (108,979) | (111,220) | (111,254) | - | (111,254) | (34) | - Section E-FORMULA, Sch 59 |
| 4 | Net Additions (Deductions) | (31,957) | (21,038) | (26,648) | - | (26,648) | (5,610) | - Section E-FORMULA, Sch 25 |
| 5 | Accounting Income After Tax | $ 80,638 | $ 84,146 | $ 71,579 | $ - | $ 71,579 | $ (12,567) | |
| 6 | | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | | |
| 10 | Taxable Income | $ 107,518 | $ 112,195 | $ 95,439 | $ - | $ 95,439 | $ (16,756) | |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | Income Tax - Current | $ 26,880 | $ 28,049 | $ 23,859 | $ - | $ 23,859 | $ (4,190) | |
| 14 | Previous Year Adjustment | - | - | | - | | - | |
| 15 | | | | | | | | |
| 16 | **Total Income Tax** | $ 26,880 | $ 28,049 | $ 23,859 | $ - | $ 23,859 | $ (4,190) | - Section E-FORMULA, Sch 3 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 Existing Rates | 2014 Revised Revenue | 2014 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 209,481 | $ 199,222 | $ 4,551 | $ 203,773 | $ (5,708) | - Section E-FORMULA, Sch 4 |
| 3 | Deduct - Interest on Debt | (111,254) | (109,822) | - | (109,822) | 1,432 | - Section E-FORMULA, Sch 60 |
| 4 | Net Additions (Deductions) | (26,648) | 14,366 | - | 14,366 | 41,014 | - Section E-FORMULA, Sch 26 |
| 5 | Accounting Income After Tax | 71,579 | $ 103,766 | $ 4,551 | $ 108,317 | $ 36,738 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | 95,439 | $ 138,355 | $ 6,068 | $ 144,423 | $ 48,984 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 23,859 | $ 34,589 | $ 1,517 | $ 36,106 | $ 12,247 | |
| 14 | Previous Year Adjustment | - | | - | | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 23,859 | $ 34,589 | $ 1,517 | $ 36,106 | $ 12,247 | - Section E-FORMULA, Sch 4 |

ADJUSTMENTS TO TAXABLE INCOME
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) (Column (4) - Column (3)) | (6) |
| 1 | **Addbacks:** | | | | | |
| 2 | Non-tax Deductible Expenses | $ 677 | $ 700 | 700 | $ - | |
| 3 | Depreciation | 112,081 | 117,343 | 117,343 | - | - Section E-FORMULA, Sch 21 |
| 4 | Amortization of Debt Issue Expenses | 537 | 622 | 561 | (61) | |
| 5 | Vehicles: Interest & Capitalized Depreciation | 1,898 | 2,187 | 1,692 | (495) | |
| 6 | Pension Expense | 14,097 | 12,530 | 12,530 | - | |
| 7 | OPEB Expense | 4,765 | 4,902 | 4,902 | - | |
| 8 | Olympic Cauldron (50% NBV) | 1,445 | - | - | - | |
| 9 | Bad Debt Provision | 726 | - | - | - | |
| 10 | | | | | | |
| 11 | **Deductions:** | | | | | |
| 12 | Amortization of Deferred Charges | 11,847 | 25,569 | 25,569 | - | - Section E-FORMULA, Sch 21 |
| 13 | Capital Cost Allowance | (129,279) | (136,232) | (136,232) | - | - Section E-FORMULA, Sch 27 |
| 14 | Cumulative Eligible Capital Allowance | (907) | (857) | (865) | (8) | |
| 15 | Debt Issue Costs | (834) | (411) | (385) | 26 | |
| 16 | Vehicle Lease Payment | (3,432) | (4,613) | (4,183) | 430 | |
| 17 | Pension Contributions | (13,920) | (12,006) | (12,666) | (660) | |
| 18 | OPEB Contributions | (1,667) | (2,367) | (2,407) | (40) | |
| 19 | Overheads Capitalized Expensed for Tax Purposes | (13,620) | (14,160) | (14,160) | - | |
| 20 | Removal Costs | (14,766) | (12,932) | (14,201) | (1,269) | |
| 21 | Discounts on Debt Issue and Other | - | - | - | - | |
| 22 | Major Inspection Costs | (1,606) | (1,342) | (4,943) | (3,601) | |
| 23 | SCP Landscaping Deduction | - | - | - | - | |
| 24 | Biomethane Other Revenue | - | 29 | 97 | 68 | |
| 25 | TOTAL | (31,957) | (21,038) | $ (26,648) | $ (5,610) | - Section E-FORMULA, Sch 23 |

ADJUSTMENTS TO TAXABLE INCOME
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 | Change | Cross Reference |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | **Addbacks:** | | | | |
| 2 | Non-tax Deductible Expenses | $ 700 | 800 | $ 100 | |
| 3 | Depreciation | 117,343 | 118,368 | 1,025 | - Section E-FORMULA, Sch 22 |
| 4 | Amortization of Debt Issue Expenses | 561 | 734 | 173 | |
| 5 | Vehicles: Interest & Capitalized Depreciation | 1,692 | 1,372 | (320) | |
| 6 | Pension Expense | 12,530 | 20,004 | 7,474 | |
| 7 | OPEB Expense | 4,902 | 8,662 | 3,760 | |
| 8 | Olympic Cauldron (50% NBV) | - | - | - | |
| 9 | Bad Debt Provision | - | - | - | |
| 10 | | | | | |
| 11 | **Deductions:** | | | | |
| 12 | Amortization of Deferred Charges | 25,569 | 29,970 | 4,401 | - Section E-FORMULA, Sch 22 |
| 13 | Capital Cost Allowance | (136,232) | (114,526) | 21,706 | - Section E-FORMULA, Sch 28 |
| 14 | Cumulative Eligible Capital Allowance | (865) | (804) | 61 | |
| 15 | Debt Issue Costs | (385) | (202) | 183 | |
| 16 | Vehicle Lease Payment | (4,183) | (3,006) | 1,177 | |
| 17 | Pension Contributions | (12,666) | (16,114) | (3,448) | |
| 18 | OPEB Contributions | (2,407) | (2,631) | (224) | |
| 19 | Overheads Capitalized Expensed for Tax Purposes | (14,160) | (14,114) | 46 | |
| 20 | Removal Costs | (14,201) | (12,486) | 1,715 | |
| 21 | Discounts on Debt Issue and Other | - | - | - | |
| 22 | Major Inspection Costs | (4,943) | (1,731) | 3,212 | |
| 23 | SCP Landscaping Deduction | - | - | - | |
| 24 | Biomethane Other Revenue | 97 | 70 | (27) | |
| 25 | TOTAL | $ (26,648) | $ 14,366 | $ 41,014 | - Section E-FORMULA, Sch 24 |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Section E
FORMULA
Schedule 27

CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Class | CCA Rate | 12/31/2012 UCC Balance | Adjustments | 2013 Net Additions | 2013 CCA | 12/31/2013 UCC Balance |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | 1 | 4% | $ 1,044,769 | $ - | $ - | $ (41,791) | $ 1,002,978 |
| 2 | 1(b) | 6% | 27,756 | - | 5,971 | (1,844) | 31,883 |
| 3 | 2 | 6% | 136,353 | - | - | (8,181) | 128,172 |
| 4 | 3 | 5% | 2,423 | - | - | (121) | 2,302 |
| 5 | 6 | 10% | 150 | - | - | (15) | 135 |
| 6 | 7 | 15% | 5,442 | - | 2,075 | (972) | 6,545 |
| 7 | 8 | 20% | 23,402 | (1,412) | 5,966 | (4,995) | 22,961 |
| 8 | 10 | 30% | 1,680 | - | - | (504) | 1,176 |
| 9 | 12 | 100% | 26,830 | - | 12,960 | (33,310) | 6,480 |
| 10 | 13 | manual | 3,517 | - | 163 | (687) | 2,993 |
| 11 | 14 | manual | - | - | - | - | - |
| 12 | 17 | 8% | 174 | - | - | (14) | 160 |
| 13 | 38 | 30% | 511 | - | - | (153) | 358 |
| 14 | 39 | 25% | - | - | - | - | - |
| 15 | 45 | 45% | 202 | - | - | (91) | 111 |
| 16 | 47 | 8% | 5,496 | - | 1,842 | (513) | 6,825 |
| 17 | 49 | 8% | 77,300 | - | 15,658 | (6,810) | 86,148 |
| 18 | 50 | 55% | 7,461 | - | 8,640 | (6,479) | 9,622 |
| 19 | 51 | 6% | 336,347 | - | 93,527 | (22,987) | 406,887 |
| 20 | 43.2 | 50% | - | - | 4,500 | (1,125) | 3,375 |
| 21 | | Total | $ 1,699,813 | $ (1,412) | $ 151,302 | $ (130,592) | $ 1,719,111 |
| 22 | | | | | | | |
| 23 | Add: Depreciation variance adjustment | | | | | (5,640) | |
| 24 | Approved CCA | | | | | (136,232) | |
| 25 | | | | | | | |
| 26 | Cross Reference | | | | | - Section E-FORMULA, Sch 25 | |

CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Class | CCA Rate | 12/31/2013 UCC Balance | Adjustments | 2014 Net Additions | 2014 CCA | 12/31/2014 UCC Balance |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | 1 | 4% | $ 1,002,978 | $ - | $ 273 | $ (40,125) | $ 963,126 |
| 2 | 1(b) | 6% | 31,883 | - | 6,477 | (2,107) | 36,253 |
| 3 | 2 | 6% | 128,172 | - | - | (7,690) | 120,482 |
| 4 | 3 | 5% | 2,302 | - | - | (115) | 2,187 |
| 5 | 6 | 10% | 135 | - | - | (14) | 121 |
| 6 | 7 | 15% | 6,545 | - | 2,274 | (1,152) | 7,667 |
| 7 | 8 | 20% | 22,961 | - | 6,505 | (5,243) | 24,223 |
| 8 | 10 | 30% | 1,176 | - | 2,441 | (719) | 2,898 |
| 9 | 12 | 100% | 6,480 | - | 11,873 | (12,417) | 5,936 |
| 10 | 13 | manual | 2,993 | - | 178 | (303) | 2,868 |
| 11 | 14 | manual | - | - | - | - | - |
| 12 | 17 | 8% | 160 | - | - | (13) | 147 |
| 13 | 38 | 30% | 358 | - | - | (107) | 251 |
| 14 | 39 | 25% | - | - | - | - | - |
| 15 | 45 | 45% | 111 | - | - | (50) | 61 |
| 16 | 47 | 8% | 6,825 | - | 2,018 | (627) | 8,216 |
| 17 | 49 | 8% | 86,148 | - | 5,989 | (7,131) | 85,006 |
| 18 | 50 | 55% | 9,622 | - | 8,576 | (7,650) | 10,548 |
| 19 | 51 | 6% | 406,887 | - | 98,735 | (27,375) | 478,247 |
| 20 | 43.2 | 50% | 3,375 | - | - | (1,688) | 1,687 |
| 21 | | Total | $ 1,719,111 | $ - | $ 145,339 | $ (114,526) | $ 1,749,924 |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | Cross Reference | | | | | - Section E-FORMULA, Sch 26 | |

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED Existing 2013 Rates | Adjustments | 2013 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) (Column (6) - Column (3)) | (8) |
| 1 | Gas Plant in Service, Beginning | $ 3,545,030 | $ 3,774,425 | $ 3,726,853 | $ - | $ 3,726,853 | $ (47,572) | - Section E-FORMULA, Sch 35 |
| 2 | Opening Balance Adjustment | (3,890) | - | (3,818) | - | (3,818) | (3,818) | |
| 3 | Gas Plant in Service, Ending | 3,726,853 | 3,905,299 | 3,872,208 | - | 3,872,208 | (33,091) | - Section E-FORMULA, Sch 35 |
| 4 | | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (922,011) | $ (1,012,343) | $ (1,011,179) | $ - | $ (1,011,179) | $ 1,164 | - Section E-FORMULA, Sch 41 |
| 6 | Opening Balance Adjustment | 4,463 | - | 518 | - | 518 | 518 | |
| 7 | Accumulated Depreciation Ending - Plant | (1,011,179) | (1,104,066) | (1,105,422) | - | (1,105,422) | (1,356) | - Section E-FORMULA, Sch 41 |
| 8 | | | | | | | | |
| 9 | CIAC, Beginning | $ (180,038) | $ (191,772) | $ (185,545) | $ - | $ (185,545) | $ 6,227 | - Section E-FORMULA, Sch 45 |
| 10 | Opening Balance Adjustment | - | - | - | - | - | - | |
| 11 | CIAC, Ending | (185,545) | (198,468) | (194,421) | - | (194,421) | 4,047 | - Section E-FORMULA, Sch 45 |
| 12 | | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 49,620 | $ 51,072 | $ 51,143 | $ - | $ 51,143 | $ 71 | - Section E-FORMULA, Sch 45 |
| 14 | Opening Balance Adjustment | (5) | - | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 51,143 | 57,367 | 57,362 | - | 57,362 | (5) | - Section E-FORMULA, Sch 45 |
| 16 | | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,537,220 | $ 2,640,757 | $ 2,603,850 | $ - | $ 2,603,850 | $ (36,907) | |
| 18 | | | | | | | | |
| 19 | Adjustment to 13-Month Average | 30,786 | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 20,803 | 26,120 | - | 26,120 | 5,317 | |
| 21 | Unamortized Deferred Charges | 497 | 8,249 | (7,981) | - | (7,981) | (16,230) | - Section E-FORMULA, Sch 48 |
| 22 | Cash Working Capital | (1,899) | (2,293) | (1,888) | - | (1,888) | 405 | - Section E-FORMULA, Sch 53 |
| 23 | Other Working Capital | 101,416 | 101,622 | 83,121 | - | 83,121 | (18,501) | - Section E-FORMULA, Sch 53 |
| 24 | Deferred Income Taxes Regulatory Asset | 281,929 | 282,359 | 284,958 | - | 284,958 | 2,599 | - Section E-FORMULA, Sch 58 |
| 25 | Deferred Income Taxes Regulatory Liability | (281,929) | (282,359) | (284,958) | - | (284,958) | (2,599) | - Section E-FORMULA, Sch 58 |
| 26 | LILO Benefit | (1,316) | (1,150) | (1,150) | - | (1,150) | - | |
| 27 | **Utility Rate Base** | $ 2,692,824 | $ 2,767,988 | $ 2,702,072 | $ - | $ 2,702,072 | $ (65,916) | - Section E-FORMULA, Sch 59 |
| 28 | | | | | | | | - Section E-FORMULA, Sch 3 |

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 FORECAST Existing 2013 Rates | Adjustments | 2013 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 3,726,853 | $ 3,872,208 | $ - | $ 3,872,208 | $ 145,355 | - Section E-FORMULA, Sch 38 |
| 2 | Opening Balance Adjustment | (3,818) | - | - | - | 3,818 | |
| 3 | Gas Plant in Service, Ending | 3,872,208 | 4,010,335 | - | 4,010,335 | 138,127 | - Section E-FORMULA, Sch 38 |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,011,179) | $ (1,105,422) | $ - | $ (1,105,422) | $ (94,243) | - Section E-FORMULA, Sch 44 |
| 6 | Opening Balance Adjustment | 518 | - | - | - | (518) | |
| 7 | Accumulated Depreciation Ending - Plant | (1,105,422) | (1,206,410) | - | (1,206,410) | (100,988) | - Section E-FORMULA, Sch 44 |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (185,545) | $ (194,421) | $ - | $ (194,421) | $ (8,876) | - Section E-FORMULA, Sch 46 |
| 10 | Opening Balance Adjustment | - | - | - | - | - | |
| 11 | CIAC, Ending | (194,421) | (196,276) | - | (196,276) | (1,855) | - Section E-FORMULA, Sch 46 |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 51,143 | $ 57,362 | $ - | $ 57,362 | $ 6,219 | - Section E-FORMULA, Sch 46 |
| 14 | Opening Balance Adjustment | - | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 57,362 | 59,914 | - | 59,914 | 2,552 | - Section E-FORMULA, Sch 46 |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,603,850 | $ 2,648,645 | $ - | $ 2,648,645 | $ 44,796 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | (7,981) | 36,676 | - | 36,676 | 44,657 | - Section E-FORMULA, Sch 50 |
| 22 | Cash Working Capital | (1,888) | (618) | 15 | (603) | 1,285 | - Section E-FORMULA, Sch 54 |
| 23 | Other Working Capital | 83,121 | 79,039 | - | 79,039 | (4,082) | - Section E-FORMULA, Sch 54 |
| 24 | Deferred Income Taxes Regulatory Asset | 284,958 | 288,453 | - | 288,453 | 3,495 | - Section E-FORMULA, Sch 58 |
| 25 | Deferred Income Taxes Regulatory Liability | (284,958) | (288,453) | - | (288,453) | (3,495) | - Section E-FORMULA, Sch 58 |
| 26 | LILO Benefit | (1,150) | (983) | - | (983) | 167 | |
| 27 | **Utility Rate Base** | $ 2,702,072 | $ 2,788,879 | $ 15 | $ 2,788,894 | $ 86,822 | - Section E-FORMULA, Sch 60 |
| 28 | | | | | | | - Section E-FORMULA, Sch 4 |

FORMULA CAPITAL EXPENDITURES
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014

| Line No. | Particulars | | 2013 Base | 2014 Formula | Cross Reference |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | | | | | |
| 2 | | | | | |
| 3 | **Cost Drivers for Formulaic Capital** | | | | |
| 4 | CPI | | | 1.83% | |
| 5 | AWE | | | 2.70% | |
| 6 | Labour Split | | | | |
| 7 | Non Labour | | | 45.00% | |
| 8 | Labour | | | 55.00% | |
| 9 | CPI/AWE | (line 4 * line 7) + (line 5 * line 8) | | 2.31% | |
| 10 | Productivity Factor | | | -0.50% | |
| 11 | Net Inflation Factor | | | **1.81%** | |
| 12 | | | | | |
| 13 | Forecast Service Line Additions | | 7,989 | 8,051 | |
| 14 | Average Growth Capital per Service Line Addition | (prior year * line 11) | $ 2,738.92 | $ 2,788.50 | |
| 15 | | | | | |
| 16 | Forecast Customer Growth | | | 0.57% | |
| 17 | | | | | |
| 18 | **2013 Base Capital Expenditures** | | | | |
| 19 | Growth Capital | (Line 13 * Line 14) | 21,881 | 22,450 | |
| 20 | Sustainment Capital | (prior year * (1 + Line 11) * (1 + Line 16) | 70,902 | 72,595 | |
| 21 | Other Capital | (prior year * (1 + Line 11) * (1 + Line 16) | 31,173 | 31,918 | |
| 22 | **Capital Subject to Formula** | | 123,956 | 126,963 | |
| 23 | **Add: Capital Tracked Outside of the Formula** | | | | |
| 24 | Insurance & OPEB | | 2,241 | 2,068 | |
| 25 | **Formulaic Capital** | | 126,197 | 129,030 | - Section E-FORMULA, Sch 38 - |
| 26 | Cross Reference | | - Table C4-2 in Application | | - Section E-FORMULA, Sch 46 |
| 27 | | | | | |

FORTISBC ENERGY INC. | Evidentiary Update - July 16, 2013 | Section E FORMULA Schedule 32

CAPITAL EXPENDITURES AND PLANT ADDITIONS
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | 2013 Projected | 2014 Forecast | Cross Reference |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| 1 | **CAPITAL EXPENDITURES** | | | |
| 2 | | | | |
| 3 | Regular Capital Expenditures | | | |
| 4 | | | | |
| 5 | Regular Capital Expenditures | $ 129,644 | $ 134,654 | |
| 6 | Gateway Project | 3,012 | - | |
| 7 | Biomethane Upgraders | 2,100 | - | |
| 8 | Total Regular Capital Expenditures | $ 134,756 | $ 134,654 | |
| 9 | | | | |
| 10 | TOTAL CAPITAL EXPENDITURES | $ 134,756 | $ 134,654 | |
| 11 | | | | |
| 12 | | | | |
| 13 | **RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT ADDITIONS** | | | |
| 14 | | | | |
| 15 | Regular Capital | | | |
| 16 | Regular Capital Expenditures | $ 134,756 | $ 134,654 | |
| 17 | Add - Opening WIP | 43,661 | 31,463 | |
| 18 | Less - Adjustments | - | - | |
| 19 | Less - Closing WIP | (31,463) | (31,463) | |
| 20 | Capital Spares Inventory | - | - | |
| 21 | Capital Vehicle Lease | 2,400 | - | |
| 22 | Add - AFUDC | 1,904 | 1,640 | |
| 23 | Add - Overhead Capitalized | 33,040 | 32,934 | |
| 24 | | | | |
| 25 | TOTAL REGULAR CAPITAL ADDITIONS TO GAS PLANT IN SERVICE | $ 184,299 | $ 169,228 | |
| 26 | | | | |
| 27 | Special Projects - CPCN's | | | |
| 28 | CPCN Expenditures | $ - | $ - | |
| 29 | Add - Opening WIP | (158) | - | |
| 30 | Less - Closing WIP | - | - | |
| 31 | Add: Projects transferred from Deferral Accounts | 158 | - | |
| 32 | Less: Projects settling to Deferral Accounts | - | - | |
| 33 | Less: Adjustments | - | - | |
| 34 | Less: Removal Costs | - | - | |
| 34 | Add - AFUDC | - | - | |
| 35 | | | | |
| 36 | TOTAL CPCN ADDITIONS | $ - | $ - | |
| 37 | | | | |
| 38 | TOTAL PLANT ADDITIONS | $ 184,299 | $ 169,228 | |
| 39 | | | | |
| 40 | Cross Reference | - Section E-FORMULA, Sch 35 | | |
| 41 | | | - Section E-FORMULA, Sch 38 | |

Evidentiary Update July 16, 2013

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 31/12/2012 | CPCN'S | 2013 Additions | 2013 AFUDC | 2013 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2013 | Mid-year GPIS for Depreciation |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **INTANGIBLE PLANT** | | | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | - | - | - | - | - | - | 109 | 109 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | - | - | - | - | - | - | 777 | 777 |
| 5 | 178-00 Organization Expense | 728 | - | - | - | - | - | - | 728 | 728 |
| 6 | 179-01 Other Deferred Charges | - | - | - | - | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | - | - | - | - | - | - | 99 | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | - | - | - | - | - | - | 62 | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | - | - | - | - | - | - | 688 | 688 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | - | - | - | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,529 | - | 393 | - | - | - | - | 44,922 | 44,726 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | - | - | - | - | - | - | 16 | 16 |
| 13 | 461-13 IP Land Rights Whistler | - | - | - | - | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | - | - | - | - | - | - | 1,209 | 1,209 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | - | - | - | - | - | - | 1 | 1 |
| 16 | 402-01 Application Software - 12.5% | 85,471 | - | 6,480 | 168 | - | (6,015) | - | 86,104 | 85,788 |
| 17 | 402-02 Application Software - 20% | 18,723 | - | 6,480 | 97 | - | (2,997) | - | 22,303 | 20,513 |
| 18 | TOTAL INTANGIBLE | 152,412 | - | 13,353 | 265 | - | (9,012) | - | 157,018 | 154,715 |
| 19 | | | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | - | - | - | - | - | - | 31 | 31 |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | - | - | - | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | - | - | - | - | - | - | 965 | 965 |
| 24 | 433-00 Manufact'd Gas - Equipment | 448 | - | 210 | - | 73 | - | - | 731 | 590 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | - | - | - | - | - | - | 2,852 | 2,852 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | - | - | - | - | - | - | 355 | 355 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipme | 735 | - | - | - | - | - | - | 735 | 735 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes | - | - | - | - | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | - | - | - | - | - | - | 15,164 | 15,164 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | - | - | - | - | - | - | 4,960 | 4,960 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | - | - | - | - | - | - | 16,499 | 16,499 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 25,014 | - | 1,550 | 48 | 537 | - | - | 27,149 | 26,082 |
| 36 | TOTAL MANUFACTURED | 67,023 | - | 1,760 | 48 | 610 | - | - | 69,441 | 68,232 |

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 31/12/2012 | CPCN'S | 2013 Additions | 2013 AFUDC | 2013 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2013 | Mid-year GPIS for Depreciation |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **TRANSMISSION PLANT** | | | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,402 | $ 7,402 |
| 3 | 461-00 Transmission Land Rights | - | - | - | - | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | - | - | - | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | - | - | - | - | - | - | 16,299 | 16,299 |
| 6 | 463-00 Measuring Structures | 5,511 | - | - | - | - | (21) | - | 5,490 | 5,501 |
| 7 | 464-00 Other Structures & Improvements | 6,023 | - | 50 | - | 17 | (29) | - | 6,061 | 6,042 |
| 8 | 465-00 Mains | 799,512 | - | 19,406 | 811 | 6,725 | (374) | - | 826,080 | 812,796 |
| 9 | 465-00 Mains - INSPECTION | 5,803 | - | 4,943 | - | 1,713 | (1,268) | - | 11,191 | 8,497 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | - | - | - | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | - | - | - | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | - | - | - | - | - | - | 974 | 974 |
| 13 | 466-00 Compressor Equipment | 111,811 | - | 1,746 | 83 | 605 | (340) | - | 113,905 | 112,858 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | - | - | - | - | - | - | 2,285 | 2,285 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | - | - | - | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,249 | - | - | - | - | (131) | - | 30,118 | 30,184 |
| 17 | 467-10 Telemetering | 9,293 | - | 220 | 10 | 76 | (22) | - | 9,577 | 9,435 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | - | - | - | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | - | - | - | - | - | - | 39 | 39 |
| 20 | 468-00 Communication Structures & Equipment | 346 | - | - | - | - | - | - | 346 | 346 |
| 21 | TOTAL TRANSMISSION | 995,547 | - | 26,365 | 904 | 9,136 | (2,185) | - | 1,029,767 | 1,012,657 |
| 22 | | | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | - | - | - | - | - | - | 3,395 | 3,395 |
| 25 | 471-00 Distribution Land Rights | - | - | - | - | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,219 | - | - | - | - | (21) | - | 18,198 | 18,209 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | - | - | - | - | - | - | 107 | 107 |
| 28 | 473-00 Services | 758,346 | - | 23,241 | - | 8,054 | (3,185) | - | 786,456 | 772,401 |
| 29 | 474-00 House Regulators & Meter Installations | 174,943 | - | - | - | - | (284) | - | 174,659 | 174,801 |
| 30 | 477-00 Meters/Regulators Installations | 18,871 | - | 14,370 | - | 4,979 | - | - | 38,220 | 28,546 |
| 31 | 475-00 Mains | 947,273 | - | 22,462 | 173 | 7,784 | (1,049) | - | 976,643 | 961,958 |
| 32 | 476-00 Compressor Equipment | 1,450 | - | - | - | - | - | (623) | 827 | 827 |
| 33 | 477-00 Measuring & Regulating Equipment | 88,594 | - | 5,845 | 278 | 2,026 | (598) | - | 96,145 | 92,370 |
| 34 | 477-00 Telemetering | 7,102 | - | 644 | 5 | 223 | (6) | - | 7,968 | 7,535 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | - | - | - | - | - | - | 163 | 163 |
| 36 | 478-10 Meters | 207,016 | - | 13,250 | - | - | (6,353) | - | 213,913 | 210,465 |
| 37 | 478-20 Instruments | 11,889 | - | - | - | - | - | - | 11,889 | 11,889 |
| 38 | 479-00 Other Distribution Equipment | - | - | - | - | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,237,368 | - | 79,812 | 456 | 23,066 | (11,496) | (623) | 2,328,583 | 2,282,664 |
| 40 | | | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | - | - | - | - | - | - | 137 | 137 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | - | - | - | - | - | - | 80 | 80 |
| 44 | 475-20 Bio Gas Mains – Private Land | 41 | - | 220 | - | 76 | - | - | 337 | 189 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | - | - | - | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | - | - | 4,500 | - | - | - | - | 4,500 | 2,250 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 280 | - | 440 | - | 152 | - | - | 872 | 576 |
| 48 | 478-30 Bio Gas Meters | 7 | - | 440 | - | - | - | - | 447 | 227 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | - | - | - | - | - | - | 22 | 22 |
| 50 | TOTAL BIO-GAS | 567 | - | 5,600 | - | 228 | - | - | 6,395 | 3,481 |

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 31/12/2012 | CPCN'S | 2013 Additions | 2013 AFUDC | 2013 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2013 | Mid-year GPIS for Depreciation |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **Natural Gas for Transportation** | | | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ 2,554 | $ - | $ - | $ - | $ - | $ - | $ (2,554) | $ - | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | 47 | - | - | - | - | - | (47) | - | - |
| 4 | 476-30 NG Transportation CNG Foundations | 471 | - | - | - | - | - | (471) | - | - |
| 5 | 476-40 NG Transportation LNG Foundations | 4 | - | - | - | - | - | (4) | - | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | - | - | - | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | 119 | - | - | - | - | - | (119) | - | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | - | - | - | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | 3,195 | - | - | - | - | - | (3,195) | - | - |
| 10 | | | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,329 | - | 321 | - | - | - | - | 22,650 | 22,490 |
| 13 | 481-00 Land Rights | - | - | - | - | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | - | - | - | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | - | - | - | - | - | - | 10,770 | 10,770 |
| 16 | - Masonry Buildings | 92,527 | - | 4,974 | - | - | - | - | 97,501 | 95,014 |
| 17 | - Leasehold Improvement | 3,822 | - | 163 | - | - | (151) | - | 3,834 | 3,828 |
| 18 | Office Equipment & Furniture | - | - | - | - | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,479 | - | 478 | - | - | (303) | - | 3,654 | 3,567 |
| 20 | 483-40 GP Furniture | 21,395 | - | 1,613 | - | - | (1,954) | - | 21,054 | 21,225 |
| 21 | 483-10 GP Computer Hardware | 29,627 | - | 8,640 | 231 | - | (6,489) | - | 32,009 | 30,818 |
| 22 | 483-20 GP Computer Software | 3,405 | - | - | - | - | (192) | - | 3,213 | 3,309 |
| 23 | 483-21 GP Computer Software | - | - | - | - | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | - | - | - | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | - | - | - | - | - | - | 2,208 | 2,208 |
| 26 | 484-00 Vehicles - Leased | 28,385 | - | 2,400 | - | - | (1,440) | - | 29,345 | 28,865 |
| 27 | 485-10 Heavy Work Equipment | 664 | - | - | - | - | - | - | 664 | 664 |
| 28 | 485-20 Heavy Mobile Equipment | 838 | - | - | - | - | - | - | 838 | 838 |
| 29 | 486-00 Small Tools & Equipment | 38,733 | - | 2,855 | - | - | (963) | - | 40,625 | 39,679 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | - | - | - | - | - | - | 24 | 24 |
| 31 | - VRA Compressor Installation Costs | - | - | - | - | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | - | - | - | - | - | - | - | - |
| 33 | - Telephone | 7,679 | - | - | - | - | (906) | - | 6,773 | 7,226 |
| 34 | - Radio | 4,856 | - | 1,020 | - | - | (34) | - | 5,842 | 5,349 |
| 35 | 489-00 Other General Equipment | - | - | - | - | - | - | - | - | - |
| 36 | TOTAL GENERAL | 270,741 | - | 22,464 | 231 | - | (12,432) | - | 281,004 | 275,873 |
| 37 | | | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | | | |
| 39 | 499-00 Plant Suspense | - | - | - | - | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | - | - | - | - | - | - | - | - |
| 41 | | | | | | | | | | |
| 42 | TOTAL CAPITAL | $ 3,726,853 | $ - | $ 149,354 | $ 1,904 | $ 33,040 | $ (35,125) | $ (3,818) | $ 3,872,208 | $ 3,797,622 |
| 43 | | | | | | | | | | |
| 44 | Cross Reference | - Section E-FORMULA, Sch 2 | | - Section E-FORMULA, Sch 32 | | | | | - Section E-FORMULA, Sch 29 | |
| 45 | | | - Section E-FORMULA, Sch 32 | | | - Section E-FORMULA, Sch 32 | | | | |

Evidentiary Update July 16, 2013

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | CPCN'S | 2014 Additions | 2014 AFUDC | 2014 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2014 | Mid-year GPIS |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **INTANGIBLE PLANT** | | | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | - | - | - | - | - | - | 109 | 109 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | - | - | - | - | - | - | 777 | 777 |
| 5 | 178-00 Organization Expense | 728 | - | - | - | - | - | - | 728 | 728 |
| 6 | 179-01 Other Deferred Charges | - | - | - | - | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | - | - | - | - | - | - | 99 | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | - | - | - | - | - | - | 62 | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | - | - | - | - | - | - | 688 | 688 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | - | - | - | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,922 | - | 429 | - | - | - | - | 45,351 | 45,137 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | - | - | - | - | - | - | 16 | 16 |
| 13 | 461-13 IP Land Rights Whistler | - | - | - | - | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | - | - | - | - | - | - | 1,209 | 1,209 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | - | - | - | - | - | - | 1 | 1 |
| 16 | 402-01 Application Software - 12.5% | 86,104 | - | 6,307 | 184 | - | (3,738) | - | 88,857 | 87,481 |
| 17 | 402-02 Application Software - 20% | 22,303 | - | 5,566 | 111 | - | (2,317) | - | 25,663 | 23,983 |
| 18 | TOTAL INTANGIBLE | 157,018 | - | 12,302 | 295 | - | (6,055) | - | 163,560 | 160,289 |
| 19 | | | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | - | - | - | - | - | - | 31 | 31 |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | - | - | - | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | - | - | - | - | - | - | 965 | 965 |
| 24 | 433-00 Manufact'd Gas - Equipment | 731 | - | 229 | - | 88 | - | - | 1,048 | 890 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | - | - | - | - | - | - | 2,852 | 2,852 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | - | - | - | - | - | - | 355 | 355 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipme | 735 | - | - | - | - | - | - | 735 | 735 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes | - | - | - | - | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | - | - | - | - | - | - | 15,164 | 15,164 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | - | - | - | - | - | - | 4,960 | 4,960 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | - | - | - | - | - | - | 16,499 | 16,499 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 27,149 | - | 1,690 | 65 | 647 | - | - | 29,551 | 28,350 |
| 36 | TOTAL MANUFACTURED | 69,441 | - | 1,919 | 65 | 735 | - | - | 72,160 | 70,801 |

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | CPCN'S | 2014 Additions | 2014 AFUDC | 2014 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2014 | Mid-year GPIS |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **TRANSMISSION PLANT** | | | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,402 | $ 7,402 |
| 3 | 461-00 Transmission Land Rights | - | - | - | - | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | - | - | - | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | - | - | - | - | - | - | 16,299 | 16,299 |
| 6 | 463-00 Measuring Structures | 5,490 | - | - | - | - | (21) | - | 5,469 | 5,480 |
| 7 | 464-00 Other Structures & Improvements | 6,061 | - | - | - | - | - | - | 6,061 | 6,061 |
| 8 | 465-00 Mains | 826,080 | - | 10,002 | 411 | 3,830 | (374) | - | 839,949 | 833,015 |
| 9 | 465-00 Mains - INSPECTION | 11,191 | - | 1,731 | - | 663 | (368) | - | 13,217 | 12,204 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | - | - | - | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | - | - | - | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | - | - | - | - | - | - | 974 | 974 |
| 13 | 466-00 Compressor Equipment | 113,905 | - | 1,904 | 87 | 729 | (371) | - | 116,254 | 115,080 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | - | - | - | - | - | - | 2,285 | 2,285 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | - | - | - | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,118 | - | - | - | - | (131) | - | 29,987 | 30,053 |
| 17 | 467-10 Telemetering | 9,577 | - | 240 | 10 | 92 | (24) | - | 9,895 | 9,736 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | - | - | - | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | - | - | - | - | - | - | 39 | 39 |
| 20 | 468-00 Communication Structures & Equipment | 346 | - | - | - | - | - | - | 346 | 346 |
| 21 | TOTAL TRANSMISSION | 1,029,767 | - | 13,877 | 508 | 5,314 | (1,289) | - | 1,048,177 | 1,038,972 |
| 22 | | | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | - | - | - | - | - | - | 3,395 | 3,395 |
| 25 | 471-00 Distribution Land Rights | - | - | - | - | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,198 | - | - | - | - | (21) | - | 18,177 | 18,188 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | - | - | - | - | - | - | 107 | 107 |
| 28 | 473-00 Services | 786,456 | - | 25,309 | - | 9,686 | (3,185) | - | 818,266 | 802,361 |
| 29 | 474-00 House Regulators & Meter Installations | 174,659 | - | - | - | - | (6) | - | 174,653 | 174,656 |
| 30 | 477-00 Meters/Regulators Installations | 38,220 | - | 18,442 | 129 | 7,058 | - | - | 63,849 | 51,035 |
| 31 | 475-00 Mains | 976,643 | - | 18,818 | 102 | 7,196 | (1,049) | - | 1,001,710 | 989,177 |
| 32 | 476-00 Compressor Equipment | 827 | - | - | - | - | - | - | 827 | 827 |
| 33 | 477-00 Measuring & Regulating Equipment | 96,145 | - | 6,271 | 303 | 2,400 | (598) | - | 104,521 | 100,333 |
| 34 | 477-00 Telemetering | 7,968 | - | 702 | 6 | 269 | (6) | - | 8,939 | 8,454 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | - | - | - | - | - | - | 163 | 163 |
| 36 | 478-10 Meters | 213,913 | - | 12,340 | - | - | (6,672) | - | 219,581 | 216,747 |
| 37 | 478-20 Instruments | 11,889 | - | - | - | - | - | - | 11,889 | 11,889 |
| 38 | 479-00 Other Distribution Equipment | - | - | - | - | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,328,583 | - | 81,882 | 540 | 26,609 | (11,537) | - | 2,426,077 | 2,377,330 |
| 40 | | | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | - | - | - | - | - | - | 137 | 137 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | - | - | - | - | - | - | 80 | 80 |
| 44 | 475-20 Bio Gas Mains – Private Land | 337 | - | 240 | - | 92 | - | - | 669 | 503 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | - | - | - | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | 4,500 | - | - | - | - | - | - | 4,500 | 4,500 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 872 | - | 480 | - | 184 | - | - | 1,536 | 1,204 |
| 48 | 478-30 Bio Gas Meters | 447 | - | 480 | - | - | - | - | 927 | 687 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | - | - | - | - | - | - | 22 | 22 |
| 50 | TOTAL BIO-GAS | 6,395 | - | 1,200 | - | 276 | - | - | 7,871 | 7,133 |

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | CPCN'S | 2014 Additions | 2014 AFUDC | 2014 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2014 | Mid-year GPIS |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **Natural Gas for Transportation** | | | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | - | - | - | - | - | - | - | - | - |
| 4 | 476-30 NG Transportation CNG Foundations | - | - | - | - | - | - | - | - | - |
| 5 | 476-40 NG Transportation LNG Foundations | - | - | - | - | - | - | - | - | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | - | - | - | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | - | - | - | - | - | - | - | - | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | - | - | - | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | - | - | - | - | - | - | - | - | - |
| 10 | | | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,650 | - | 350 | - | - | - | - | 23,000 | 22,825 |
| 13 | 481-00 Land Rights | - | - | - | - | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | - | - | - | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | - | - | - | - | - | - | 10,770 | 10,770 |
| 16 | - Masonry Buildings | 97,501 | - | 5,424 | - | - | - | - | 102,925 | 100,213 |
| 17 | - Leasehold Improvement | 3,834 | - | 178 | - | - | (40) | - | 3,972 | 3,903 |
| 18 | Office Equipment & Furniture | - | - | - | - | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,654 | - | 521 | - | - | (92) | - | 4,083 | 3,869 |
| 20 | 483-40 GP Furniture | 21,054 | - | 1,759 | - | - | (3,123) | - | 19,690 | 20,372 |
| 21 | 483-10 GP Computer Hardware | 32,009 | - | 8,576 | 232 | - | (3,708) | - | 37,109 | 34,559 |
| 22 | 483-20 GP Computer Software | 3,213 | - | - | - | - | (44) | - | 3,169 | 3,191 |
| 23 | 483-21 GP Computer Software | - | - | - | - | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | - | - | - | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | - | 2,441 | - | - | - | - | 4,649 | 3,429 |
| 26 | 484-00 Vehicles - Leased | 29,345 | - | - | - | - | (1,536) | - | 27,809 | 28,577 |
| 27 | 485-10 Heavy Work Equipment | 664 | - | - | - | - | - | - | 664 | 664 |
| 28 | 485-20 Heavy Mobile Equipment | 838 | - | - | - | - | - | - | 838 | 838 |
| 29 | 486-00 Small Tools & Equipment | 40,625 | - | 3,113 | - | - | (2,003) | - | 41,735 | 41,180 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | - | - | - | - | - | - | 24 | 24 |
| 31 | - VRA Compressor Installation Costs | - | - | - | - | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | - | - | - | - | - | - | - | - |
| 33 | - Telephone | 6,773 | - | - | - | - | (1,460) | - | 5,313 | 6,043 |
| 34 | - Radio | 5,842 | - | 1,112 | - | - | (214) | - | 6,740 | 6,291 |
| 35 | 489-00 Other General Equipment | - | - | - | - | - | - | - | - | - |
| 36 | TOTAL GENERAL | 281,004 | - | 23,474 | 232 | - | (12,220) | - | 292,490 | 286,747 |
| 37 | | | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | | | |
| 39 | 499-00 Plant Suspense | - | - | - | - | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | - | - | - | - | - | - | - | - |
| 41 | | | | | | | | | | |
| 42 | TOTAL CAPITAL | $ 3,872,208 | $ - | $ 134,654 | $ 1,640 | $ 32,934 | $ (31,101) | $ - | $ 4,010,335 | $ 3,941,272 |
| 43 | | | | | | | | | | |
| 44 | Cross Reference | - Section E-FORMULA, Sch 3( | | - Section E-FORMULA, Sch 32 | | | | - Section E-FORMULA, Sch 30 | | |
| 45 | | | - Section E-FORMULA, Sch 32 | | | - Section E-FORMULA, Sch 32 | | | | |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Account | Mid-year GPIS for Depreciation | Annual Depreciation Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 31/12/2012 | Accumulated 12/31/2013 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **INTANGIBLE PLANT** | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | 0.00% | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | 1.00% | 1 | - | - | 548 | 549 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | 10.00% | 78 | - | - | - | 78 |
| 5 | 178-00 Organization Expense | 728 | 1.00% | 7 | - | - | 391 | 398 |
| 6 | 179-01 Other Deferred Charges | - | 0.00% | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | 49.19% | 1 | - | - | 98 | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | 57.14% | - | - | - | 62 | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | 2.38% | 16 | - | - | 227 | 243 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | 0.00% | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,726 | 0.00% | - | - | - | 667 | 667 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | 0.00% | - | - | - | 19 | 19 |
| 13 | 461-13 IP Land Rights Whistler | - | 0.00% | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | 0.00% | - | - | - | 2 | 2 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | 0.00% | - | - | - | 1 | 1 |
| 16 | 402-01 Application Software - 12.5% | 85,788 | 12.50% | 10,724 | - | (6,015) | 23,581 | 28,290 |
| 17 | 402-02 Application Software - 20% | 20,513 | 20.00% | 4,103 | - | (2,997) | 7,243 | 8,349 |
| 18 | TOTAL INTANGIBLE | 154,715 | | 14,930 | - | (9,012) | 32,839 | 38,757 |
| 19 | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | 0.00% | - | - | - | - | - |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | 0.00% | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | 3.38% | 33 | - | - | 143 | 176 |
| 24 | 433-00 Manufact'd Gas - Equipment | 590 | 6.63% | 39 | - | - | 88 | 127 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | 2.35% | 67 | - | - | 238 | 305 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | 5.16% | 18 | - | - | 38 | 56 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipment | 735 | 15.89% | 117 | - | - | 363 | 480 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes) | - | 0.00% | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | 0.00% | - | - | - | 1 | 1 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | 3.57% | 177 | - | - | 2,789 | 2,966 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 1.93% | 318 | - | - | 10,721 | 11,039 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 26,082 | 4.24% | 1,106 | - | - | 10,900 | 12,006 |
| 36 | TOTAL MANUFACTURED | 68,232 | | 1,875 | - | - | 25,281 | 27,156 |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Account | Mid-year GPIS for Depreciation | Annual Depreciation Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 31/12/2012 | Accumulated 12/31/2013 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **TRANSMISSION PLANT** | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | 0.00% | $ - | $ - | $ - | $ 401 | $ 401 |
| 3 | 461-00 Transmission Land Rights | - | 0.00% | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | 0.00% | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | 3.74% | 610 | - | - | 6,790 | 7,400 |
| 6 | 463-00 Measuring Structures | 5,501 | 3.80% | 209 | - | (17) | 1,936 | 2,128 |
| 7 | 464-00 Other Structures & Improvements | 6,042 | 2.83% | 171 | - | (29) | 1,891 | 2,033 |
| 8 | 465-00 Mains | 812,796 | 1.44% | 11,704 | - | (372) | 214,894 | 226,226 |
| 9 | 465-00 Mains - INSPECTION | 8,497 | 14.87% | 1,263 | - | (1,268) | 1,851 | 1,846 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | 0.00% | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | 0.00% | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | 5.00% | 49 | - | - | 937 | 986 |
| 13 | 466-00 Compressor Equipment | 112,858 | 2.87% | 3,239 | - | (340) | 44,521 | 47,420 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | 4.47% | 102 | - | - | 298 | 400 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | 0.00% | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,184 | 4.27% | 1,289 | - | (108) | 10,440 | 11,621 |
| 17 | 467-10 Telemetering | 9,435 | 0.31% | 29 | - | (22) | 6,316 | 6,323 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | 0.00% | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | 0.00% | - | - | - | 3 | 3 |
| 20 | 468-00 Communication Structures & Equipment | 346 | 4.37% | 15 | - | - | 328 | 343 |
| 21 | TOTAL TRANSMISSION | 1,012,657 | | 18,680 | - | (2,156) | 290,606 | 307,130 |
| 22 | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | 0.00% | - | - | - | 26 | 26 |
| 25 | 471-00 Distribution Land Rights | - | 0.00% | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,209 | 3.33% | 606 | - | (13) | 4,852 | 5,445 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | 5.00% | 5 | - | - | 32 | 37 |
| 28 | 473-00 Services | 772,401 | 2.53% | 19,290 | - | (1,132) | 142,028 | 160,186 |
| 29 | 474-00 House Regulators & Meter Installations | 174,801 | 7.62% | 12,415 | - | (227) | 18,625 | 30,813 |
| 30 | 477-00 Meters/Regulators Installations | 28,546 | 4.55% | 1,299 | - | - | 206 | 1,505 |
| 31 | 475-00 Mains | 961,958 | 1.59% | 15,451 | - | (501) | 299,353 | 314,303 |
| 32 | 476-00 Compressor Equipment | 827 | 26.54% | 219 | (291) | - | 1,235 | 1,163 |
| 33 | 477-00 Measuring & Regulating Equipment | 92,370 | 4.75% | 4,388 | - | (436) | 25,902 | 29,854 |
| 34 | 477-00 Telemetering | 7,535 | 0.25% | 19 | - | (2) | 6,063 | 6,080 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | 212 | 212 |
| 36 | 478-10 Meters | 210,465 | 8.05% | 16,327 | - | (3,492) | 75,361 | 88,196 |
| 37 | 478-20 Instruments | 11,889 | 3.15% | 375 | - | - | 1,299 | 1,674 |
| 38 | 479-00 Other Distribution Equipment | - | 0.00% | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,282,664 | | 70,394 | (291) | (5,803) | 575,194 | 639,494 |
| 40 | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | 3.60% | 5 | - | - | 11 | 16 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | 1.48% | 1 | - | - | 4 | 5 |
| 44 | 475-20 Bio Gas Mains – Private Land | 189 | 1.48% | 3 | - | - | 1 | 4 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | 13.33% | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | 2,250 | 6.67% | 150 | - | - | - | 150 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 576 | 4.75% | 27 | - | - | 28 | 55 |
| 48 | 478-30 Bio Gas Meters | 227 | 8.05% | 18 | - | - | 1 | 19 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | 2 | 2 |
| 50 | TOTAL BIO-GAS | 3,481 | | 204 | - | - | 47 | 251 |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Account | Mid-year GPIS for Depreciation | Annual Depreciation Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 31/12/2012 | Accumulated 12/31/2013 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **Natural Gas for Transportation** | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ - | 5.00% | $ - | $ (135) | $ - | 135 | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | - | 5.00% | - | (4) | - | 4 | - |
| 4 | 476-30 NG Transportation CNG Foundations | - | 5.00% | - | (80) | - | 80 | - |
| 5 | 476-40 NG Transportation LNG Foundations | - | 5.00% | - | (2) | - | 2 | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | 10.00% | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | - | 5.00% | - | (6) | - | 6 | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | 5.00% | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | - | | - | (227) | - | 227 | - |
| 10 | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,490 | 0.00% | - | - | - | 30 | 30 |
| 13 | 481-00 Land Rights | - | 0.00% | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | 0.00% | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | 4.82% | 519 | - | - | 2,912 | 3,431 |
| 16 | - Masonry Buildings | 95,014 | 2.23% | 2,119 | - | - | 15,696 | 17,815 |
| 17 | - Leasehold Improvement | 3,828 | 10.00% | 405 | - | (151) | 565 | 819 |
| 18 | Office Equipment & Furniture | - | 0.00% | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,567 | 6.67% | 238 | - | (245) | 1,554 | 1,547 |
| 20 | 483-40 GP Furniture | 21,225 | 5.00% | 1,061 | - | (1,954) | 12,884 | 11,991 |
| 21 | 483-10 GP Computer Hardware | 30,818 | 20.00% | 6,163 | - | (6,489) | 12,281 | 11,955 |
| 22 | 483-20 GP Computer Software | 3,309 | 12.50% | 414 | - | (192) | 1,146 | 1,368 |
| 23 | 483-21 GP Computer Software | - | 20.00% | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | 0.00% | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | 5.16% | 114 | - | - | 601 | 715 |
| 26 | 484-00 Vehicles - Leased | 28,865 | 0.00% | 3,845 | - | (1,440) | 14,556 | 16,961 |
| 27 | 485-10 Heavy Work Equipment | 664 | 8.96% | 60 | - | - | (175) | (115) |
| 28 | 485-20 Heavy Mobile Equipment | 838 | 18.06% | 151 | - | - | 753 | 904 |
| 29 | 486-00 Small Tools & Equipment | 39,679 | 5.00% | 1,984 | - | (963) | 17,124 | 18,145 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | 6.67% | 2 | - | - | 12 | 14 |
| 31 | - VRA Compressor Installation Costs | - | 0.00% | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | 0.00% | - | - | - | - | - |
| 33 | - Telephone | 7,226 | 6.67% | 482 | - | (797) | 4,368 | 4,053 |
| 34 | - Radio | 5,349 | 6.67% | 357 | - | (34) | 2,678 | 3,001 |
| 35 | 489-00 Other General Equipment | - | 0.00% | - | - | - | - | - |
| 36 | TOTAL GENERAL | 275,873 | | 17,914 | - | (12,265) | 86,985 | 92,634 |
| 37 | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | |
| 39 | 499-00 Plant Suspense | - | 0.00% | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | | - | - | - | - | - |
| 41 | | | | | | | | |
| 42 | TOTALS | $ 3,797,622 | | $ 123,997 | $ (518) | $ (29,236) | $ 1,011,179 | $ 1,105,422 |
| 43 | Less: Depreciation & Amortization transferred to biomethane BVA | | | (150) | | | | |
| 44 | Less: Vehicle Depreciation Allocated To Capital Projects | | | (1,354) | | | | |
| 45 | Add: Depreciation variance adjustment | | | 1,349 | | | | |
| 46 | **Net Depreciation Expense** | | | $ 123,842 | | | | |
| 47 | | | | | | | | |
| 48 | Cross Reference | - Section E-FORMULA, Sch 35 | | - Section E-FORMULA, Sch 21 | | | - Section E-FORMULA, Sch 29 | |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Account | GPIS for Depreciation | Annual Depreciation Rate % | 2014 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2013 | Accumulated 12/31/2014 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **INTANGIBLE PLANT** | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | 0.00% | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | 1.00% | 1 | - | - | 549 | 550 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | 10.00% | 78 | - | - | 78 | 156 |
| 5 | 178-00 Organization Expense | 728 | 1.00% | 7 | - | - | 398 | 405 |
| 6 | 179-01 Other Deferred Charges | - | 0.00% | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | 49.19% | - | - | - | 99 | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | 57.14% | - | - | - | 62 | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | 2.38% | 16 | - | - | 243 | 259 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | 0.00% | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,922 | 0.00% | - | - | - | 667 | 667 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | 0.00% | - | - | - | 19 | 19 |
| 13 | 461-13 IP Land Rights Whistler | - | 0.00% | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | 0.00% | - | - | - | 2 | 2 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | 0.00% | - | - | - | 1 | 1 |
| 16 | 402-01 Application Software - 12.5% | 86,104 | 12.50% | 10,763 | - | (3,738) | 28,290 | 35,315 |
| 17 | 402-02 Application Software - 20% | 22,303 | 20.00% | 4,461 | - | (2,317) | 8,349 | 10,493 |
| 18 | TOTAL INTANGIBLE | 157,018 | | 15,326 | - | (6,055) | 38,757 | 48,028 |
| 19 | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | 0.00% | - | - | - | - | - |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | 0.00% | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | 3.38% | 33 | - | - | 176 | 209 |
| 24 | 433-00 Manufact'd Gas - Equipment | 731 | 6.63% | 48 | - | - | 127 | 175 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | 2.35% | 67 | - | - | 305 | 372 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | 5.16% | 18 | - | - | 56 | 74 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipment | 735 | 15.89% | 117 | - | - | 480 | 597 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes) | - | 0.00% | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | 0.00% | - | - | - | 1 | 1 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | 3.57% | 177 | - | - | 2,966 | 3,143 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 1.93% | 318 | - | - | 11,039 | 11,357 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 27,149 | 4.24% | 1,151 | - | - | 12,006 | 13,157 |
| 36 | TOTAL MANUFACTURED | 69,441 | | 1,929 | - | - | 27,156 | 29,085 |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Account | GPIS for Depreciation | Annual Depreciation Rate % | 2014 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2013 | Accumulated 12/31/2014 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **TRANSMISSION PLANT** | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | 0.00% | $ - | $ - | $ - | $ 401 | $ 401 |
| 3 | 461-00 Transmission Land Rights | - | 0.00% | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | 0.00% | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | 3.74% | 610 | - | - | 7,400 | 8,010 |
| 6 | 463-00 Measuring Structures | 5,490 | 3.80% | 209 | - | (17) | 2,128 | 2,320 |
| 7 | 464-00 Other Structures & Improvements | 6,061 | 2.83% | 172 | - | - | 2,033 | 2,205 |
| 8 | 465-00 Mains | 826,080 | 1.44% | 11,896 | - | (372) | 226,226 | 237,750 |
| 9 | 465-00 Mains - INSPECTION | 11,191 | 14.87% | 1,664 | - | (368) | 1,846 | 3,142 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | 0.00% | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | 0.00% | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | 5.00% | 49 | - | - | 986 | 1,035 |
| 13 | 466-00 Compressor Equipment | 113,905 | 2.87% | 3,269 | - | (371) | 47,420 | 50,318 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | 4.47% | 102 | - | - | 400 | 502 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | 0.00% | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,118 | 4.27% | 1,286 | - | (108) | 11,621 | 12,799 |
| 17 | 467-10 Telemetering | 9,577 | 0.31% | 30 | - | (24) | 6,323 | 6,329 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | 0.00% | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | 0.00% | - | - | - | 3 | 3 |
| 20 | 468-00 Communication Structures & Equipment | 346 | 4.37% | 15 | - | - | 343 | 358 |
| 21 | TOTAL TRANSMISSION | 1,029,767 | | 19,302 | - | (1,260) | 307,130 | 325,172 |
| 22 | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | 0.00% | - | - | - | 26 | 26 |
| 25 | 471-00 Distribution Land Rights | - | 0.00% | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,198 | 3.33% | 606 | - | (13) | 5,445 | 6,038 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | 5.00% | 5 | - | - | 37 | 42 |
| 28 | 473-00 Services | 786,456 | 2.53% | 19,645 | - | (1,132) | 160,186 | 178,699 |
| 29 | 474-00 House Regulators & Meter Installations | 174,659 | 7.62% | 12,404 | - | (4) | 30,813 | 43,213 |
| 30 | 477-00 Meters/Regulators Installations | 38,220 | 4.55% | 1,739 | - | - | 1,505 | 3,244 |
| 31 | 475-00 Mains | 976,643 | 1.59% | 15,685 | - | (501) | 314,303 | 329,487 |
| 32 | 476-00 Compressor Equipment | 827 | 26.54% | 219 | - | - | 1,163 | 1,382 |
| 33 | 477-00 Measuring & Regulating Equipment | 96,145 | 4.75% | 4,567 | - | (436) | 29,854 | 33,985 |
| 34 | 477-00 Telemetering | 7,968 | 0.25% | 20 | - | (2) | 6,080 | 6,098 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | 212 | 212 |
| 36 | 478-10 Meters | 213,913 | 8.05% | 16,605 | - | (3,667) | 88,196 | 101,134 |
| 37 | 478-20 Instruments | 11,889 | 3.15% | 375 | - | - | 1,674 | 2,049 |
| 38 | 479-00 Other Distribution Equipment | - | 0.00% | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,328,583 | | 71,870 | - | (5,755) | 639,494 | 705,609 |
| 40 | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | 3.60% | 5 | - | - | 16 | 21 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | 1.48% | 1 | - | - | 5 | 6 |
| 44 | 475-20 Bio Gas Mains – Private Land | 337 | 1.48% | 5 | - | - | 4 | 9 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | 13.33% | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | 4,500 | 6.67% | 300 | - | - | 150 | 450 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 872 | 4.75% | 41 | - | - | 55 | 96 |
| 48 | 478-30 Bio Gas Meters | 447 | 8.05% | 36 | - | - | 19 | 55 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | 2 | 2 |
| 50 | TOTAL BIO-GAS | 6,395 | | 388 | - | - | 251 | 639 |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Account | GPIS for Depreciation | Annual Depreciation Rate % | 2014 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2013 | 12/31/2014 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **Natural Gas for Transportation** | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ - | 5.00% | $ - | $ - | $ - | $ - | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | - | 5.00% | - | - | - | - | - |
| 4 | 476-30 NG Transportation CNG Foundations | - | 5.00% | - | - | - | - | - |
| 5 | 476-40 NG Transportation LNG Foundations | - | 5.00% | - | - | - | - | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | 10.00% | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | - | 5.00% | - | - | - | - | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | 5.00% | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | - | | - | - | - | - | - |
| 10 | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,650 | 0.00% | - | - | - | 30 | 30 |
| 13 | 481-00 Land Rights | - | 0.00% | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | 0.00% | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | 4.82% | 519 | - | - | 3,431 | 3,950 |
| 16 | - Masonry Buildings | 97,501 | 2.23% | 2,174 | - | - | 17,815 | 19,989 |
| 17 | - Leasehold Improvement | 3,834 | 10.00% | 383 | - | (40) | 819 | 1,162 |
| 18 | Office Equipment & Furniture | - | 0.00% | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,654 | 6.67% | 244 | - | (69) | 1,547 | 1,722 |
| 20 | 483-40 GP Furniture | 21,054 | 5.00% | 1,053 | - | (3,123) | 11,991 | 9,921 |
| 21 | 483-10 GP Computer Hardware | 32,009 | 20.00% | 6,402 | - | (3,708) | 11,955 | 14,649 |
| 22 | 483-20 GP Computer Software | 3,213 | 12.50% | 402 | - | (44) | 1,368 | 1,726 |
| 23 | 483-21 GP Computer Software | - | 20.00% | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | 0.00% | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | 12.50% | 276 | - | - | 715 | 991 |
| 26 | 484-00 Vehicles - Leased | 29,345 | 0.00% | 2,755 | - | (1,536) | 16,961 | 18,180 |
| 27 | 485-10 Heavy Work Equipment | 664 | 8.96% | 60 | - | - | (115) | (55) |
| 28 | 485-20 Heavy Mobile Equipment | 838 | 18.06% | 151 | - | - | 904 | 1,055 |
| 29 | 486-00 Small Tools & Equipment | 40,625 | 5.00% | 2,031 | - | (2,003) | 18,145 | 18,173 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | 6.67% | 2 | - | - | 14 | 16 |
| 31 | - VRA Compressor Installation Costs | - | 0.00% | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | 0.00% | - | - | - | - | - |
| 33 | - Telephone | 6,773 | 6.67% | 452 | - | (1,314) | 4,053 | 3,191 |
| 34 | - Radio | 5,842 | 6.67% | 390 | - | (214) | 3,001 | 3,177 |
| 35 | 489-00 Other General Equipment | - | 0.00% | - | - | - | - | - |
| 36 | TOTAL GENERAL | 281,004 | | 17,294 | - | (12,051) | 92,634 | 97,877 |
| 37 | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | |
| 39 | 499-00 Plant Suspense | - | 0.00% | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | | - | - | - | - | - |
| 41 | | | | | | | | |
| 42 | TOTALS | $ 3,872,208 | | $ 126,109 | $ - | $ (25,121) | $ 1,105,422 | $ 1,206,410 |
| 43 | Less: Depreciation & Amortization transferred to biomethane BVA | | | (300) | | | | |
| 44 | Less: Vehicle Depreciation Allocated To Capital Projects | | | (1,121) | | | | |
| 45 | Add: Depreciation variance adjustment | | | | | | | |
| 46 | **Net Depreciation Expense** | | | $ 124,688 | | | | |
| 47 | | | | | | | | |
| 48 | Cross Reference | - Section E-FORMULA, Sch 38 | | - Section E-FORMULA, Sch 22 | | | - Section E-FORMULA, Sch 30 | |

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 31/12/2012 | Adjustment | 2013 PROJECTED Additions | 2013 PROJECTED Retirements | Balance 12/31/2013 | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **CIAC** | | | | | | |
| 2 | | | | | | | |
| 3 | Distribution Contributions | $ 145,014 | $ - | $ 6,451 | $ - | $ 151,465 | |
| 4 | | | | | | | |
| 5 | Transmission Contributions | 29,058 | - | 2,425 | - | 31,483 | |
| 6 | | | | | | | |
| 7 | Others | 714 | - | - | - | 714 | |
| 8 | | | | | | | |
| 9 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 10 | - Infrastructure/Custom | 10,759 | - | - | - | 10,759 | |
| 11 | | | | | | | |
| 12 | Biomethane | - | - | - | - | - | |
| 13 | | | | | | | |
| 14 | TOTAL Contributions | 185,545 | - | 8,876 | - | 194,421 | - Section E-FORMULA, Sch 29 |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | **Amortization** | | | | | | |
| 19 | | | | | | | |
| 20 | Distribution Contributions | (42,313) | - | (4,283) | - | (46,596) | |
| 21 | | | | | | | |
| 22 | Transmission Contributions | (2,335) | - | (507) | - | (2,842) | |
| 23 | | | | | | | |
| 24 | Others | (97) | - | (97) | - | (194) | |
| 25 | | | | | | | |
| 26 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 27 | - Infrastructure/Custom | (6,398) | - | (1,332) | - | (7,730) | |
| 28 | | | | | | | |
| 29 | Biomethane | - | - | - | - | - | |
| 30 | | | | | | | |
| 31 | TOTAL CIAC Amortization | (51,143) | - | (6,219) | - | (57,362) | - Section E-FORMULA, Sch 29 |
| 32 | | | | | | | |
| 33 | **NET CONTRIBUTIONS** | $ 134,402 | $ - | $ 2,657 | $ - | $ 137,059 | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | Total CIAC Amortization Expense per Line 31 | | | (6,219) | | | |
| 37 | Add: Depreciation variance adjustment | | | (280) | | | |
| 38 | **Net Amortization Expense** | | | $ (6,499) | | | |
| 39 | | | | - Section E-FORMULA, Sch 21 | | | |
| 40 | | | | | | | |

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | Adjustment | 2014 FORECAST Additions | 2014 FORECAST Retirements | Balance 12/31/2014 | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **CIAC** | | | | | | |
| 2 | | | | | | | |
| 3 | Distribution Contributions | $ 151,465 | $ - | $ 5,227 | $ - | $ 156,692 | |
| 4 | | | | | | | |
| 5 | Transmission Contributions | 31,483 | - | 396 | - | 31,879 | |
| 6 | | | | | | | |
| 7 | Others | 714 | - | - | - | 714 | |
| 8 | | | | | | | |
| 9 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 10 | - Infrastructure/Custom | 10,759 | - | - | (3,768) | 6,991 | |
| 11 | | | | | | | |
| 12 | Biomethane | - | - | - | - | - | |
| 13 | | | | | | | |
| 14 | TOTAL Contributions | 194,421 | - | 5,623 | (3,768) | 196,276 | - Section E-FORMULA, Sch 30 |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | **Amortization** | | | | | | |
| 19 | | | | | | | |
| 20 | Distribution Contributions | (46,596) | - | (4,376) | - | (50,972) | |
| 21 | | | | | | | |
| 22 | Transmission Contributions | (2,842) | - | (528) | - | (3,370) | |
| 23 | | | | | | | |
| 24 | Others | (194) | - | (97) | - | (291) | |
| 25 | | | | | | | |
| 26 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 27 | - Infrastructure/Custom | (7,730) | - | (1,319) | 3,768 | (5,281) | |
| 28 | | | | | | | |
| 29 | Biomethane | - | - | - | - | - | |
| 30 | | | | | | | |
| 31 | TOTAL CIAC Amortization | (57,362) | - | (6,320) | 3,768 | (59,914) | - Section E-FORMULA, Sch 30 |
| 32 | | | | | | | |
| 33 | **NET CONTRIBUTIONS** | $ 137,059 | $ - | $ (697) | $ - | $ 136,362 | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | Total CIAC Amortization Expense per Line 31 | | | (6,320) | | | |
| 37 | | | | | | | |
| 38 | **Net Amortization Expense** | | | $ (6,320) | | | |
| 39 | | | | - Section E-FORMULA, Sch 22 | | | |
| 40 | | | | | | | |

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | Opening Bal. Transfer / Adjustment | Gross Additions | Less- Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2013 | Mid-Year Average 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Margin Related Deferral Accounts | | | | | | | | | | |
| 2 | Commodity Cost Reconciliation Account (CCRA) | $ (10,042) | $ - | $ 29,657 | $ (7,414) | $ 22,243 | $ - | $ - | $ - | $ 12,201 | $ 1,079 |
| 3 | Midstream Cost Reconciliation Account (MCRA) | (17,800) | - | 5,507 | (1,377) | 4,130 | - | 8,999 | (2,250) | (6,921) | (12,360) |
| 4 | Revenue Stabilization Adjustment Mechanism (RSAM) | (24,583) | - | (6,666) | 1,667 | (5,000) | - | 11,551 | (2,888) | (20,919) | (22,751) |
| 5 | Interest on CCRA / MCRA / RSAM / Gas Storage | (4,125) | - | (1,179) | 295 | (884) | (10) | 159 | (40) | (4,900) | (4,512) |
| 6 | Revelstoke Propane Cost Deferral Account | (348) | - | 269 | (67) | 202 | - | - | - | (146) | (247) |
| 7 | SCP Mitigation Revenues Variance Account | (4,154) | - | - | - | - | 2,926 | - | - | (1,228) | (2,691) |
| 8 | | | | | | | | | | | |
| 9 | Energy Policy Deferral Accounts | | | | | | | | | | |
| 10 | Energy Efficiency & Conservation (EEC) | 22,698 | - | 13,350 | (3,338) | 10,013 | (3,152) | - | - | 29,559 | 26,128 |
| 11 | NGV Conversion Grants | 37 | - | 15 | (4) | 11 | (28) | - | - | 21 | 29 |
| 12 | Emmissions Regulations | - | - | - | - | - | - | - | - | - | - |
| 13 | Biomethane Program Costs | 324 | - | 200 | (50) | 150 | (172) | - | - | 302 | 313 |
| 14 | On-Bill Financing Pilot Program | - | - | - | - | - | - | - | - | - | - |
| 15 | NGT Incentives | - | - | - | - | - | - | - | - | - | - |
| 16 | Fuelling Stations Variance Account | - | - | - | - | - | - | - | - | - | - |
| 17 | Rate Schedule 16 Cost & Recoveries | - | - | (70) | 18 | (53) | - | - | - | (53) | (26) |
| 18 | | | | | | | | | | | |
| 19 | Non-Controllable Items Deferral Accounts | | | | | | | | | | |
| 20 | Property Tax Deferral | (2,868) | - | (3,150) | 788 | (2,363) | 594 | - | - | (4,637) | (3,752) |
| 21 | Insurance Variance | 45 | - | 93 | (23) | 70 | - | - | - | 115 | 80 |
| 22 | Pension & OPEB Variance | 15,807 | - | 12,607 | - | 12,607 | (3,205) | - | - | 25,209 | 20,508 |
| 23 | BCUC Levies Variance | 449 | - | 923 | (231) | 692 | - | - | - | 1,141 | 795 |
| 24 | Interest Variance | (5,699) | - | (130) | 33 | (98) | 2,600 | - | - | (3,197) | (4,448) |
| 25 | Interest Variance - Funding benefits via Customer Deposits | 834 | - | 60 | (15) | 45 | (309) | - | - | 570 | 702 |
| 26 | Tax Variance Account | 597 | - | 1,274 | (133) | 1,141 | - | - | - | 1,738 | 1,168 |
| 27 | Customer Service Variance Account | (5,548) | - | (10,285) | 2,571 | (7,714) | - | - | - | (13,262) | (9,405) |
| 28 | Pension & OPEB Funding | (171,550) | - | (8,176) | - | (8,176) | - | - | - | (179,726) | (175,638) |
| 29 | US GAAP Pension & OPEB Funded Status | 139,153 | - | (14,471) | - | (14,471) | - | - | - | 124,682 | 131,918 |

Evidentiary Update July 16, 2013

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | Opening Bal. Transfer / Adjustment | Gross Additions | Less-Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2013 | Mid-Year Average 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Application Costs Deferral Accounts | | | | | | | | | | |
| 2 | 2014-2018 PBR Requirements | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | NGV for Transportation Application | 140 | - | - | - | - | (46) | - | - | 94 | 117 |
| 4 | Long Term Resource Plan Application | - | - | 178 | (45) | 134 | (90) | - | - | 43 | 22 |
| 5 | AES Inquiry Cost | 619 | - | 2 | (1) | 2 | (85) | - | - | 536 | 577 |
| 6 | Generic Cost of Capital Application | - | - | - | - | - | - | - | - | - | - |
| 7 | Amalgamation and Rate Design Application Costs | - | - | - | - | - | - | - | - | - | - |
| 8 | Rate Schedule 16 Application Cost | - | - | - | - | - | - | - | - | - | - |
| 9 | | | | | | | | | | | |
| 10 | Other Deferral Accounts | | | | | | | | | | |
| 11 | 2010-2011 Customer Service O&M and COS | 21,613 | - | - | - | - | (2,807) | - | - | 18,806 | 20,210 |
| 12 | Gas Asset Records Project | (60) | - | 970 | (243) | 728 | (567) | - | - | 100 | 20 |
| 13 | BC OneCall Project | (69) | - | 961 | (240) | 721 | (334) | - | - | 318 | 125 |
| 14 | Gains and Losses on Asset Disposition | 27,090 | - | 5,890 | - | 5,890 | (730) | - | - | 32,250 | 29,670 |
| 15 | Negative Salvage Provision/Cost | (5,965) | - | 14,201 | - | 14,201 | (16,933) | - | - | (8,697) | (7,331) |
| 16 | TESDA Overhead Allocation Variance | - | - | - | - | - | - | - | - | - | - |
| 17 | | | | | | | | | | | |
| 18 | Residual Deferred Accounts | | | | | | | | | | |
| 19 | Depreciation Variance | (1,281) | - | 341 | - | 341 | - | - | - | (940) | (1,111) |
| 20 | SCP Tax Reassessment | (32) | - | - | - | - | - | - | - | (32) | (32) |
| 21 | BFI Costs and Recoveries | 147 | - | - | - | - | - | - | - | 147 | 147 |
| 22 | CNG and LNG Recoveries | (11) | - | - | - | - | - | - | - | (11) | (11) |
| 23 | 2011 CNG and LNG Service Costs and Recoveries | (69) | - | - | - | - | 34 | - | - | (35) | (52) |
| 24 | Olympics Security Costs Deferral | 188 | - | - | - | - | (188) | - | - | - | 94 |
| 25 | IFRS Conversion Costs | 238 | - | - | - | - | (238) | - | - | - | 119 |
| 26 | 2009 ROE & Cost of Capital Application | 496 | - | - | - | - | (168) | - | - | 328 | 412 |
| 27 | 2010-2011 Revenue Requirement Application | - | - | - | - | - | - | - | - | - | - |
| 28 | 2012-2013 Revenue Requirement Application | 614 | - | - | - | - | (409) | - | - | 205 | 409 |
| 29 | CCE CPCN Application | 150 | - | - | - | - | (56) | - | - | 94 | 122 |
| 30 | Deferred Removal Costs | 2,223 | - | - | - | - | (2,354) | - | - | (131) | 1,046 |
| 31 | US GAAP Conversion Costs | (62) | - | - | - | - | (791) | - | - | (853) | (458) |
| 32 | US GAAP Transitional Costs | 477 | - | - | - | - | 948 | - | - | 1,425 | 951 |
| 33 | Earnings Sharing Mechanism | 84 | - | - | - | - | - | - | - | 84 | 84 |
| 34 | OH&M Recoveries from NGT | - | - | - | - | - | - | - | - | - | - |
| 35 | Tilbury Property Purchase (Subdividable Land) | - | - | - | - | - | - | - | - | - | - |
| 36 | Residual Delivery Rate Riders | - | - | - | - | - | - | - | - | - | - |
| 37 | | | | | | | | | | | |
| 38 | Total Deferred Charges for Rate Base | $ (20,243) | $ - | $ 42,371 | $ (7,809) | $ 34,563 | $ (25,569) | $ 20,709 | $ (5,177) | $ 4,281 | $ (7,981) |
| 39 | | | | | | | | | | | |
| 40 | Cross Reference | | | | | | - Section E-FORMULA, Sch 21 | | | - Section E-FORMULA, Sch 29 | |

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Forecast Balance 12/31/2013 | Opening Bal. Transfer / Adjustment | Gross Additions | Less-Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2014 | Mid-Year Average 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Margin Related Deferral Accounts | | | | | | | | | | |
| 2 | Commodity Cost Reconciliation Account (CCRA) | $ 12,201 | $ - | $ (16,268) | $ 4,067 | $ (12,201) | $ - | $ - | $ - | $ - | $ 6,100 |
| 3 | Midstream Cost Reconciliation Account (MCRA) | (6,921) | - | - | - | - | - | 4,613 | (1,153) | (3,461) | (5,191) |
| 4 | Revenue Stabilization Adjustment Mechanism (RSAM) | (20,919) | - | - | - | - | - | 13,946 | (3,487) | (10,460) | (15,690) |
| 5 | Interest on CCRA / MCRA / RSAM / Gas Storage | (4,900) | - | 1,571 | (393) | 1,178 | 388 | 210 | (53) | (3,178) | (4,039) |
| 6 | Revelstoke Propane Cost Deferral Account | (146) | - | 195 | (49) | 146 | - | - | - | - | (73) |
| 7 | SCP Mitigation Revenues Variance Account | (1,228) | - | - | - | - | 791 | - | - | (437) | (833) |
| 8 | | | | | | | | | | | |
| 9 | Energy Policy Deferral Accounts | | | | | | | | | | |
| 10 | Energy Efficiency & Conservation (EEC) | 29,559 | 7,115 | 13,350 | (3,338) | 10,013 | (3,801) | - | - | 42,885 | 39,779 |
| 11 | NGV Conversion Grants | 21 | - | 15 | (4) | 11 | (13) | - | - | 19 | 20 |
| 12 | Emmissions Regulations | - | - | - | - | - | - | - | - | - | - |
| 13 | Biomethane Program Costs | 302 | - | - | - | - | (302) | - | - | (0) | 151 |
| 14 | On-Bill Financing Pilot Program | - | - | - | - | - | - | - | - | - | - |
| 15 | NGT Incentives | - | 16,303 | 10,528 | (2,632) | 7,896 | (2,420) | - | - | 21,779 | 19,041 |
| 16 | Fuelling Stations Variance Account | - | 246 | 68 | (17) | 51 | (82) | - | - | 215 | 230 |
| 17 | Rate Schedule 16 Cost & Recoveries | (53) | - | - | - | - | 53 | - | - | - | (26) |
| 18 | | | | | | | | | | | |
| 19 | Non-Controllable Items Deferral Accounts | | | | | | | | | | |
| 20 | Property Tax Deferral | (4,637) | - | - | - | - | 1,941 | - | - | (2,695) | (3,666) |
| 21 | Insurance Variance | 115 | - | - | - | - | (115) | - | - | - | 57 |
| 22 | Pension & OPEB Variance | 25,209 | - | - | - | - | (5,039) | - | - | 20,170 | 22,690 |
| 23 | BCUC Levies Variance | 1,141 | - | - | - | - | (1,141) | - | - | - | 571 |
| 24 | Interest Variance | (3,197) | - | - | - | - | 2,680 | - | - | (516) | (1,857) |
| 25 | Interest Variance - Funding benefits via Customer Deposits | 570 | - | - | - | - | (278) | - | - | 293 | 431 |
| 26 | Tax Variance Account | 1,738 | - | - | - | - | (1,738) | - | - | 0 | 869 |
| 27 | Customer Service Variance Account | (13,262) | - | - | - | - | 2,652 | - | - | (10,609) | (11,936) |
| 28 | Pension & OPEB Funding | (179,726) | - | 9,636 | - | 9,636 | - | - | - | (170,090) | (174,908) |
| 29 | US GAAP Pension & OPEB Funded Status | 124,682 | - | (9,300) | - | (9,300) | - | - | - | 115,382 | 120,032 |

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Forecast Balance 12/31/2013 | Opening Bal. Transfer / Adjustment | Gross Additions | Less-Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2014 | Mid-Year Average 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Application Costs Deferral Accounts | | | | | | | | | | |
| 2 | 2014-2018 PBR Requirements | $ - | $ 675 | $ 100 | $ (25) | $ 75 | $ (150) | $ - | $ - | $ 600 | $ 638 |
| 3 | NGV for Transportation Application | 94 | - | - | - | - | (94) | - | - | - | 47 |
| 4 | Long Term Resource Plan Application | 43 | - | 36 | (9) | 27 | (57) | - | - | 13 | 28 |
| 5 | AES Inquiry Cost | 536 | - | - | - | - | (135) | - | - | 400 | 468 |
| 6 | Generic Cost of Capital Application | - | 1,354 | - | - | - | (677) | - | - | 677 | 1,016 |
| 7 | Amalgamation and Rate Design Application Costs | - | 1,535 | - | - | - | (512) | - | - | 1,023 | 1,279 |
| 8 | Rate Schedule 16 Application Cost | - | 77 | - | - | - | (77) | - | - | - | 38 |
| 9 | | | | | | | | | | | |
| 10 | Other Deferral Accounts | | | | | | | | | | |
| 11 | 2010-2011 Customer Service O&M and COS | 18,806 | - | - | - | - | (2,877) | - | - | 15,930 | 17,368 |
| 12 | Gas Asset Records Project | 100 | - | 1,113 | (278) | 834 | (187) | - | - | 748 | 424 |
| 13 | BC OneCall Project | 318 | - | 579 | (145) | 434 | (164) | - | - | 588 | 453 |
| 14 | Gains and Losses on Asset Disposition | 32,250 | - | 5,981 | - | 5,981 | (1,682) | - | - | 36,549 | 34,399 |
| 15 | Negative Salvage Provision/Cost | (8,697) | - | 12,486 | - | 12,486 | (17,252) | - | - | (13,462) | (11,079) |
| 16 | TESDA Overhead Allocation Variance | - | - | - | - | - | - | - | - | - | - |
| 17 | | | | | | | | | | | |
| 18 | Residual Deferred Accounts | | | | | | | | | | |
| 19 | Depreciation Variance | (940) | - | - | - | - | 940 | - | - | - | (470) |
| 20 | SCP Tax Reassessment | (32) | - | - | - | - | 32 | - | - | - | (16) |
| 21 | BFI Costs and Recoveries | 147 | (147) | - | - | - | - | - | - | - | - |
| 22 | CNG and LNG Recoveries | (11) | - | - | - | - | 11 | - | - | - | (6) |
| 23 | 2011 CNG and LNG Service Costs and Recoveries | (35) | - | - | - | - | 35 | - | - | - | (17) |
| 24 | Olympics Security Costs Deferral | - | - | - | - | - | - | - | - | - | - |
| 25 | IFRS Conversion Costs | - | - | - | - | - | - | - | - | - | - |
| 26 | 2009 ROE & Cost of Capital Application | 328 | - | - | - | - | (328) | - | - | - | 164 |
| 27 | 2010-2011 Revenue Requirement Application | - | - | - | - | - | - | - | - | - | - |
| 28 | 2012-2013 Revenue Requirement Application | 205 | - | - | - | - | (205) | - | - | 0 | 102 |
| 29 | CCE CPCN Application | 94 | - | - | - | - | (94) | - | - | - | 47 |
| 30 | Deferred Removal Costs | (131) | - | - | - | - | 131 | - | - | - | (66) |
| 31 | US GAAP Conversion Costs | (853) | - | - | - | - | 853 | - | - | - | (427) |
| 32 | US GAAP Transitional Costs | 1,425 | - | - | - | - | (1,425) | - | - | - | 713 |
| 33 | Earnings Sharing Mechanism | 84 | (84) | - | - | - | - | - | - | - | - |
| 34 | OH&M Recoveries from NGT | - | (163) | - | - | - | 163 | - | - | - | (81) |
| 35 | Tilbury Property Purchase (Subdividable Land) | - | (164) | - | - | - | 164 | - | - | - | (82) |
| 36 | Residual Delivery Rate Riders | - | (38) | - | - | - | 38 | - | - | - | (19) |
| 37 | | | | | | | | | | | |
| 38 | Total Deferred Charges for Rate Base | $ 4,281 | $ 26,708 | $ 30,089 | $ (2,822) | $ 27,267 | $ (29,970) | $ 18,769 | $ (4,693) | $ 42,363 | $ 36,676 |
| 39 | | | | | | | | | | | |
| 40 | Cross Reference | | | | | | - Section E-FORMULA, Sch 22 | | | - Section E-FORMULA, Sch 30 | |

Evidentiary Update July 16, 2013

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Section E
FORMULA
Schedule 51

NEGATIVE SALVAGE CONTINUITY
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Account | Mid-year GPIS for Depreciation | Annual Salvage Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Removal Costs | Proceeds on Disposal | Ending 31/12/2012 | Ending 12/31/2013 |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | |
| 2 | 442-00 Structures & Improvements (Tilbury) | $ 4,960 | 0.36% | $ 18 | $ - | $ - | $ - | $ 18 | $ 36 |
| 3 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 0.40% | 66 | - | - | - | 66 | 132 |
| 4 | 449-00 Local Storage Equipment (Tilbury) | 26,082 | 0.37% | 99 | - | - | - | 94 | 193 |
| 5 | TOTAL MANUFACTURED | 47,541 | | 183 | - | - | - | 178 | 361 |
| 5 | | | | | | | | | |
| 6 | **TRANSMISSION PLANT** | | | | | | | | |
| 7 | 462-00 Compressor Structures | 16,299 | 0.18% | 27 | - | - | - | 27 | 54 |
| 8 | 463-00 Measuring Structures | 5,501 | 0.18% | 10 | - | - | - | 2 | 12 |
| 9 | 464-00 Other Structures & Improvements | 6,042 | 0.14% | 8 | - | - | - | 8 | 16 |
| 10 | 465-00 Mains | 812,796 | 0.14% | 1,175 | - | (1,960) | - | 968 | 183 |
| 11 | 466-00 Compressor Equipment | 112,858 | 0.28% | 333 | - | - | - | 314 | 647 |
| 12 | 467-00 Measuring & Regulating Equipment | 30,184 | 0.18% | 51 | - | - | - | 18 | 69 |
| 13 | 468-00 Communication Structures & Equipment | 346 | 0.96% | 3 | - | - | - | 3 | 6 |
| 14 | TOTAL TRANSMISSION | 984,025 | | 1,607 | - | (1,960) | - | 1,340 | 987 |
| 15 | | | | | | | | | |
| 16 | **DISTRIBUTION PLANT** | | | | | | | | |
| 17 | 472-00 Structures & Improvements | 18,209 | 0.16% | 27 | - | - | - | 27 | 54 |
| 18 | 473-00 Services | 772,401 | 1.24% | 8,982 | - | (8,754) | - | (2,044) | (1,816) |
| 19 | 473-00 Services - LILO | - | 0.00% | - | - | - | - | - | - |
| 20 | 474-00 House Regulators & Meter Installations | 174,801 | 0.75% | 1,188 | - | (2,659) | - | 4,040 | 2,569 |
| 21 | 477-00 Meters/Regulators Installations | 28,546 | 0.75% | 173 | - | - | - | 57 | 230 |
| 22 | 475-00 Mains | 961,958 | 0.33% | 3,107 | - | (828) | - | 1,798 | 4,077 |
| 23 | 475-00 Mains - LILO | - | 0.00% | - | - | - | - | - | - |
| 24 | 476-00 Compressor Equipment | 827 | 11.43% | 165 | - | - | - | 165 | 330 |
| 25 | 477-00 Measuring & Regulating Equipment | 92,370 | 0.52% | 468 | - | - | - | 389 | 857 |
| 26 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | - | - | - |
| 27 | 478-10 Meters | 210,465 | 0.50% | 1,031 | - | - | - | 14 | 1,045 |
| 28 | TOTAL DISTRIBUTION | 2,259,738 | | 15,141 | - | (12,241) | - | 4,446 | 7,346 |
| 29 | | | | | | | | | |
| 30 | **BIO GAS** | | | | | | | | |
| 31 | 475-20 Bio Gas Mains – Private Land | 189 | 0.33% | 1 | - | - | - | - | 1 |
| 32 | 478-30 Bio Gas Meters | 227 | 0.50% | - | - | - | - | - | - |
| 33 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | - | - | - |
| 34 | TOTAL BIO-GAS | 438 | | 2 | - | - | - | 1 | 3 |
| 35 | | | | | | | | | |
| 36 | TOTALS | $ 3,291,742 | | $ 16,933 | $ - | $ (14,201) | $ - | $ 5,965 | $ 8,697 |
| 37 | | | | | | | | | |
| 38 | Cross Reference | -FORMULA, Sch 35 | | | | | | | - Section E-FORMULA, Sch 48 |

Evidentiary Update July 16, 2013

NEGATIVE SALVAGE CONTINUITY
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Account | GPIS for Depreciation | Annual Salvage Rate % | 2014 DEPRECIATION Provision (Cr.) | Open Bal Transfers | Removal Costs | Proceeds on Disposal | Ending 12/31/2013 | Ending 12/31/2014 |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | |
| 2 | 442-00 Structures & Improvements (Tilbury) | $ 4,960 | 0.36% | $ 18 | $ - | $ - | $ - | $ 36 | $ 54 |
| 3 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 0.40% | 66 | - | - | - | 132 | 198 |
| 4 | 449-00 Local Storage Equipment (Tilbury) | 27,149 | 0.37% | 100 | - | - | - | 193 | 293 |
| 5 | TOTAL MANUFACTURED | 48,608 | | 184 | - | - | - | 361 | 545 |
| 5 | | | | | | | | | |
| 6 | **TRANSMISSION PLANT** | | | | | | | | |
| 7 | 462-00 Compressor Structures | 16,299 | 0.18% | 29 | - | - | - | 54 | 83 |
| 8 | 463-00 Measuring Structures | 5,490 | 0.18% | 10 | - | - | - | 12 | 22 |
| 9 | 464-00 Other Structures & Improvements | 6,061 | 0.14% | 8 | - | - | - | 16 | 24 |
| 10 | 465-00 Mains | 826,080 | 0.14% | 1,157 | - | - | - | 183 | 1,340 |
| 11 | 466-00 Compressor Equipment | 113,905 | 0.28% | 319 | - | - | - | 647 | 966 |
| 12 | 467-00 Measuring & Regulating Equipment | 30,118 | 0.18% | 54 | - | - | - | 69 | 123 |
| 13 | 468-00 Communication Structures & Equipment | 346 | 0.96% | 3 | - | - | - | 6 | 9 |
| 14 | TOTAL TRANSMISSION | 998,299 | | 1,580 | - | - | - | 987 | 2,567 |
| 15 | | | | | | | | | |
| 16 | **DISTRIBUTION PLANT** | | | | | | | | |
| 17 | 472-00 Structures & Improvements | 18,198 | 0.16% | 29 | - | - | - | 54 | 83 |
| 18 | 473-00 Services | 786,456 | 1.24% | 9,255 | - | (8,928) | - | (1,816) | (1,489) |
| 19 | 473-00 Services - LILO | - | 0.00% | - | - | - | - | - | - |
| 20 | 474-00 House Regulators & Meter Installations | 174,659 | 0.75% | 1,189 | - | (2,713) | - | 2,569 | 1,045 |
| 21 | 477-00 Meters/Regulators Installations | 38,220 | 0.75% | 287 | - | - | - | 230 | 517 |
| 22 | 475-00 Mains | 976,643 | 0.33% | 3,111 | - | (845) | - | 4,077 | 6,343 |
| 23 | 475-00 Mains - LILO | - | 0.00% | - | - | - | - | - | - |
| 24 | 476-00 Compressor Equipment | 827 | 11.43% | 95 | - | - | - | 330 | 425 |
| 25 | 477-00 Measuring & Regulating Equipment | 96,145 | 0.52% | 500 | - | - | - | 857 | 1,357 |
| 26 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | - | - | - |
| 27 | 478-10 Meters | 213,913 | 0.50% | 1,019 | - | - | - | 1,045 | 2,064 |
| 28 | TOTAL DISTRIBUTION | 2,305,224 | | 15,485 | - | (12,486) | - | 7,346 | 10,345 |
| 29 | | | | | | | | | |
| 30 | **BIO GAS** | | | | | | | | |
| 31 | 475-20 Bio Gas Mains – Private Land | 337 | 0.33% | 1 | - | - | - | 1 | 2 |
| 32 | 478-30 Bio Gas Meters | 447 | 0.50% | 2 | - | - | - | - | 2 |
| 33 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | - | - | - |
| 34 | TOTAL BIO-GAS | 806 | | 3 | - | - | - | 3 | 6 |
| 35 | | | | | | | | | |
| 36 | TOTALS | $ 3,352,937 | | $ 17,252 | $ - | $ (12,486) | $ - | $ 8,697 | $ 13,463 |
| 37 | | | | | | | | | |
| 38 | Cross Reference | -FORMULA, Sch 38 | | | | | | - Section E-FORMULA, Sch 50 | |

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED Existing 2013 Rates | Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) (Column (5) - Column (3)) | (7) |
| 1 | **Cash Working Capital** | | | | | | |
| 2 | Cash Required for | | | | | | |
| 3 | Operating Expenses | $ 9,202 | $ 7,458 | $ 8,231 | $ 8,231 | $ 773 | - Section E-FORMULA, Sch 55 |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | Less - Funds Available: | | | | | | |
| 7 | | | | | | | |
| 8 | Reserve for Bad Debts | (6,282) | (4,588) | (5,760) | (5,760) | (1,172) | |
| 9 | | | | | | | |
| 10 | Withholdings From Employees | (4,819) | (5,163) | (4,359) | (4,359) | 804 | |
| 11 | | | | | | | |
| 12 | Subtotal | (1,899) | (2,293) | (1,888) | (1,888) | 405 | - Section E-FORMULA, Sch 29 |
| 13 | | | | | | | |
| 14 | **Other Working Capital Items** | | | | | | |
| 15 | Construction Advances | (439) | (620) | - | - | 620 | |
| 16 | Transmission Line Pack Gas | 3,924 | 3,566 | 2,846 | 2,846 | (720) | |
| 17 | Gas in Storage | 97,294 | 97,242 | 78,766 | 78,766 | (18,476) | |
| 18 | Inventory - Materials & Supplies | 637 | 1,434 | 1,509 | 1,509 | 75 | |
| 19 | | | | | | | |
| 20 | Subtotal | 101,416 | 101,622 | 83,121 | 83,121 | (18,501) | - Section E-FORMULA, Sch 29 |
| 21 | | | | | | | |
| 22 | Total | $ 99,517 | $ 99,329 | $ 81,233 | $ 81,233 | $ (18,096) | |

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 Existing 2013 Rates | 2014 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | **Cash Working Capital** | | | | | |
| 2 | Cash Required for | | | | | |
| 3 | Operating Expenses | $ 8,231 | $ 9,330 | $ 9,345 | $ 1,114 | - Section E-FORMULA, Sch 55 |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | Less - Funds Available: | | | | | |
| 7 | | | | | | |
| 8 | Reserve for Bad Debts | (5,760) | (5,459) | (5,459) | 301 | |
| 9 | | | | | | |
| 10 | Withholdings From Employees | (4,359) | (4,489) | (4,489) | (130) | |
| 11 | | | | | | |
| 12 | Subtotal | (1,888) | (618) | (603) | 1,285 | - Section E-FORMULA, Sch 30 |
| 13 | | | | | | |
| 14 | **Other Working Capital Items** | | | | | |
| 15 | Construction Advances | - | - | - | - | |
| 16 | Transmission Line Pack Gas | 2,846 | 2,662 | 2,662 | (184) | |
| 17 | Gas in Storage | 78,766 | 74,841 | 74,841 | (3,925) | |
| 18 | Inventory - Materials & Supplies | 1,509 | 1,536 | 1,536 | 27 | |
| 19 | | | | | | |
| 20 | Subtotal | 83,121 | 79,039 | 79,039 | (4,082) | - Section E-FORMULA, Sch 30 |
| 21 | | | | | | |
| 22 | Total | $ 81,233 | $ 78,421 | $ 78,436 | $ (2,797) | |

CASH WORKING CAPITAL
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| | | 2013 | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| Line No. | Particulars | Days | Expenses | Cash Working Capital | Days | Expenses | Cash Working Capital | Cross Reference |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **CASH WORKING CAPITAL** | | | | | | | |
| 2 | | | | | | | | |
| 3 | Revenue Lag Days | 39.0 | | | 39.0 | | | - Section E-FORMULA, Sch 56 |
| 4 | Expense Lead Days | 35.9 | | | 35.5 | | | - Section E-FORMULA, Sch 57 |
| 5 | | | | | | | | |
| 6 | Net Lead/(Lag) Days | 3.1 | $ 969,154 | $ 8,231 | 3.5 | $ 972,938 | $ 9,330 | - Section E-FORMULA, Sch 53 |
| 7 | | | | | | | | - Section E-FORMULA, Sch 54 |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | **CASH WORKING CAPITAL, REVISED RATES** | | | | | | | |
| 11 | | | | | | | | |
| 12 | Revenue Lag Days | 39.0 | | | 39.0 | | | - Section E-FORMULA, Sch 56 |
| 13 | Expense Lead Days | 35.9 | | | 35.5 | | | - Section E-FORMULA, Sch 57 |
| 14 | | | | | | | | |
| 15 | Net Lead/(Lag) Days | 3.1 | $ 969,154 | $ 8,231 | 3.5 | $ 974,571 | $ 9,345 | - Section E-FORMULA, Sch 53 |
| 16 | | | | | | | | - Section E-FORMULA, Sch 54 |
| 17 | | | | | | | | |
| 18 | | | | | | | | |
| 19 | **CASH WORKING CAPITAL CHANGE** | | | $ - | | | $ 15 | |
| 20 | | | | | | | | |
| 21 | | | | | | | | |
| 22 | | | | | | | | |
| 23 | Cash working capital = Col. 2 x Col. 3 / 365 days | | | | | | | |

CASH WORKING CAPITAL
LAG TIME FROM DATE OF PAYMENT TO RECEIPT OF CASH
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| | | 2013 | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| Line No. | Particulars | Revenue At 2013 Rates | Lag Days Service to Collection | Dollar Days | Revenue At 2013 Rates | Lag Days Service to Collection | Dollar Days | Cross Reference |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **REVENUE** | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Service Revenue | | | | | | | |
| 4 | Residential and Commercial | $ 1,000,861 | 38.3 | $ 38,376,423 | $ 991,092 | 38.3 | $ 38,002,583 | - Section E-FORMULA, Sch 10 |
| 5 | Industrials & Others: Rates 4, 5, 7, 23, 25 and 27 | 75,123 | 45.1 | 3,386,837 | 76,908 | 45.1 | 3,467,510 | |
| 6 | NGV Fuel - Stations | 461 | 41.7 | 19,233 | 461 | 41.7 | 19,233 | |
| 7 | | | | | | | | |
| 8 | Rate 16, Rates 22, Burrard, FEVI (Oth Rev), SCP (Oth Rev) | 57,299 | 42.8 | 2,453,599 | 55,448 | 42.7 | 2,368,079 | |
| 9 | | | | | | | | |
| 10 | Total Gas Sales | 1,133,745 | 39.0 | 44,236,092 | 1,123,909 | 39.0 | 43,857,405 | |
| 11 | Other Revenues | | | | | | | |
| 12 | Late Payment Charges | 2,109 | 38.3 | 80,767 | 2,089 | 38.3 | 79,993 | - Section E-FORMULA, Sch 12-13 |
| 13 | Returned Cheque Charges | 79 | 38.5 | 3,041 | 79 | 38.5 | 3,041 | - Section E-FORMULA, Sch 12-13 |
| 14 | Connection Charges | 2,622 | 38.3 | 100,411 | 2,636 | 38.3 | 100,970 | - Section E-FORMULA, Sch 12-13 |
| 15 | Other Utility Income | 132 | 35.4 | 4,670 | 348 | 41.2 | 14,322 | - Section E-FORMULA, Sch 12-13 |
| 16 | | | | | | | | |
| 17 | | | | | | | | |
| 18 | Total Revenue | $ 1,138,687 | 39.0 | $ 44,424,981 | $ 1,129,061 | 39.0 | $ 44,055,731 | |
| 19 | | | | | | | | |
| 20 | | | | | | | | |
| 21 | **REVENUE, REVISED RATES** | | | | | | | |
| 22 | | | | | | | | |
| 23 | Gas Sales and Transportation Service Revenue | | | | | | | |
| 24 | Residential and Commercial | $ 1,000,861 | 38.3 | $ 38,376,423 | $ 996,232 | 38.3 | $ 38,199,698 | - Section E-FORMULA, Sch 10 |
| 25 | Industrials & Others: Rates 4, 5, 7, 23, 25 and 27 | 75,123 | 45.1 | 3,386,837 | 77,582 | 45.1 | 3,497,938 | |
| 26 | NGV Fuel - Stations | 461 | 41.7 | 19,233 | 464 | 41.7 | 19,358 | |
| 27 | | | | | | | | |
| 28 | Rate 16, Rates 22, Burrard, FEVI (Oth Rev), SCP (Oth Rev) | 57,299 | 42.8 | 2,453,599 | 55,701 | 42.7 | 2,379,434 | |
| 29 | | | | | | | | |
| 30 | Total Gas Sales | 1,133,745 | 39.0 | 44,236,092 | 1,129,979 | 39.0 | 44,096,428 | |
| 31 | Other Revenues | | | | | | | |
| 32 | Late Payment Charges | 2,109 | 38.3 | 80,767 | 2,089 | 38.3 | 79,993 | - Section E-FORMULA, Sch 12-13 |
| 33 | Returned Cheque Charges | 79 | 38.5 | 3,041 | 79 | 38.5 | 3,041 | - Section E-FORMULA, Sch 12-13 |
| 34 | Connection Charges | 2,622 | 38.3 | 100,411 | 2,636 | 38.3 | 100,970 | - Section E-FORMULA, Sch 12-13 |
| 35 | Other Utility Income | 132 | 35.4 | 4,670 | 348 | 41.2 | 14,322 | - Section E-FORMULA, Sch 12-13 |
| 36 | | | | | | | | |
| 37 | | | | | | | | |
| 38 | Total Revenue | $ 1,138,687 | 39.0 | $ 44,424,981 | $ 1,135,131 | 39.0 | $ 44,294,754 | |

CASH WORKING CAPITAL
LEAD TIME IN PAYMENT OF EXPENSES
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| Line No. | Particulars | | 2013 Amount | 2013 Lead Days Expense to Payment | 2013 Dollar Days | 2014 Amount | 2014 Lead Days Expense to Payment | 2014 Dollar Days | Cross Reference |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **EXPENSES** | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | Operating And Maintenance | | | | | | | | - Section E-FORMULA, Sch 3 |
| 4 | Expenses | | $ 198,578 | 25.5 | $ 5,063,739 | $ 202,307 | 25.5 | $ 5,158,829 | - Section E-FORMULA, Sch 4 |
| 5 | Transportation Costs | | - | 0.0 | - | - | 0.0 | - | |
| 6 | Gas Purchases (excl Royalty Credits) | | 505,954 | 40.2 | 20,339,351 | 495,810 | 40.2 | 19,931,562 | |
| 7 | | | | | | | | | |
| 8 | Taxes Other Than Income | | | | | | | | - Section E-FORMULA, Sch 19 |
| 9 | Property Taxes | | 48,089 | 2.0 | 96,178 | 48,797 | 2.0 | 97,594 | - Section E-FORMULA, Sch 20 |
| 10 | Franchise Fees | | 8,048 | 420.3 | 3,382,574 | 7,927 | 420.3 | 3,331,718 | |
| 11 | Carbon Tax | | 169,869 | 29.1 | 4,943,177 | 169,837 | 29.1 | 4,942,263 | |
| 12 | HST - Net | * | 6,565 | 38.8 | 254,735 | | | - | |
| 13 | PST Component of HST (REC) | * | (2,326) | 33.8 | (78,624) | | | - | |
| 14 | GST - Net | ** | 7,266 | 38.8 | 281,926 | 9,605 | 38.8 | 372,689 | |
| 15 | PST - Net | ** | 3,252 | 37.1 | 120,641 | 4,067 | 37.1 | 150,869 | |
| 16 | Income Tax | | 23,859 | 15.2 | 362,657 | 34,589 | 15.2 | 525,753 | - Section E-FORMULA, Sch 23 |
| 17 | | | | | | | | | - Section E-FORMULA, Sch 24 |
| 18 | Total Expenses | | $ 969,154 | 35.9 | $ 34,766,354 | $ 972,939 | 35.5 | $ 34,511,277 | |
| 19 | | | | | | | | | |
| 20 | | | | | | | | | |
| 21 | **EXPENSES, REVISED RATES** | | | | | | | | |
| 22 | | | | | | | | | |
| 23 | Operating And Maintenance | | | | | | | | - Section E-FORMULA, Sch 3 |
| 24 | Expenses | | $ 198,578 | 25.5 | $ 5,063,739 | $ 202,307 | 25.5 | $ 5,158,829 | - Section E-FORMULA, Sch 4 |
| 25 | Transportation Costs | | - | 0.0 | - | - | 0.0 | - | |
| 26 | Gas Purchases (excl Royalty Credits) | | 505,954 | 40.2 | 20,339,351 | 495,810 | 40.2 | 19,931,562 | |
| 27 | | | | | | | | | |
| 28 | Taxes Other Than Income | | | | | | | | - Section E-FORMULA, Sch 19 |
| 29 | Property Taxes | | 48,089 | 2.0 | 96,178 | 48,797 | 2.0 | 97,594 | - Section E-FORMULA, Sch 20 |
| 30 | Franchise Fees | | 8,048 | 420.3 | 3,382,574 | 7,971 | 420.3 | 3,350,211 | |
| 31 | Carbon Tax | | 169,869 | 29.1 | 4,943,177 | 169,837 | 29.1 | 4,942,263 | |
| 32 | HST - Net | * | 6,565 | 38.8 | 254,735 | | | - | |
| 33 | PST Component of HST (REC) | * | (2,326) | 33.8 | (78,624) | | | - | |
| 34 | GST - Net | ** | 7,266 | 38.8 | 281,926 | 9,658 | 38.8 | 374,720 | |
| 35 | PST - Net | ** | 3,252 | 37.1 | 120,641 | 4,085 | 37.1 | 151,554 | |
| 36 | Income Tax | | 23,859 | 15.2 | 362,657 | 36,106 | 15.2 | 548,811 | - Section E-FORMULA, Sch 23 |
| 37 | | | | | | | | | - Section E-FORMULA, Sch 24 |
| 38 | Total Expenses | | $ 969,154 | 35.9 | $ 34,766,354 | $ 974,571 | 35.5 | $ 34,555,544 | |
| 39 | | | | | | | | | |

40 * January to March 2013 is computed at 25% of 2013 Approved cash outflows.
41 ** April to December 2013 is computed at 75% of 2013 Projected cash outflows.

Evidentiary Update July 16, 2013

DEFERRED INCOME TAX LIABILITY / ASSET
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | Total DIT Liability- After Tax | (210,925) | (215,501) | (216,513) | (216,167) | |
| 2 | | | | | | |
| 3 | Tax Gross Up | (70,308) | (71,834) | (72,171) | (72,056) | |
| 4 | | | | | | |
| 5 | DIT Liability/Asset - End of Year | (281,233) | (287,335) | (288,683) | (288,222) | |
| 6 | | | | | | |
| 7 | DIT Liability/Asset - Opening Balance | (282,624) | (277,382) | (281,233) | (288,683) | |
| 8 | | | | | | |
| 9 | DIT Liability/Asset - Mid Year | (281,929) | (282,359) | (284,958) | (288,453) | |
| 10 | | | | | | |
| 11 | Cross Reference | | | - Section E-FORMULA, Sch 29 | | |
| 12 | | | | | - Section E-FORMULA, Sch 30 | |
| 13 | | | | | | |
| 14 | Note: * Excludes Land, Software CIAC, and WIP. | | | | | |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | -------- Capitalization -------- | Amount | % | Average Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,576,778 | 58.35% | 6.87% | 4.01% | $ 108,279 | - Section E-FORMULA, Sch 61 |
| 3 | Unfunded Debt | | 84,996 | 3.15% | 3.50% | 0.11% | 2,975 | |
| 4 | Preference Shares | | | 0.00% | | 0.00% | - | |
| 5 | Common Equity | | 1,040,298 | 38.50% | 9.44% | 3.63% | 98,227 | |
| 6 | | | | | | | | |
| 7 | | | $ 2,702,072 | 100.00% | | 7.75% | $ 209,481 | - Section E-FORMULA, Sch 29 |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |
| 11 | 2013 REVISED RATES - PROJECTED | | | | | | | |
| 12 | Long-Term Debt | | $ 1,576,778 | 58.35% | 6.87% | 4.01% | $ 108,279 | - Section E-FORMULA, Sch 61 |
| 13 | Unfunded Debt | $ 84,996 | | | | | | |
| 14 | Adjustment, Revised Rates | - | 84,996 | 3.15% | 3.50% | 0.11% | 2,975 | |
| 15 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 16 | Common Equity | | 1,040,298 | 38.50% | 9.44% | 3.63% | 98,227 | |
| 17 | | | | | | | | - Section E-FORMULA, Sch 3 |
| 18 | | | $ 2,702,072 | 100.00% | | 7.75% | $ 209,481 | - Section E-FORMULA, Sch 29 |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | -------- Capitalization -------- Amount | | % | Average Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2014 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,569,006 | 56.26% | 6.84% | 3.85% | $ 107,264 | - Section E-FORMULA, Sch 62 |
| 3 | Unfunded Debt | | 146,155 | 5.24% | 1.75% | 0.09% | 2,558 | |
| 4 | Preference Shares | | | 0.00% | | 0.00% | - | |
| 5 | Common Equity | | 1,073,718 | 38.50% | 8.33% | 3.20% | 89,400 | |
| 6 | | | | | | | | |
| 7 | | | $ 2,788,879 | 100.00% | | 7.14% | $ 199,221 | - Section E-FORMULA, Sch 30 |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |
| 11 | 2014 REVISED RATES | | | | | | | |
| 12 | Long-Term Debt | | $ 1,569,006 | 56.26% | 6.84% | 3.85% | $ 107,264 | - Section E-FORMULA, Sch 62 |
| 13 | Unfunded Debt | $ 146,155 | | | | | | |
| 14 | Adjustment, Revised Rates | 9 | 146,164 | 5.24% | 1.75% | 0.09% | 2,558 | |
| 15 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 16 | Common Equity | | 1,073,724 | 38.50% | 8.75% | 3.37% | 93,951 | |
| 17 | | | | | | | | - Section E-FORMULA, Sch 4 |
| 18 | | | $ 2,788,894 | 100.00% | | 7.31% | $ 203,773 | - Section E-FORMULA, Sch 30 |

FORTISBC ENERGY INC. G-44-12 (May 1, 2012) Section E
FORMULA
Schedule 61

EMBEDDED COST OF LONG-TERM DEBT (per BCUC Approved RRA)
FOR THE YEAR ENDING DECEMBER 31, 2013 *** APPROVED ***
($000s)

| Line No. | Particulars | Issue Date | Maturity Date | Coupon Rate | Principal Amount of Issue | Issue Expense | Net Proceeds of Issue | Effective Interest Cost | Average Principal Outstanding | Annual Cost |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | Series A Purchase Money Mortgage | 3-Dec-1990 | 30-Sep-2015 | 11.800% | $ 58,943 | $ 855 | $ 74,100 * | 12.054% | $ 74,955 | $ 9,035 |
| 2 | Series B Purchase Money Mortgage | 30-Nov-1991 | 30-Nov-2016 | 10.300% | 157,274 | 2,228 | 155,882 * | 10.461% | 158,110 | 16,540 |
| 3 | | | | | | | | | | |
| 4 | Medium Term Note - Series 11 | 21-Sep-1999 | 21-Sep-2029 | 6.950% | 150,000 | 2,290 | 147,710 | 7.073% | 150,000 | 10,610 |
| 5 | 2004 Long Term Debt Issue - Series 18 | 29-Apr-2004 | 1-May-2034 | 6.500% | 150,000 | 1,915 | 148,085 | 6.598% | 150,000 | 9,897 |
| 6 | 2005 Long Term Debt Issue - Series 19 | 25-Feb-2005 | 25-Feb-2035 | 5.900% | 150,000 | 1,663 | 148,337 | 5.980% | 150,000 | 8,970 |
| 7 | 2006 Long Term Debt Issue - Series 21 | 25-Sep-2006 | 25-Sep-2036 | 5.550% | 120,000 | 784 | 119,216 | 5.595% | 120,000 | 6,714 |
| 8 | 2007 Medium Term Debt Issue - Series 22 | 2-Oct-2007 | 2-Oct-2037 | 6.000% | 250,000 | 2,303 | 247,697 | 6.067% | 250,000 | 15,168 |
| 9 | 2008 Medium Term Debt Issue - Series 23 | 13-May-2008 | 13-May-2038 | 5.800% | 250,000 | 2,412 | 247,588 | 5.869% | 250,000 | 14,673 |
| 10 | 2009 Med.Term Debt Issue- Series 24 | 24-Feb-2009 | 24-Feb-2039 | 6.550% | 100,000 | 1,000 | 99,000 | 6.627% | 100,000 | 6,627 |
| 11 | | | | | | | | | | |
| 12 | 2011 Medium Term Debt Issue - Series 25 | 1-Oct-2011 | 1-Oct-2021 | 4.500% | 100,000 | 1,000 | 99,000 | 4.626% | 100,000 | 4,626 |
| 13 | | | | | | | | | | |
| 14 | LILO Obligations - Kelowna | | | | | | | 6.445% | 21,892 | 1,411 |
| 15 | LILO Obligations - Nelson | | | | | | | 7.872% | 3,519 | 277 |
| 16 | LILO Obligations - Vernon | | | | | | | 9.153% | 10,466 | 958 |
| 17 | LILO Obligations - Prince George | | | | | | | 8.067% | 27,085 | 2,185 |
| 18 | LILO Obligations - Creston | | | | | | | 7.218% | 2,577 | 186 |
| 19 | | | | | | | | | | |
| 20 | Vehicle Lease Obligation | | | | | | | 5.685% | 13,510 | 768 |
| 21 | | | | | | | | | | |
| 22 | Sub-Total | | | | | | | | $ 1,582,114 | $ 108,645 |
| 23 | Less: Fort Nelson Division Portion of Long Term Debt | | | | | | | | 5,336 | 366 |
| 24 | Total | | | | | | | | $ 1,576,778 | $ 108,279 |
| 25 | | | | | | | | | | |
| 26 | *Includes adjustment of $16,012 for BC Hydro Premium (Series A). | | | | | | | | Average Embedded Cost | 6.87% |
| 27 | **Includes adjustment of $836 for BC Hydro Premium (Series B). | | | | | | | | | |
| 28 | Cross Reference | | | | | | | | - Section E-FORMULA, Sch 59 | |

Evidentiary Update July 16, 2013

EMBEDDED COST OF LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Issue Date | Maturity Date | Coupon Rate | Principal Amount of Issue | Issue Expense | Net Proceeds of Issue | Effective Interest Cost | Average Principal Outstanding | Annual Cost |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | Series A Purchase Money Mortgage | 3-Dec-1990 | 30-Sep-2015 | 11.800% | $ 58,943 | $ 855 | $ 74,100 * | 12.054% | $ 74,955 | $ 9,035 |
| 2 | Series B Purchase Money Mortgage | 30-Nov-1991 | 30-Nov-2016 | 10.300% | 157,274 | 2,228 | 158,716 ** | 10.461% | 160,944 | 16,836 |
| 3 | | | | | | | | | | |
| 4 | Medium Term Note - Series 11 | 21-Sep-1999 | 21-Sep-2029 | 6.950% | 150,000 | 2,290 | 147,710 | 7.073% | 150,000 | 10,610 |
| 5 | 2004 Long Term Debt Issue - Series 18 | 29-Apr-2004 | 1-May-2034 | 6.500% | 150,000 | 1,915 | 148,085 | 6.598% | 150,000 | 9,897 |
| 6 | 2005 Long Term Debt Issue - Series 19 | 25-Feb-2005 | 25-Feb-2035 | 5.900% | 150,000 | 1,663 | 148,337 | 5.980% | 150,000 | 8,970 |
| 7 | 2006 Long Term Debt Issue - Series 21 | 25-Sep-2006 | 25-Sep-2036 | 5.550% | 120,000 | 784 | 119,216 | 5.595% | 120,000 | 6,714 |
| 8 | 2007 Medium Term Debt Issue - Series 22 | 2-Oct-2007 | 2-Oct-2037 | 6.000% | 250,000 | 2,303 | 247,697 | 6.067% | 250,000 | 15,168 |
| 9 | 2008 Medium Term Debt Issue - Series 23 | 13-May-2008 | 13-May-2038 | 5.800% | 250,000 | 2,412 | 247,588 | 5.869% | 250,000 | 14,673 |
| 10 | 2009 Med.Term Debt Issue- Series 24 | 24-Feb-2009 | 24-Feb-2039 | 6.550% | 100,000 | 1,234 | 98,766 | 6.645% | 100,000 | 6,645 |
| 11 | 2011 Medium Term Debt Issue - Series 25 | 9-Dec-2011 | 9-Dec-2041 | 4.250% | 100,000 | 1,410 | 98,590 | 4.334% | 100,000 | 4,334 |
| 12 | | | | | | | | | | |
| 13 | LILO Obligations - Kelowna | | | | | | | 6.469% | 20,963 | 1,356 |
| 14 | LILO Obligations - Nelson | | | | | | | 7.983% | 3,382 | 270 |
| 15 | LILO Obligations - Vernon | | | | | | | 9.276% | 10,037 | 931 |
| 16 | LILO Obligations - Prince George | | | | | | | 8.182% | 26,057 | 2,132 |
| 17 | LILO Obligations - Creston | | | | | | | 7.330% | 2,483 | 182 |
| 18 | | | | | | | | | | |
| 19 | Vehicle Lease Obligation | | | | | | | 2.281% | 11,006 | 251 |
| 20 | | | | | | | | | | |
| 21 | Sub-Total | | | | | | | | $ 1,579,827 | $ 108,004 |
| 22 | Less: Fort Nelson Division Portion of Long Term Debt | | | | | | | | 5,335 | 365 |
| 23 | Less: NGT Class of Service Portion of Long Term Debt | | | | | | | | 5,486 | 375 |
| 24 | Total | | | | | | | | $ 1,569,006 | $ 107,264 |
| 25 | | | | | | | | | | |
| 26 | *Includes adjustment of $16,012 for BC Hydro Premium (Series A). | | | | | | | | Average Embedded Cost | 6.84% |
| 27 | **Includes adjustment of $3,670 for BC Hydro Premium (Series B). | | | | | | | | | |
| 28 | Cross Reference | | | | | | | | - Section E-FORMULA, Sch 60 | |

CALCULATION OF AMORTIZATION OF RSAM (RIDER 5)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2014 Volumes (TJ) | 2014 Amortization ($000s) | 2014 Amortization of RSAM Unit Rider ($/GJ) |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| 1 | **RSAM (Rider 5) Calculation** | | | |
| 2 | | | | |
| 3 | Schedule 1 - Residential | 69,511.7 | | ($0.118) |
| 4 | Schedule 2 - Small Commercial | 24,246.8 | | ($0.118) |
| 5 | Schedule 3 - Large Commercial | 17,253.0 | | ($0.118) |
| 6 | Schedule 23 - Large Commercial Transportation | 8,721.3 | | ($0.118) |
| 7 | | | | |
| 8 | | 119,732.8 | ($14,156) [1] | |

Note 1: RSAM Rider Change

In 2013, FortisBC Energy forecasts that there will be approximately $-5 million (net-of-tax) of RSAM additions. After offsetting the 2013 RSAM Rider recovery, the RSAM account including interest is now projected to be a credit balance of $-21.2 million on a net-of-tax basis by the end of 2013. The RSAM balance is to be amortized over two years. Accordingly, the net-of-tax RSAM balance to be amortized in 2014 is a credit of $-10.6 million. On a pre-tax basis, this amounts to $14.2 million or a refund to customers of $0.118/GJ in 2014, which is a $0.019 increase from the existing charge of ($0.099)/GJ.

2014 Net-Of-Tax Amortization = 1/2 of Projected December 31, 2013 RSAM Balance
= 1/2 * ($-20,919 RSAM + $-320 RSAM Interest)
= 1/2 * $-21,239
= $-10,620 Net-of-tax amortization

2014 Pre-Tax Amortization = Net-of-tax amortization / (1 - tax rate)
= $-10,620 / (1 - 25%)
= $-14,156 Pre-tax amortization

# Appendix C1

## COMPLIANCE WITH PAST DIRECTIVES
## TABLE OF CONCORDANCE

| No. | Decision / Order Page No. | Directive No. or Reference | Description / Details | Status, Action Taken, Relevant Filing Dates and Comments | Section in this Application |
|---|---|---|---|---|---|
| ***G-44-12 – FEU 2012-2013 Revenue Requirements and Rates Decision (dated April 12, 2012)*** | | | | | |
| **1.** | 26 | No. 1<br>Appendix A, p.1 | ***Residential Customer Usage Rates and Demand Forecast:***<br>The Commission Panel agrees with the BCOAPO that it would be of value for the FEU to file a financial analysis of the impact of variances in the forecast of customer additions on all rate classes when they file their next RRA and the FEU are directed to do so. | Analysis provided | Section C1.6 and Appendix E5 |
| **2.** | 40 | No. 7<br>Appendix A, p. 2 | ***O&M Productivity Improvement:***<br>The Commission Panel further directs the FEU to file a Productivity Improvement Plan with their next revenue requirements application. The Productivity Improvement Plan may take the form of a proposal for PBR which places emphasis on both-short term activities as well as long term, sustainable improvements. | PBR Proposal filed | Section B |
| **3.** | 52-53 | No. 13<br>Appendix A, p. 3 | ***Customer Service:***<br>The Panel expects the FEU to address the matter of leveraging the Customer Care function to maximize productivity opportunities in the next revenue requirements application. This should provide ample time for stabilization of the system and a better understanding of potential opportunities. | Customer Care and productivity discussion provided | Sections A4 and C3.5 |
| **4.** | 67 | No. 22<br>Appendix A, p. 4 | ***Environment, Health and Safety:***<br>FEI is directed for future revenue requirements to determine potential alternatives for the delivery of this [environmental training] program and potentially integrate it with other training initiatives | Integrated with other training activities | Section C3.12 |
| **5.** | 71 | No. 25<br>Appendix A, p. 4 | ***Corporate and Shared Services:***<br>The Commission Panel directs the FEU to update both the Corporate and Shared Service Agreements for inclusion in their next revenue requirements application. Further, the Commission Panel directs the FEU to break activities of the FEU entities into two, distinct parts:<br>• Those of traditional gas operations, and<br>• Those of TES offerings<br>so that costs attributable to each entity of the FEU can be clearly broken down by their TES component. | Corporate and Shared Service Agreements updated. Discussion of TES provided. | Section D3.6 and Appendices F1 and F2 |

Deleted: C1.4
Deleted: A3.3
Deleted: <#>¶

| No. | Decision / Order Page No. | Directive No. or Reference | Description / Details | Status, Action Taken, Relevant Filing Dates and Comments | Section in this Application |
|---|---|---|---|---|---|
| **6.** | 78 | No .29 Appendix A, p. 4 | ***Capitalized Overhead:*** The Commission Panel directs the FEU to update their capitalized overhead methodology using relevant accounting standards in the next test period. The Commission Panel further directs the FEU to obtain a report on this methodology from a qualified independent third party for inclusion in their next revenue requirements application. | Capitalized overhead methodology updated and KPMG report filed | Section D3.7 and Appendix F3 |
| **7.** | 81 | not identified in Appendix A list of directives | ***Depreciation Rates:*** The FEU are directed to report the annual additions to this deferral account by asset class in a report to be included with the Utilities' Annual Regulatory Report. The report is to include a breakdown of each addition by depreciation amount and tax effect subtotalling to an amount for each deferral. The total of deferrals in this report shall agree to annual deferrals made to the account. For each asset resulting in a deferral, the asset shall be further broken down by asset class components, indicating the deferred depreciation and deferred tax impact of each component (by asset class). The tax amounts shall include a notation of the CCA class to which they relate as well as the CCA rate for that class. | Provided in BCUC Annual Report Pages 13.2 and 13.3 | N/A |

| No. | Decision / Order Page No. | Directive No. or Reference | Description / Details | Status, Action Taken, Relevant Filing Dates and Comments | Section in this Application |
|---|---|---|---|---|---|
| **8.** | 85 | No. 34 Appendix A, p. 6 | ***Negative Salvage Value:***<br>The Commission Panel directs the FEU to continue forecasting salvage costs in each test period and to include this estimate in future revenue requirements applications. Actual results of the past test period should be included in these applications.<br>In addition, the FEU are directed to provide annual reports to the Commission, of total accumulations, by asset class, of the following:<br>i) total salvage provision for the period,<br>ii) total salvage expenditures,<br>iii) a description of the total value of the asset rate base retired by asset class,<br>iv) descriptions of the most common methods of retirement used during the period,<br>v) the annual and cumulative to date (starting in 2012) actual cost to salvage assets, as a percentage of the actual rate base value of the assets retired, and a comparison of how that rate compares to the rate recommended in the prior depreciation study,<br>vi) a general description of any major trends or retirements that have occurred in the year (i.e. a specific type of pipe or type of meter that required a significant retirement), and<br>vii) an update of trends, any alternative retirement methodologies not being used by the FEU and the future outlook of retirement procedures for each asset class including a description of how any changes in methodologies or available technologies could affect retirement costs. | i), ii), iii) and v) provided in BCUC Annual Report Tab 19; iv), vi) and vii) discussed in this Application | Section D3.4 |
| **9.** | 87 | No. 35 Appendix A, p. 6 | ***Asset Losses:***<br>The Commission Panel directs the Utilities in the future to fully and transparently disclose the nature and amount of all assets or amounts included in their plant in service account that are being depreciated into rates but are not in use, or are not expected to be in use in the test periods, whether due to retirement or for other reasons. | Information provided | Section D3.5 |

**Deleted:** Asset loss items

| No. | Decision / Order Page No. | Directive No. or Reference | Description / Details | Status, Action Taken, Relevant Filing Dates and Comments | Section in this Application |
|---|---|---|---|---|---|
| **10.** | 88 | No. 36<br>Appendix A, p. 7 | ***Asset Losses:***<br>While losses of this nature may be a part of group asset depreciation, the Commission Panel directs the Utility to disclose specific information in future filings with the Commission. The disclosures should include the following:<br>1) Future revenue requirements applications shall include details of actual asset losses, by asset class, for the past 10 years. They shall also include a forecast of losses, by asset class, for the remaining asset class, unadjusted for capital additions expected to occur outside the test period. As asset losses are expected under group depreciation, the Commission Panel believes that a projection of these losses should be readily determinable and should directly tie into depreciation forecasting methodology. When the Utilities obtain future depreciation studies, the study expert should incorporate this loss-forecast schedule into the study and should explain how the amounts have been taken into account in the asset class depreciation rates.<br>2) Future revenue requirements applications shall detail efforts made to minimize early asset retirements and to demonstrate how the utility intends to maximize the value of assets in use. As group depreciation methodology determines assets' useful lives on an average basis, the Commission Panel expects that at least some of the assets should be expected to last longer than their estimated useful lives. The Utilities shall describe the steps taken to determine which assets these might be and how the Utilities intend to identify, maintain and repair such assets. Furthermore, this process should incorporate capital asset maintenance plans to demonstrate how the value of assets in use is to be maximized such that assets are not just replaced, on a blanket basis, at the end of the assets' average service life. | Asset loss items provided<br><br>Information provided | Section D3.5<br><br>Sections D3.5 and C4.4 |
| **11.** | 93 | No. 38<br>Appendix A, p. 7 | ***Long-Term Sustainment Plan (LTSP):***<br>The Commission Panel directs the FEU to provide a status update on the LTSP, systems developed and the nature of assets replaced in their next revenue requirements application. | Status update provided | Section C4.4.3 and Appendix C3 |
| **12.** | 102 | No. 42<br>Appendix A, p. 8 | ***IT Capital – Customer Service:***<br>In addition, the Commission Panel reminds the Utilities that, when planning for IT capital expenditures, the FEU should take into consideration their relatively flat customer base. In the view of the Panel, an increase in IT capital expenditures in the future should be remedial in nature, and demonstrate a clear ability to correct inadequate operational matters or reduce other operating costs from the status quo. Therefore, the Commission Panel directs the FEU in future RRAs to clearly identify either a shortcoming in current customer service levels or provide a fulsome budgeted O&M cost reduction, including the year of realization of expected savings, resulting from each significant IT Capital project in order to justify spending requests. | No increase in IT capital expenditures forecast; benefits analysis provided | Appendix C4 |

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| No. | Decision / Order Page No. | Directive No. or Reference | Description / Details | Status, Action Taken, Relevant Filing Dates and Comments | Section in this Application |
|---|---|---|---|---|---|
| **13.** | 115-116 | No. 52 Appendix A, p. 9 | ***Non-Controllable Deferral Account Items – Customer Service Variance Account:*** The Commission Panel approves the creation of the Customer Service Variance Account as applied for with the amortization period to be determined in the next revenue requirements application of the FEU. | Amortization period of 5 years proposed | Section D4.2.5 |
| **14.** | 127 | not identified in Appendix A list of directives | ***Performance Metrics:*** The Commission Panel is concerned that productivity is not being optimized. Further, the Panel agrees with the CEC that the balanced scorecard, while tracking O&M per customer, does not adequately measure productivity. The Commission Panel directs that for the next revenue requirements application, the FEU bring forward a benchmarking study that would assess their balanced scorecard against mechanisms used in other peer group companies and jurisdictions. Such an assessment should examine, among other things, the appropriate measurements for productivity and describe what a fulsome set of productivity measurements would entail. Additionally, the Commission Panel believes it would be useful for this study to examine how other members of the FEU's peer group link the use of their performance metrics with the assessment of corporate and individual performance. | Benchmarking study conducted and provided<br>Productivity measurements discussed | Appendix C2 for Benchmarking Study; Section A5.5 for Productivity Measures |
| **15.** | 140 | No. 62 Appendix A, p. 11 | ***Overhead and Sales and Marketing Cost Allocation:*** For future revenue requirements applications, the FEU are directed to propose criteria which can be used to provide a better assessment of an appropriate overhead and sales and marketing cost allocation. | Deferred to future Code of Conduct/TPP an TESDA review processes | Section D3.6 |
| **16.** | 142 | No. 63 Appendix A, p. 11 | ***Uniform System of Accounts and Budgeting:*** The Commission Panel directs the FEU to begin investigating the cost of fully converting to the USoA and to work with Commission staff to develop a plan that will allow the FEU to fully adopt the USoA prior to filing their next RRA with the Commission. A proposed plan for conversion within the timelines presented should be discussed with Commission staff and filed with the Commission no more that 180 days from the date of this Decision. The filing should identify any cost deferral account mechanism needed to facilitate the changeover. | Subsequent Commission letter agreed to continue with current BCUC Activity and Resource Views for this Application | Section C3.1.2 |
| **17.** | 151 | No. 66 Appendix A, p. 12 | ***EEC – Deferral Account:*** The Panel is not persuaded that a ten-year amortization period is necessarily appropriate but the issue was not canvassed thoroughly enough in this Proceeding to warrant a change. To assist in understanding this issue, the FEU are directed to provide a report detailing the rate impact of a number of amortization scenarios which will be helpful in determining a long term solution. | Amortization scenarios provided | Appendix I |

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| No. | Decision / Order Page No. | Directive No. or Reference | Description / Details | Status, Action Taken, Relevant Filing Dates and Comments | Section in this Application |
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| **18.** | 171 | No. 72 Appendix A, p. 13 | ***EEC – Inclusion of Spillover Effects:*** The Commission Panel agrees that the FEU's current practice of including free riders but not spillover adjusts DSM program savings downwards only and results in a one-sided adjustment to energy savings. However, the Panel believes it would not be appropriate to make a determination on the inclusion of spillover without a full assessment of the merits of including spillover based on a specific set of facts before the Commission. Accordingly, the Commission Panel makes no determination on the inclusion of spillover in this RRA. The FEU may readdress this issue in future applications. | FEU has proposed spillover within this Application. | Appendix I |
| **19.** | 183 | No. 80 Appendix A, p. 14 | ***EEC – Incentives Provided for AES/TES Projects:*** The Commission directs the FEU to hold all EEC incentives that are provided for AES or TES technologies for projects in which the Companies are a participant in a separate deferral account. The recovery of this deferral account will be left to the Panel which hears the next FEU revenue requirements application. That Panel will have a benefit of the Panel's decision in the AES Inquiry. | Disposition deferred until after the TESDA disposition is finalized. | Appendix F5 |
| ***G-101-12 – FEI KINGSVALE-OLIVER REINFORCEMENT PROJECT (KORP) STAGE 2A PROJECT DEVELOPMENT COSTS AND ACCOUNTING TREATMENT DECISION (DATED JULY 23, 2012)*** | | | | | |
| **20.** | 3, 8, 9 | No. 3 | ***FEI KORP Stage 2a Deferral Account:*** FEI is directed to establish a new non-rate base deferral account for recording of Stage 2a feasibility expenses with treatment of interest rate and deferral period to be determined at the next Revenue Requirement. | Disposition deferred due to extension to time required to complete Stage 2a. | Appendix F5 |
| ***G-201-12 – FEI INQUIRY INTO THE OFFERING OF PRODUCTS AND SERVICES IN ALTERNATIVE ENERGY SOLUTIONS AND OTHER NEW INITIATIVES REPORT (DATED DECEMBER 27, 2012)*** | | | | | |
| **21.** | 53 | CNG Activities No. 2, Appendix H, p. 2 | ***CNG Activities:*** CNG activities undertaken as Prescribed Undertakings, are to be structured as a Separate Class of Service with the costs to be recovered from the traditional gas utility ratepayers, to the prescribed limit. | Done | Appendix H |
| **22.** | 62 | LNG Activities No. 2, Appendix H, p. 2 | ***LNG Activities:*** LNG activities undertaken as Prescribed Undertakings are to be maintained as a Separate Class of Service with the costs recoverable from the traditional natural gas ratepayer. | Done | Appendix H |

| No. | Decision / Order Page No. | Directive No. or Reference | Description / Details | Status, Action Taken, Relevant Filing Dates and Comments | Section in this Application |
|---|---|---|---|---|---|
| **23.** | 87 | Other Findings No. | ***Other Findings and Determinations –DSM and Incentive Funding:*** The FEU are directed to bring forward a proposal for mechanisms for approval and administration of DSM and other incentive funds by a neutral third party where there is a potential for FEU to benefit, either directly or indirectly, from that funding. | Proposal included in Approvals Sought | Appendix I |
| ***G-56-13 – FEI RATE TREATMENT OF EXPENDITURES UNDER THE GGRR (PHASE 1 AND 2) DECISION (DATED APRIL 11, 2013)*** | | | | | |
| **24.** | 62 | not identified in Appendix A list of directives | ***Deferral Accounts*** The Commission Panel finds that the proposed method of accounting for the GGRR grants and program costs through the use of the proposed deferral accounts is a reasonable mechanism to capture costs until the next revenue requirement where all costs could be forecast and included in the cost of service through rate base deferral accounts for the next test period. | GGRR grants and program costs have been forecast in the NGT Incentives deferral account | Appendix F4 |

# Appendix D7

# SERVICE QUALITY INDICATORS

# Service Quality Indicators

June 2013

Evidentiary Update July 16, 2013

# Table of Contents

# 1. INTRODUCTION

Maintaining a high level of service quality is important to the long-term success of the Company. In support of this, and as in the 2004 Plan, FEI proposes a suite of Service Quality Indicators (SQIs) be established as part of this PBR Plan. The SQIs will serve to ensure that service quality to our customers is maintained at acceptable levels throughout the term of PBR Period.

In developing the proposed SQIs discussed in this report, FEI reviewed its experience with the existing indicators that have been in effect since the start of the 2004 Plan. In addition, FEI reviewed customer research, data and service quality indicators used by other utilities in Canada.

FEI proposes a suite of SQIs which builds on its experience, adding and eliminating SQIs where appropriate. In the following sections, the criteria for SQI selection, the SQI's history and development at FEI, as well as proposed updates and modifications are discussed.

As well, FEI has followed through on its commitment to evaluate customer service performance metrics during the first year of internal customer service operations. The Company made this commitment to ensure that customer service metrics meaningfully represent customer expectations and to ensure that they are reflective of the business process changes. The SQIs reported previously were designed to monitor the outsourcing arrangement. FEI has completed the customer service performance metrics evaluation with changes proposed to the customer service SQIs as discussed in this report. The resulting SQI metrics reflect a broad range of business processes that are important elements of the customer experience.

# 2. SERVICE QUALITY INDICATORS CRITERIA, BENCHMARKS AND HISTORY

## 2.1 *SERVICE QUALITY INDICATORS SELECTION CRITERIA*

In developing the proposed suite of Service Quality Indicators for the current application, the criteria used to establish the SQIs for the PBR plans in 1998 and 2004 were considered as FEI believes that the criteria are still appropriate. The criteria are presented in Table D7-1 below.

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**Table D7-1: Criteria for the design and selection of SQIs**

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| ID | Criterion | Description |
|---|---|---|
| 1 | Value to customers | The indicator must represent a service or service attributes that customers value. |
| 2 | Controllable | Only those indicators over which the Company has control should be included. SQIs should not be linked to exogenous events over which the Company's employees actions have little or no influence. |
| 3 | Cost effective | The information collection activities associated with the indicator must be cost effective. |
| 4 | Simplicity and transparency | The indicator should be simple to administer and results should be easy to understand and interpret. |
| 5 | Traceable and Quantifiable | The indicators should have been previously tracked to ensure they are stable over time. The indicators must be quantifiable. |
| 6 | Flexibility | The indicators should allow sufficient flexibility to allow modifications, additions and deletions as required over time. |

## 2.2 CHOICE OF BENCHMARKS

Benchmarks are reference points against which levels of service quality can be compared. The objective of SQIs is to ensure that the Company continues to provide an "acceptable level" of service at an "acceptable level" of cost to our customers. Therefore, in setting SQI benchmarks, it is necessary to consider whether customers are willing to pay for additional improvements in the indicators, as incremental costs for achieving further improvements increase as the limit of the indicator is approached. Benchmarks typically reflect either industry standards or the Company's performance over recent prior periods.

## 2.3 HISTORY AND DEVELOPMENT OF SERVICE QUALITY INDICATORS AT FEI

In the 1998 PBR Settlement, five service quality indicators were agreed to. The 2004 PBR Settlement continued with the use of three SQIs from the 1998 PBR Settlement, changed the status of two SQIs to directional indicators, and added eight new SQIs to assess the Company's performance.

FEI believes that an update of the 2004 approved SQIs is beneficial to customers. The proposed suite of SQIs includes:

- Refinement of two existing SQIs - Emergency response time, customer satisfaction survey;
- Continuation of four existing SQIs – Telephone service factor – emergency and non-emergency, billing index, meter exchange appointment activity;

- Addition of four new SQIs - First contact resolution, meter reading accuracy – the number of scheduled meters read, all injury frequency rate, and public contacts with pipelines; and
- Discontinuation of seven existing SQIs - Transmission reportable incidents, leaks per Km of distribution system mains, number of 3rd party distribution system incidents, accuracy of transportation meter measurement first report, number of customer complaints to BCUC, percent of transportation customer bills accurate, and number of prior period adjustments.

Table D7-2 following outlines the history and evolution of FEI's SQIs over the three eras (1998 PBR, 2004 PBR until 2012-2013 RRA and the proposed 2014 PBR). A detailed discussion of the proposed updates is presented in the following sections of this report.

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**Table D7-2: History and evolution of SQIs at FEI (1998 - 2014)**

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| ID | Service Quality Indicator | 1998 PBR | 2004 PBR till 2013 | Proposed 2014 PBR |
|---|---|---|---|---|
| 1 | Emergency response time | Included (Only coastal region) | Included (Interior region was added) | Revised definition of emergency response time |
| 2 | Telephone service factor - Emergency | Included (Only coastal region) | Included (Interior region was added) | Included |
| 3 | Telephone service factor – Non-emergency | Not available[1] | Included (for interior and coastal regions) | Included (Benchmark updated) |
| 4 | Transmission reportable incidents | Included | Included | Discontinued |
| 5 | Index of customer bills not meeting criteria | Not applicable | Included | Included (Renamed to Billing Index) |
| 6 | Percent of industrial customer bills accurate | Not applicable | Included | Discontinued |
| 7 | Meter exchange appointment activity | Not applicable | Included | Included (Benchmark updated) |
| 8 | Accuracy of transportation meter measurement first report | Not applicable | Included | Discontinued |
| 9 | Independent customer satisfaction survey | Not applicable | Included | Replaced with "customer satisfaction Index" |
| 10 | Number of customer complaints to BCUC | Not applicable | Included | Discontinued |

[1] BC Hydro answered the majority of non-emergency inquiries prior to repatriation in 2002.

| ID | Service Quality Indicator | 1998 PBR | 2004 PBR till 2013 | Proposed 2014 PBR |
|---|---|---|---|---|
| 11 | Number of prior period adjustments | Not applicable | Included | Discontinued |
| 12 | Leaks per Km of distribution system mains | Included | Included (only as directional indicator) | Discontinued |
| 13 | Number of 3rd party distribution system incidents | Included | Included (only as directional indicator) | Discontinued |
| 14 | First contact resolution (FCR) | Not applicable | Not applicable | New customer service SQI |
| 15 | Meter reading accuracy - number of scheduled meters read | Not applicable | Not applicable | New meter reading SQI |
| 16 | All injury frequency rate | Not applicable | Not applicable | New safety SQI |
| 17 | Public contacts with pipelines | Not applicable | Not applicable | New customer SQI |

# 3. PROPOSED SERVICE QUALITY INDICATORS AND BENCHMARKS

## 3.1 *OPERATIONAL SQIs*

### 3.1.1 Emergency Response Time

Emergency response time is included in the current set of SQIs and defined as the average length of time after notification for a qualified company representative to arrive on the scene of a gas emergency where the gas line has been struck or pulled or gas is blowing. The indicator measures the response time to these types of emergencies at any location on the FEI gas system both during and after working hours including weekends. The current benchmark was set at 21.1 minutes in 2003, based on the three year's previous history for Lower Mainland and Interior emergencies. The following table summarizes the recent historical emergency response time versus the benchmark.

**Table D7-3: Recent historical results of emergency response time (in minutes)**

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| 2010 | 2011 | 2012 | 2010 - 2012 Average | Benchmark |
|---|---|---|---|---|
| 22.5 | 23.4 | 23.8 | 23.2 | 21.1 |

The 2012 emergency response time was 23.8 minutes, 2.7 minutes above the benchmark and a slight increase from 2011 results of 23.4 minutes. Changes to the geographical mix of emergency hit line events, a decreasing number of events and the different response times historically experienced in these areas were the root cause of a higher overall weighted average response time.

Firstly, the overall number of hit line events has been on a declining trend with a 15 percent reduction in 2012 from 2011 levels. 2011 activity levels were down 10 percent from 2010. Secondly, the geographical distribution of the decreasing number of events has shifted over time. The Lower Mainland has typically experienced a higher percentage of emergency events and has historically lower response times due to the size of the available emergency response workforce. The decrease in the number of events overall, together with generally lower response times than Interior locations, have contributed to a higher weighted average response time. Also, emergency response time to Fraser Valley hit line events, proportionally the area with the most number of events, has increased year over year by 1.5 minutes, primarily for day time events. Traffic congestion, roadwork, and resultant travel times have been the root cause of the increase. The Northern Region, Prince George and Quesnel primarily, in contrast to the rest of the Province, experienced a 20 percent increase in hit line emergency activity in 2012. The higher response time for this outlying area (26 minutes) and the higher weighting of this geographical area in the total mix contributed to the higher overall emergency response time observed.

At FEI, responding to gas emergencies, such as a pulled or struck gas main or blowing gas situation, is of the highest priority. FEI believes that its response time to these types of gas emergencies is appropriate. Therefore, no changes are required to our emergency response resources and emergency management and dispatching process.

FEI believes, however, that the metric as defined currently is too narrow in that not all emergency events are considered in the response time. The metric is not readily comparable to other Canadian Gas Association (CGA) member equivalent metrics. Also, emergency response times in all geographical areas are not equal (due to the size of emergency response footprints) and changes to activity levels in each geographical area impact and distort the overall weighted average response time when using a data set of now less than 1,000 hit line events annually.

The problems with the current emergency response metric can be eliminated by using a more comprehensive and widely accepted industry emergency response metric. This change will more accurately reflect a performance metric comparable to other Canadian gas utilities. Inclusion of a broader scope of emergencies will measure the response time on a considerably higher number of events and mitigate the variability created by changes in the geographic mix that distort the existing narrowly defined emergency metric.

The CGA definition of emergency events is broader and includes gas odour calls, carbon monoxide calls, house fires, hit lines, etc. (approximately 24,000 events annually for FEI). CGA emergency response time is defined as “percentage of emergency events responded to within one hour” and calculated as:

$$\frac{\text{Number of emergency calls responded to within one hour}}{\text{Total number of emergency calls in the year}}$$

Table D7-4 following summarizes FEI's 2010 - 2012 emergency activity levels (# of calls), average emergency response times (minutes) for the various types of emergencies, the number of calls greater than 60 minutes, and the overall percentage of emergency response times 60 minutes or less. When all types of emergencies are considered (between 21,000 and 25,000 activities annually), the average annual response time for the 2010 - 2012 period was 20.3 minutes and the percentage of responses 60 minutes or less averaged 97.7 percent, with very little variation year over year.

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**Table D7-4: Summary of FEI emergency activity levels and average response time (in minutes)**

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| | | CGA type Emergency[2] | Number of calls over one hour | Percent of response one hour or less |
|---|---|---|---|---|
| **2010 to 2012** | Number of calls | 70,775 | 1,665 | 97.7% |
| | Average response time | 20.3 | | |
| **2012** | Number of calls | 21,686 | 566 | 97.4% |
| | Average response time | 19.7 | | |
| **2011** | Number of calls | 24,396 | 523 | 97.9% |
| | Average response time | 19.7 | | |
| **2010** | Number of calls | 24,693 | 576 | 97.7% |
| | Average response time | 21.4 | | |

To ensure an appropriate response time, FEI's service level was compared with other Canadian gas utilities. In the most recent CGA survey conducted in 2008, the comparable service level ranged from 88 percent to 99 percent, with an industry average near 95 percent. As presented in Table D7-4 above, the Company's service level for emergency calls is higher than the industry average (97.7 percent versus 95 percent). This positions the Company in the top quartile of CGA member companies based on the 2008 survey.

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FEI proposes a benchmark of 95 percent, so that the overall response time is appropriate, at or above the industry average and in the top quartile of CGA member companies. FEI believes that adopting the broader definition of emergencies and the CGA measure and benchmark for emergency response time reflects the appropriate level of service for FEI's gas customers.

### 3.1.2 Meter Exchange Appointment Activity

This indicator tracks the percentage of appointments met for meter exchanges (excluding industrial meter exchanges). The meter exchanges are required to be done under regulations from Measurement Canada and are generally completed in less than an hour including travel

[2] Following items are included in CGA emergency: Gas odour upstream and downstream, gas odour – industrial, gas odour – other, fires and explosion, CO investigation, mains hit lines, services hit lines, meter/station.

time. The gas is shut off, the in-service meter is exchanged for a new meter, the gas is turned on and the technician locates and relights the customer's appliances. The appointment is necessary as the technician requires access to the inside of the premise to perform the relights to the gas appliances.

The following table summarizes the recent historical results from 2010 – 2012.

**Table D7-5: Recent historical results for meter exchange appointments met and benchmarks**

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| 2010 | 2011 | 2012 | 2010 - 2012 Average | Current benchmark | Proposed benchmark |
|---|---|---|---|---|---|
| 94.2% | 96.5% | 96.5% | 95.7% | 95.0% | 95.0% |

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FEI values customers' time and strives to meet customers' expectations with regard to commitments it makes to perform scheduled work at their premises.

FEI proposes to maintain the existing meter exchange activity metric and to increase the current benchmark[3] from 92.2 percent to 95.0 percent. The new benchmark of 95.0 percent reflects the average of the past three years' actual results. Although the number of meter exchanges will be increasing beginning in 2014 as a result of adopting new Measurement Canada compliance sampling regulations, FEI believes it can maintain the current customer service level.

## 3.2 *CUSTOMER SERVICE SQIS*

### 3.2.1 Telephone Service Factor (TSF)

Telephone service factor (TSF) is a measurement of the percentage of calls answered within a defined window of time and was previously called "Speed of Answer". FEI believes that TSF is an appropriate contact centre metric as it balances costs with service quality. Historically reported has been the speed of answer for both emergency and non-emergency calls for FEU. Non-emergency calls include those related to bill inquiries, service applications and calls general in nature.

Following is a summary of the recent historical results for FEU, the established and proposed benchmarks. Except for a minor variance in 2011 for Non-Emergency Calls, the results over the three year period exceeded the established benchmark.

**Table D7-6: Recent historical results for Telephone Service Factor**

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| Type of Call | 2010 | 2011 | 2012 | Current benchmark | Proposed benchmark |
|---|---|---|---|---|---|
| **Emergency** | 99.2 | 96.5% | 96.5% | 92.2% | 95.0% |
| **Non Emergency** | 77.2 | 74.7 | 76.2 | 75.0% | 70.0% |

[3] Reference to current benchmark is to that established for the 2004 – 2009 PBR Plan.

In 2012, after the implementation of the Customer Care Enhancement project to in-source the customer care and billing functions, the average service levels achieved were 96 percent for emergency calls and 76 percent for non-emergency calls, with both measures meeting the established benchmark. Quarterly results for 2012 and the first quarter of 2013 are shown in Figure D7-1 below.

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**Figure D7-1: TSF Results**

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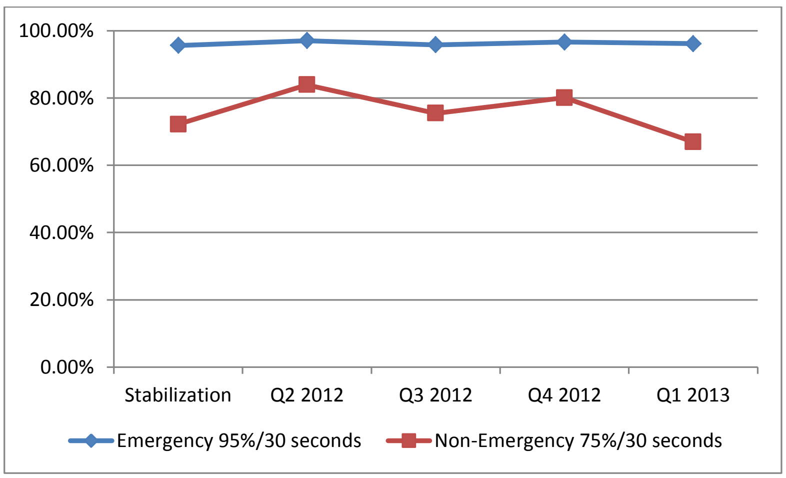


Service levels for non emergency calls were challenged in the first quarter of 2013 due to high call volumes and relatively low staffing levels. Two new classes of customer service representatives were brought on board in February and March to address these issues going forward. To improve customer service response time, the Company also implemented a call back feature where customers could opt to request to keep their place in line and not wait on hold, but instead be called back when they are the next in line. In 2012, 21,659 customers utilized this service during high volume times.

FEI recommends continuing to report on TSF, retaining the existing benchmark for emergency calls and aligning the benchmark for non-emergency calls to that which has been in place for FortisBC's electric operations for a number of years. FEI proposes the following benchmarks:

- Emergency Calls: 95 percent of calls answered in 30 seconds or less.
- Non-Emergency Calls: 70 percent of calls answered in 30 seconds or less.

FEI believes that these service levels reflect an appropriate balance between cost and service levels and allows for a better comparison between its gas and electric operations. Please also see Section C3.5: Customer Service for a discussion on the forecast change in customers service levels for non-emergency calls.

### 3.2.2 First Contact Resolution (FCR)

First contact resolution (FCR) is an area of focus for FEI as research conducted suggests that it is the single most important driver of customer satisfaction. By improving FCR, the Company can effectively drive productivity and efficiency in the customer service department.

Since 1996, the Service Quality Measurement (SQM) group has been a leading North American call center industry research firm expert for improving organizations' FCR, operating costs, employee and customer satisfaction. SQM benchmarks over 450 leading international call centers on an annual basis and has been conducting FCR and customer satisfaction benchmarking studies since its incorporation. SQM evaluates over 450 leading North American call centers each year for such companies as American Express, FedEx, Marriott, Sears, Canadian Tire, U.S. Bank, Wells Fargo, Rogers, Capital One, CitiFinancial, Scotiabank, Discovercard, and Blue Cross. Their research indicates that for every one percent improvement in FCR, there is typically a one percent improvement in customer satisfaction (top box response), all else being equal.[4] Their research supports that FCR is the metric with the highest correlation to customer satisfaction. This conclusion is affirmed through statistical analysis of FortisBC's own electric customer service survey data.

FEI believes that the simplest and most effective way to evaluate FCR is to ask the customer their opinion as to whether or not their issue was resolved on the first contact. In order to gain customer feedback on this topic, FEI uses SQM to contact customers who have recently had an interaction with the Company. Since spring 2012, an average of 400 customers per month have been contacted by SQM, who ask each customer a number of questions including whether or not their question or issue was resolved. Starting in May 2012, the methodology switched from live agent calls to an automated IVR approach and the number of customers contacted increased to a targeted 1,355 calls per month. The switch reduces the margin of error and facilitates individual service representative reporting. Completed surveys are automatically added to an aggregate data set to facilitate the calculation of various metrics including FCR.

In 2012, an average score of 78 percent for FCR was achieved for FEU, which was above the industry average and within the first quartile. These results are considered a significant achievement given that it was the first year of operations for the new customer service center. The results are as follows:

[4] SQM Group, reference available at www.sqmgroup.com/first-call-resolution-level-1

**Figure D7-2: First Contact Resolution**

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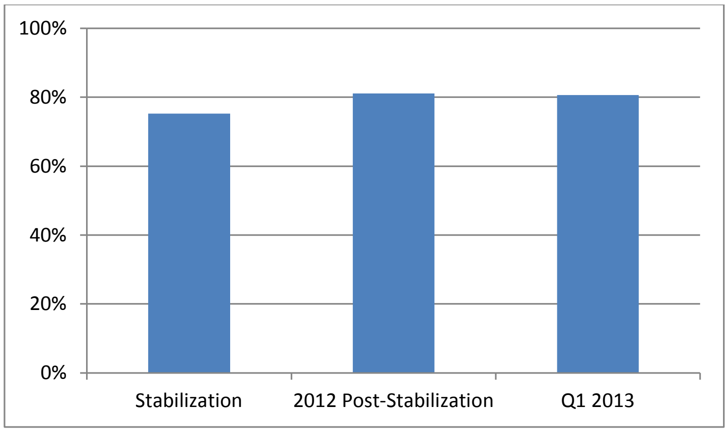


SQM's extensive research activity permits FEI to benchmark its contact centre services with that of other companies. The following table compares results for FEU to SQM's 2012 FCR benchmark results.

**Table D7-7: FEU and Benchmark FCR Results**[5]

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| FEU | Average Call Center | Average Energy Call Center | 1st Quartile | 2nd Quartile | 3rd Quartile | 4th Quartile |
|---|---|---|---|---|---|---|
| 78% | 70% | 71% | 77% + | 76% - 71% | 70% - 66% | 65% - 0% |

FEI proposes the adoption of FCR as a service quality indicator as it is an important measure of service quality. A benchmark of 78 percent is proposed, positioning the Company above the industry average and consistent with the 78 percent achieved by the Company in its first year of operations for its call centers.

### 3.2.3 Billing Index

This indicator is designed to track the effectiveness of the Company's billing system and is measured as the percent of customer bills produced meeting performance criteria. This indicator has been renamed from the previous name of "Percent of Customer Bills Produced Meeting Performance Criteria" to better represent its focus. Similar to the 2004 PBR, the billing index is a composite index with three components: billing completion (percent of accounts billed within two days of billing due date), billing timeliness (percent of invoices delivered to Canada Post within two days of file creation) and billing accuracy (percent of bills without a production issue). The differential between the benchmark and the actual for each is then divided by three to determine the billing index. The objective is to achieve a score of five or less. The relevant formulas and benchmarks for the three sub-measures are presented below.

5 SQM QTR 4 2012 Tracking Results, FortisBC Natural Gas Report, January 14, 2012, page 5 and 32.

**Table D7-8: The Benchmarks and Formulas for Calculation of Billing Index SQI**

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| Billing sub-measure | Percent achieved (PA) | Adjustment | Result |
|---|---|---|---|
| Percentage of bills accurate based upon input data | 99.9% | * See formula below | 5.0 |
| Percentage of bills delivered to Canada Post within two days of date that the statement file is created | 95% | (100% - PA)*100 | 5.0 |
| Percentage of customers billed within two business days of the scheduled billing date | 95% | (100% - PA)*100 | 5.0 |
| Billing Service Quality Indicator (arithmetic average of sub-measures 1 to 3) | | | 5.0 |

* IF [PA ≥ 99.9%, 5000 * (1 - PA), 100 * (1.05 - PA)]

Following is a summary of the recent historical billing-index calculation versus the benchmark.

**Table D7-9: Recent historical results for billing-index**

Deleted: D5-

| 2010 | 2011 | 2012 | Benchmark |
|---|---|---|---|
| 2.40 | 0.24 | 3.01 | 5 |

FEI proposes to retain the current benchmark of 5.

### 3.2.4 Meter Reading Accuracy – number of scheduled meters that were read

The results for 2012 show a steady pace of completed reads with results in the first half of the year at 95 percent, with quarter three at 94 percent, and quarter four at 93 percent. FEI had expected a decline in service levels towards the end of the year as a result of transitioning from the previous meter reading contractor to the current one.

In 2013, in order to address customer concerns related to billing accuracy, the Company has moved to monthly meter reading, instead of bi-monthly which has been in place in the past. The Company will now read meters monthly (approximately 970,000 meters), including the majority of customer move reads and special reads required in response to billing inquiries (estimated at 100,000 annually).

The benchmark for this SQI is 95 percent, which is built into the new contract for meter reading.

## 3.3 *INFORMATIONAL SQIS*

Indicators which are not as closely related to actual service quality but are useful for assessing performance, will be reported as informational indicators. FEI proposes the following three informational indicators.

### 3.3.1 All Injury Frequency Rate

FEI is committed to continual improvement of corporate safety performance and will report employee safety performance as part of the Company's SQI profile using the metric All Injury Frequency Rate (AIFR). The reduction of work stoppage and efficiency losses as a result of safety incident reduction will promote productivity enhancements across the Company.

The AIFR is a comprehensive safety performance indicator based on lost time injuries (LTI) plus medical treatment injuries (MT) per 200,000 hours worked (approximately injuries per 100 workers). LTIs are injuries that result in one or more days missed from work. MTs are injuries where medical treatment was given or prescribed beyond medical aid and observation, and no lost time was involved.

The following formula is used:

$$\text{All Injury Frequency Rate} = \frac{\text{(Number of LTI + MT) x 200,000 hours}}{\text{Exposure Hours}^{6}}$$

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Following is a summary of the FEU's AIFR annual and three year rolling average results from 2010 to 2012.

**Table D7-10: 2010 – 2012 AIFR Historical Performance**

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| Year | Lost Time Injuries | Medical Treatments | Annual | Three Year Rolling Average[7] |
|---|---|---|---|---|
| 2010 | 16 | 16 | 2.66 | 2.32 |
| 2011 | 9 | 14 | 1.67 | 2.27 |
| 2012 | 15 | 14 | 1.91 | 2.08 |

FEI proposes to include this metric as an informational service quality indicator with no benchmark as the results are to be considered informational in nature.

### 3.3.2 Public Contacts with Pipelines

FEI recognizes the importance of public safety. A key area of public safety is contact with buried pipelines. To measure performance in this area, FEI proposes the use of the metric Public Contacts with Pipelines, which reflects the number of line damages per 1,000 BC One Calls received. The Company places significant attention on educating the public of the risk associated with gas line contact. This SQI will measure the overall effectiveness of the public's

[6] Exposure hours reflect actual hours worked excluding time off for vacation, statutory holidays, sickness, etc.
[7] Three year rolling average calculated by taking the average of last three years' annual results (i.e. 2012 three year average is calculated by taking annual results for 2010 – 2012 (2.66 + 1.67 + 1.91) and dividing by 3 = 2.08)

awareness to minimize damage to the gas system, which will reduce risk to public safety and service interruptions for customers.

Following is a summary of the FEU's Public Contacts with Pipelines annual and three year rolling average results from 2010 to 2012.

**Table D7-11: 2010 – 2012 Public Contacts with Pipelines**

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| Year | Annual | Three Year Rolling Average[8] |
|---|---|---|
| 2010 | 19 | 22 |
| 2011 | 16 | 18 |
| 2012 | 13 | 16 |

FEI proposes to include this metric as an informational service quality indicator with no benchmark as the results are to be considered informational in nature.

### 3.3.3 Customer Satisfaction Index (CSI)

Introduced in 2002, the customer satisfaction metric has been measured using four customer satisfaction surveys - Residential (75 percent), Builder & Developer (10 percent) Small Commercial (5 percent) and Large Commercial (10 percent), with each component assigned individual weightings.[9] This customer satisfaction model (CSat) was designed to provide feedback regarding customer satisfaction and to ensure that service quality is maintained at acceptable levels during the applicable settlement periods.

Starting in 2013, a replacement method for measuring customer satisfaction, the Customer Satisfaction Index (CSI) has become the measurement for assessing overall customer satisfaction for the Company. The CSI score provides more timely feedback and ensures the Company is using the same strategy to survey both residential and mass market commercial customers. In addition to covering service touch points such as contact centres and field services, it also measures how the customers view the Company.

The CSI survey is conducted quarterly involving 600 telephone interviews with customers. The research vendor uses quota sampling to ensure 500 interviews are residential customers, and 100 are mass market commercial customers (Rate Schedule 2). The index is based on responses to several questions employing a 10 point scale (i.e., top four box answers 7-10). Index contributors include: (1) overall satisfaction with natural gas service from FortisBC; (2) satisfaction with the accuracy of meter reading; (3) satisfaction with energy conservation information; (4) overall satisfaction with the contact centre; and (5) overall satisfaction with field services.

[8] Three year rolling average calculated by taking the average of last three years' annual results (i.e. 2012 three year average is calculated by taking annual results for 2010 – 2012 (19 + 16 + 13) and dividing by 3 = 16)
[9] An amendment was made in 2004 to add an additional customer class (Small Commercial).

The decision to replace the CSat with the CSI is based on a number of considerations:

- Historical CSat studies mix experience and perception based questions, so customers may be asked to rate a service they never experienced. The CSI focuses on recent customer transactions to ensure feedback measures service quality more accurately.
- The CSI surveys are shorter, resulting in fewer customer complaints, higher completion rates, and lower survey costs.
- The CSI asks the same questions to both residential and mass market commercial customers, making the results comparable. The CSat studies used different methods to calculate overall satisfaction and framed questions differently.
- The CSI studies facilitate correlation analysis, allowing the Company to better evaluate shifting customer priorities.

The graph below compares results from the historical CSat model since 2004, with CSI scores since 2011 through to Q1 2013.

**Figure D7-3: CSAT / CSI Results**

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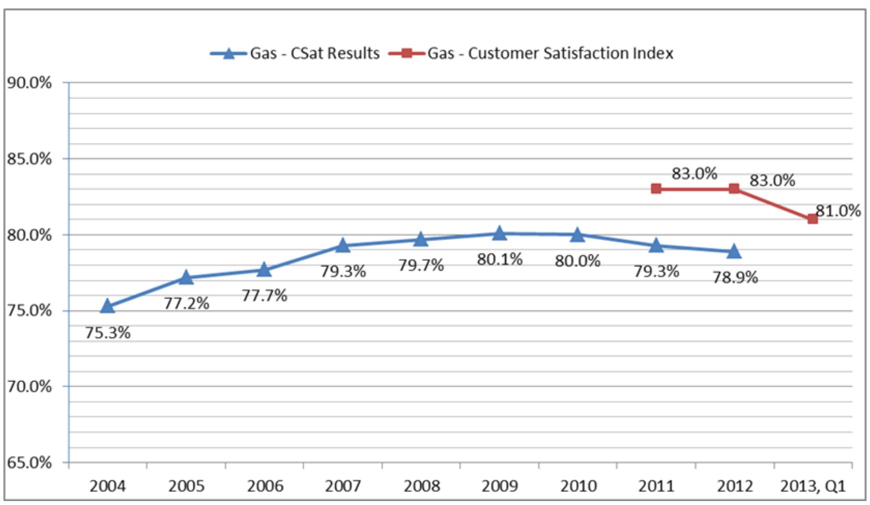


In 2012, the CSI score for FEU as shown on the graph was stable. In Q1 2013, the total CSI score fell by three points to 8.1[10], still within the margin of error.[11] This dip was primarily

[10] The equivalent CSat score is 81percent for a CSI score of 8.1.

associated with (1) a drop in customer scores for the “Accuracy of meter reading” which fell to 7.6 from the previous quarter’s 8.1; and (2) a 0.5 drop in, “Satisfaction with field services” which fell to 8.6 from 9.1.

The field service metric contributes 25 percent of the overall CSI, so performance changes have a noticeable influence on the index score. Due to the limited number of field service interactions in the sample, the attribute is subject to a substantial margin of error (±0.6). The actual field service score could be as high as 9.2 or as low as 8. However, complementary research suggests field service quality is in fact stable. The Company will continue to monitor CSI results and address service issues if appropriate.

FEI proposes to include this metric as an informational service quality indicator. Consistent with how this measure has been used in past PBRs, FEI proposes that no performance threshold be established for this SQI. Results are to be considered informational in nature and consideration should be given to external factors that can influence customer satisfaction scores. This includes the price of natural gas which is an exogenous factor and can have an adverse influence on customer satisfaction.

Table D7-12 following summarizes FEI’s proposed service quality indicators along with the proposed benchmarks. The last three indicators listed in the table are Informational only with their performance assessed by comparing to previous years’ performance, recognizing the impact of events beyond FEI’s control.

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[11] Based on the sample of 600 customers and the underlying population size, the CSI decline from 8.4 to 8.1 is considered “not statistically significant” because the dip falls within the calculated margin of error of ± 0.4, at the 95% confidence level. As such, sampling error cannot be ruled out as the possible cause of the decline.

Table D7-12: Summary of Proposed Service Quality Indicators

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| Service Quality Indicator | Benchmark |
|---|---|
| Emergency Response Time | 95% of calls responded to within one hour (CGA definition) |
| Meter Exchange Appointment Activity | 95% |
| Telephone Service Factor (Emergency) | 95% of calls answered in 30 seconds or less |
| Telephone Service Factor (Non Emergency) | 70% of calls answered in 30 seconds or less |
| First Contact Resolution | 78% |
| Billing Index | 5 |
| Meter Reading Accuracy - number of scheduled meters that were read | 95% |
| All Injury Frequency Rate | Informational indicator |
| Public Contacts with Pipelines | Informational indicator |
| Customer Satisfaction Index | Informational indicator |

# 4. DISCONTINUED SQIS

Given the proposed suite of SQIs, FEI believes that some of the existing metrics currently reported provide limited value going forward. Following is a summary of the SQIs being discontinued.

### *Transmission Reportable Incidents*

This indicator tracked the number of reportable incidents to outside agencies (i.e. Oil and Gas Commission, WorkSafeBC, etc.) for the transmission system and was intended to be an indicator of the integrity of the transmission system.

### *Leaks per KM of Distribution System Mains*

This directional indicator was intended to be one indicator of the integrity of the distribution system. Each year, approximately one fifth of the distribution system was surveyed for leaks. The number of leaks varied from year to year, more as a result of the condition of the pipe being surveyed in the given year, than the quality of the maintenance program.

### *Number of 3rd Party Distribution System Incidents*

This directional indicator tracked the number of third party damages to gas system infrastructure and included excavation damage to underground pipe, as well as damages to above ground facilities such as meter sets and stations. In its proposed suite of SQIs, the Company has a similar metric called "Public Contacts with Pipelines" which tracks the number of third party hits (below ground) per 1,000 BC One Call tickets.

### *Accuracy of Transportation Meter Measurement First Report*

This service quality indicator tracked the percent of time when the deviation is less than 10 percent between the preliminary billing estimate that is first reported to an industrial customer, compared to the final amount that is billed to the customer. This SQI for Industrial Meter Measurement contained both an accuracy measure (percent deviation) and a frequency measure, applied to both daily and monthly groups on a gigajoule weighted basis. Customers who did not provide the Company with a metering phone line were not included in this measure.

### *Number of Customer Complaints to BCUC*

This indicator tracked the number of customer complaints submitted to the Commission that the Commission then requests, either by Commission Letter or by a Complaint/Inquiry Record, that FEI provides a written response.

### *Percent of Industrial Customer Bills Accurate*

This service quality indicator tracked the accuracy of billing for Industrial customers.

### *Number of Prior Period Adjustments*

This customer satisfaction indicator tracked the number of prior period adjustments for Industrial Transportation Service customers. A prior period adjustment consisted of a billing inaccuracy that was identified after a bill had been issued. If this occurred, the bill was corrected.

## 5. ANNUAL REVIEW PROCESS

At the Annual Review workshop, year to date SQI actuals along with projected year end results will be presented along with commentary on the results. Discussion of the SQI's performance will serve to provide a better understanding of any issues affecting the Company's ability to meet the established benchmarks.

# Appendix F4

# RATE BASE DEFERRALS

# FEI Existing Deferral Accounts

| Type | Account Name | BCUC Order(s) | Description | Recovery Period |
|---|---|---|---|---|
| Margin Related | Commodity Cost Reconciliation Account (CCRA) | G-25-04; L-5-01; L-40-11 | Captures the costs incurred by FEI to purchase its portion of the baseload commodity supply under the Essential Services Model and the commodity recovery revenues received from sales customers choosing to remain on the utility standard rate offering. Commodity price-related variances collected in the CCRA are taken into account when determining future commodity rate changes. The commodity rate is reviewed on a quarterly basis, and typically reset when the commodity recovery-to-cost ratio, on a 12-month prospective basis, falls outside the 0.95 to 1.05 threshold, and the $/GJ value of the calculated rate change exceeds the minimum rate change threshold of $0.50/GJ. | 12 months from Quarter-end |
| Margin Related | Midstream Cost Reconciliation Account (MCRA) | G-25-04; L-5-01; L-40-11 | Captures the costs FEI incurs in performing the midstream function and the revenues collected through midstream rates. Gas Supply, in its midstream role, uses the pipeline and storage resources, spot and peaking purchases, and sale activities as approved in the Annual Contracting Plans to manage load variability. The MCRA accumulates any resultant cost variances, including any volume-related variances due to differences between the forecast and actual consumption. The resulting variances are taken into account when determining future midstream rates. In addition, price and volume variances between the forecast and actual amount of company use gas are booked against and managed through the MCRA. | 2 years proposed; see Section D~~3~~4 |
| Margin Related | Revenue Stabilization Adjustment Mechanism (RSAM) | G-59-94 | Stabilizes the Company's delivery margin revenue from the Residential and Commercial customer classes. The RSAM enables FEI to record delivery margin revenue for these customer classes based on the forecast use per customer for each rate class that was used in establishing rates. If weather or other factors result in the customer use varying from forecast, an entry is made to the RSAM account that adjusts revenue collected from customer rates from actual use to what customers would have paid based on forecast use. If actual use is less than forecast, the RSAM deferral account is charged for the variance in use times the delivery rate and the RSAM revenue is credited. Conversely, if actual use is greater than forecast, the RSAM deferral account is credited and the RSAM revenue is decreased. | 2 years proposed; see Section D~~3~~4 |
| Margin Related | Interest on CCRA, MCRA, RSAM and Gas in Storage | G-7-03; G-141-09 | Variances from the forecast CCRA, MCRA, RSAM and Gas In Storage balances attract interest at the Company's short-term borrowing rate. The booking of interest on variances reduces the likelihood of large carrying cost benefits or losses accruing to either the Company or to customers. | Same as respective margin accounts; see Section D~~3~~4 |
| Margin Related | Revelstoke Propane Cost Deferral Account | G-72-90; L-40-11 | captures the difference between the actual cost of propane and the amount recovered in rates, based on the approved reference price of propane. The propane reference price is reviewed on a quarterly basis, and typically reset when the propane recovery-to-cost ratio, on a 12-month prospective basis, falls outside the 0.95 to 1.05 threshold and the $/GJ value of the calculated rate change exceeds the minimum rate change threshold of $0.50/GJ. | 12 months from Quarter-end |
| Margin Related | SCP Mitigation Revenues Variance Account | G-124-00; G-70-10 | Captures any variation from the SCP revenues forecast and included in the determination of rates each year, and actual revenues received. Also captured the $2 million of Stage 1 KORP preliminary feasibility assessment costs. | 3 years |
| Energy Policy | Energy Efficiency and Conservation (EEC) | G-36-09; G-44-12 | Captures up to $15 million annually in new expenditures on EEC activities. See Section D~~3~~4 for a further discussion. | 10 years |

# FEI Existing Deferral Accounts

| Type | Account Name | BCUC Order(s) | Description | Recovery Period |
|---|---|---|---|---|
| Energy Policy | NGV Conversion Grants | G-98-99 | Captures amounts awarded by FEI for NGV conversions for Rate Schedule 6 light duty customers. | 5 years |
| Energy Policy | Compliance with Emissions Regulations | G-44-12 | Captures potential compliance costs and revenues collected from credits related to Emissions Regulations, particularly the Emissions Trading Regulation and the Renewable and Low Carbon Fuel Requirements Regulation ("RLCFRR") which are aimed to reduce Greenhouse Gas ("GHG") emissions in BC. See Section D~~3~~4 for further discussion. | n/a |
| Energy Policy | Biomethane Program Costs | G-194-10 | Captured the biomethane costs applicable to all customers incurred prior to January 1, 2012. In addition, FEI is requesting approval to capture the application costs related to the FEI Biomethane Post Implementation Report and Application for Continuance of Biomethane Program in this account. See Section D~~3~~4 for further discussion. | 3 years |
| Energy Policy | On-bill Financing Pilot Program | G-163-12 | Captures the principal loan balances provided to participating customers of the OBF Pilot Program and the applicable interest charges and recoveries. | 10 years proposed. See Section D~~3~~4 |
| Energy Policy | NGT Incentives | G-161-12; G-67-13 | Captures all grants and costs, including a portion of application costs, related to Prescribed Undertaking 1 of the GGRR. | Ten years |
| Energy Policy | Fuelling Stations | G-161-12 | Captures the total revenue surplus or deficiency pertaining to fueling station facility costs that have not been forecast in rates, as well as the administration and application costs. | 3 years |
| Non-controllable | Property Tax | G-51-03 | Captures the variance between actual property taxes and the amount forecast in rates. | 3 years |
| Non-controllable | Insurance | G-51-03 | Captures the variance between actual insurance expense and the amount forecast in rates. See Section D~~3~~4 for further discussion. | 1 year |
| Non-controllable | Pension and OPEB | G-51-03 | Captures the variance between actual pension and OPEB expense and the amount forecast in rates. | EARSL proposed. See Section D~~3~~4 |
| Non-controllable | BCUC Levies | G-112-04 | Captures the variance between actual annual BCUC levies and the amount forecast in rates. | 1 year |
| Non-controllable | Interest | G-7-03 | Captures the impact on interest expense of interest rates variances and variances in the timing of long-term debt issues, as compared to what has been forecast in rates. | 3 years |
| Non-controllable | Tax | G-141-09; G-44-12 | Captures the impact of changes in tax laws or accepted assessing practices, audit reassessments in respect of any tax year, and impacts on taxes of changes in accounting policies at Federal, Provincial, Municipal or any other level of jurisdiction. | 1 year |
| Non-controllable | Customer Service O&M | G-44-12 | Captured the differences between the actual and forecasted expenditures for 2012 and 2013 ongoing operating costs of the in-sourced Customer Service activities, as well as the differences between actual and forecast spending in 2012 and 2013 for meter reading costs. | 5 years proposed. See Section D~~3~~4 |
| Non-controllable | Pension and OPEB funding | G-135-99; G-141-09 | Captures the difference between amounts funded by ratepayers for pension and OPEB and amounts actually paid out by the Company in a deferral account, on a net of tax basis. | n/a |
| Non-controllable | US GAAP Pension and OPEB Funded Status Account | G-44-12 | Captures the accumulated other comprehensive income balance related to pensions and OPEBs; with an offsetting entry to the Pension and OPEB Funding deferral account. This deferral account will capture the changes in the accumulated other comprehensive income balance each year as determined by the external actuary. The Pension and OPEB funding account captures the funded status of pensions and OPEB. | n/a |

## FEI Existing Deferral Accounts

| Type | Account Name | BCUC Order(s) | Description | Recovery Period |
|---|---|---|---|---|
| ~~Cost of Applications~~ | ~~NGV for Transportation~~ | ~~G-128-11~~ | ~~Captured the NGV Fuelling Service Application costs incurred in 2010 and 2011 and the Rate Schedule 16 Application costs. See Section D3 for further discussion.~~ | ~~3 years~~ |
| Cost of Applications | Long term Resource Plan | G-44-12 | Captures the costs to prepare the Long Term Resource Plan. | 2 years |
| Cost of Applications | AES Inquiry Costs | G-44-12; G-201-12 | Captures 75% of the costs related to the AES Inquiry. | 5 years |
| Cost of Applications | Generic Cost of Capital (GCOC) | | Captures the costs related to the GCOC Proceeding, less recoveries from other participants. See Section D~~3~~4 for further discussion. | 5 years proposed. See Section D~~3~~4 |
| Cost of Applications | Amalgamation and Rate Design | | Captures FEI's share of the costs related to the Amalgamation and Rate Design proceeding, including any costs related to the subsequent reconsideration application that was filed on April 26, 2013. See Section D~~3~~4 for further discussion. | 3 years proposed. See Section D~~3~~4 |
| Other | 2011 Customer Service O&M and Cost of Service | C-1-10; C-23-10; G-141-09 | Captured the costs associated with the CCE project incurred prior to the project implementation and go live date of January 1, 2012 in addition to project costs incurred in the early months of 2012. | 8 years |
| Other | Gas Asset Records Project | G-44-12 | Captures the Gas Asset Records Project costs. See Section D~~3~~4 for further discussion. | 5 years |
| Other | BCOneCall Project | G-44-12 | Captures the BCOneCall Project costs. See Section D~~3~~4 for further discussion. | 5 years |
| Other | Gains and Losses on Asset Disposition | G-141-09; G-44-12 | Captures the amount of gains and losses on disposal of assets. | 20 years |
| Other | Negative Salvage Provision | G-44-12 | Captures the annual negative salvage provision calculated using the approved negative salvage rates, offset by the actual net removal costs incurred. | n/a |

# Appendix F5

# NON RATE BASE DEFERRALS

# 1. OVERVIEW

FEI maintains both rate base and non-rate base deferral accounts. Rate base deferral accounts are included in rate base and earn a return while, in contrast, non-rate base deferral accounts are outside of rate base and, subject to Commission approval, attract AFUDC.

The recommendation for one treatment over the other has primarily been one of timing, or as a means to stream cost recovery to a particular customer or group of customers separate from all other customers. In the case of a timing issue, if FEI is able to forecast balances for deferral accounts and include them in revenue requirements, then a rate base deferral account is the preferred treatment. In situations where the rates for a particular year have already been set and costs need to be recorded in a deferral account, that deferral account will be non-rate base. The non-rate base deferral account balance will attract an AFUDC rate until such time as rates are re-set under the next revenue requirement or during the annual review process of a PBR, and the account is transferred into rate base. Consistent with the Uniform System of Accounts, items that are recoverable from customers but not included in rate base (such as Work in Progress or non-rate base deferral accounts) are afforded AFUDC treatment so that the utility is allowed the opportunity to earn a fair return on costs prudently incurred to provide service to customers.

The following section discusses the existing non rate base deferral accounts for FEI.

# 2. FEI NON-RATE BASE DEFERRALS

## 2.1 *BIOMETHANE VARIANCE ACCOUNT (BVA)*

The BVA, approved pursuant to Commission Order G-194-10, captures the costs incurred to procure and process consumable biomethane gas, and the revenues collected through the biomethane energy recovery component of rates from customers electing to receive service under a biomethane service offering. The costs collected in the BVA comprise the biomethane commodity costs, the capital cost of service and O&M costs of FEI owned and operated upgrader facilities, as well as O&M costs attributable to the biomethane service offerings for customer enrolment, account finalization and billing adjustments.

Biomethane price-related variances collected in the BVA, determined after adjustment for unsold volumes of biomethane, are taken into account when determining future rates; deficits/surpluses are recovered from/refunded to customers through the Biomethane Energy Recovery Charge (BERC). The BVA balances and BERC are reviewed on a quarterly basis and, under normal circumstances, are adjusted on an annual basis with a January 1 effective date.

The following table summarises the information of the BVA account that was filed in the 2013 First Quarter Gas Cost Report on March 7, 2013. The 2012 actual and 2013 projected values are for the three supply projects that were accepted by the Commission at the time of the 2013

First Quarter Gas Cost Report, namely, Fraser Valley Biogas, Salmon Arm Landfill (approved in Order G-194-10) and the Kelowna Landfill (approved in Order E-19-12 on October 23, 2012). The Commission has since accepted the supply contracts for Seabreeze Farm, Earth Renu and Dicklands Farm, (approved in Order G-70-13 dated May 6, 2013); however, supply from these three projects is not expected until 2014.

**Table F5-1: Biomethane Variance Account activity[1]**

**($000's)**

| | 2012 Actual | | | 2013 Projected | | |
|---|---|---|---|---|---|---|
| Particulars | Gross | Tax Adjustment | Net of Tax | Gross | Tax Adjustment | Net of Tax |
| BVA Nominal Opening Balance (GJ) | 42,331 | | | 79,569 | | |
| Purchases | 60,717 | | | 92,317 | | |
| Sales | (23,479) | | | (75,789) | | |
| BVA Nominal Closing Balance (GJ) | 79,569 | | | 96,097 | | |
| BVA Deferral Account | | | | | | |
| Opening Balance, Net of Tax | | | $ 340.3 | | | $ 711.6 |
| Biomethane Purchases | 767.2 | (191.8) | 575.4 | 914.3 | (228.6) | 685.7 |
| Biomethane Sales Recoveries | (272.7) | 68.2 | (204.5) | (886.4) | 221.6 | (664.8) |
| Operating & Maintenance Charges | 0.5 | (0.1) | 0.4 | 246.0 | (61.5) | 184.5 |
| Property Tax Charges | - | - | - | - | - | - |
| Upgrader Depreciation Provision | - | | - | 187.0 | | 187.0 |
| Income Tax Charge | - | | - | (311.0) | | (311.0) |
| Earned Return - Interest | - | - | - | 109.0 | (27.3) | 81.8 |
| Earned Return - Equity | - | | - | 104.0 | | 104.0 |
| Total Activity | 495.0 | (123.7) | 371.2 | 362.9 | (95.7) | 267.1 |
| Ending Balance, Net of Tax | | | $ 711.6 | | | $ 978.7 |

Tax Rate for 2012 & 2013 25%

[1] The ending 2012 balance in this table reflects the actual recorded balance in the BVA as of December 31, 2012. The amount differs from the $13.6 thousand shown on Tab 3, Page 1 of the BVA Status Report filed April 30, 2013 as the Status Report includes the expected credit receivable from 79,569 GJ's of nominal biomethane inventory. The nominal inventory of 79,569 GJ's x the effective BERC rate of $11.696 x (1-25%) to account for the expected revenue on an after-tax basis equals $698 thousand; the difference between the two reported amounts.

As the costs and revenues in the BVA do not affect the cost of gas or margin in the RRA, and the BERC rate will continue to be reviewed and reset as part of the quarterly gas cost reporting process, no BVA imbalances have been forecast for 2014 through 2018.

## 2.2 THERMAL ENERGY SERVICES DEFERRAL ACCOUNT (TESDA)

The Thermal Energy Services Deferral account was approved by Commission Order G-141-09 to capture and record revenues and costs related to geo-exchange, solar-thermal and district energy systems. In the AES Inquiry Report, the Commission stated:

> *"The Panel concludes that the current TESDA, now maintained within FEI, should be reviewed and a methodology developed for its allocation and recovery. FEI is directed to file an application that sets out:*
>
> *(a) the circumstances where a deferral account would be established for a specific Thermal Energy Services project;*
>
> *(b) a methodology that defines costs that are allocated to the general TESDA and costs that may be allocated to a project-specific deferral account;*
>
> *(c) the types of costs that would be allocated to the TESDA or to a deferral account related to a specific Thermal Energy Services project;*
>
> *(d) a methodology for the recovery of the current TESDA, including setting out a timeline for the recovery of the current balance;*
>
> *(e) a methodology for the allocation and recovery of future additions to the TESDA including a timeline for the recovery of balances; and*
>
> *(f) a methodology that will allow any allocation of balances in the TESDA to be assigned to specific TES customers or to the utility shareholder in a manner that is fair and reasonable."*

As outlined in FEI's February 20, 2013 letter "FortisBC Energy Utilities Clarification Request Related to Upcoming Revenue Requirements":

> *"Subsequent to updating the COC/TPP, the FEU will file an application regarding allocation and recovery of TESDA. Without clarity on the COC/TPP and the resulting costs that will be allocated to the TESDA, an analysis of the forecasted recovery from the TESDA is not possible."*

As discussed in Section D4 as a result of these other ongoing processes, FEI has not addressed the allocation of corporate and shared services to the TESDA in this Application but has requested a deferral account to ensure that natural gas ratepayers are held whole.

## 2.3 EEC INCENTIVES FOR AES/TES

The EEC Incentives for AES/TES deferral account was approved in the 2012-2013 RRA Decision. In that decision, the Commission directed the FEU to hold all EEC incentives that are provided for AES or TES technologies for projects in which the Companies are a participant in a separate deferral account. The Commission also directed that the recovery of this deferral account will be left to the Panel which hears the next FEU revenue requirements application and noted that the next Panel would have the benefit of the AES Inquiry decision to help determine the appropriate treatment for these costs.

FEI will continue accumulating EEC incentive costs relating to AES/TES activities in this deferral account and will propose disposition of this account in its first Annual Review to be held in 2014. The reason for delaying the determination of disposition of this account is that FEI would first like to file the TESDA Report and the Transfer Pricing Policy/Code of Conduct review requested in the AES Inquiry Decision[2] to be undertaken with the Commission later in 2013. In those processes, FEI will address the issue of whether these costs are more appropriately captured in the TESDA and allocated to TES customers or whether they should remain in FEI and be recovered from natural gas customers.

## 2.4 KORP FEASIBILITY COSTS

The Commission approved the creation of the KORP Feasibility Costs deferral account through Commission Order G-101-12. In the Decision, the Commission directed FEI to establish a new non-rate base deferral account to record the Stage 2a feasibility expenses, to a maximum of $850 thousand, with treatment of interest rate and deferral period to be determined in the next Revenue Requirement.

In the most recent KORP status report filed with the Commission April 30th, 2013, FEI has amended the timeline for the completion of the KORP project until November 2018 and provided justification for this revised timeline. To date, approximately $325 thousand of the $850 thousand budget has been spent on feasibility costs. Due to this change in the timing of the completion of this project, FEI is proposing to delay the request for the disposition period until a future application.

## 2.5 EEC INCENTIVES

FEI will continue the use of the non-rate base EEC Incentive deferral account, attracting AFUDC, to capture the remaining portion of EEC costs above the $15.0 million approved

[2] Order G-201-12, Pages 89 and 90

amounts in rate base as incurred on an actual basis, to a maximum of $19.4 million in 2014 and up to the approved spending limits in 2015 through 2018 amongst the FEU. The non-rate base account reduces the risk of variability in EEC costs of customer participation in program costs that are embedded in delivery rates. That is, costs incurred over and above the forecast annual EEC rate base account additions of $15.0 million in 2014 through 2018, will be captured in the EEC Incentive non-rate base account. The additions to the non-rate base account will be tracked on a utility basis and allocated to the rate base Vancouver Island and Whistler EEC deferral when applicable.

Additionally, this account will continue to capture the interest rate buy-down amounts related to the On-Bill Financing program as approved through Commission Order G-163-12. That application requested approval to capture the difference between the Utility's Weighted Average Cost of Capital ("WACC") and the loan financing rate of 4.5 percent charged to customers, in the EEC Incentive Non-Rate Base deferral account. The account will continue to capture this difference for each customer loan until the loans are fully paid back by the customer.

As also discussed in Section D4, FEI is seeking approval in this Application to transfer any new amounts accumulated in this account, during the 2014 – 2018 revenue requirement period, to the existing rate base EEC deferral account in the following year, with amortization over 10 years commencing the year in which the balance is transferred.

## 2.6 *US GAAP UNCERTAIN TAX POSITIONS*

The Commission approved the creation of the US GAAP Uncertain Tax Positions deferral account through Commission Order G-44-12. This non-rate base deferral account, which does not earn AFUDC, is used to capture any differences on an ongoing basis that arise from the implementation of US GAAP Accounting Standards Board Interpretation No. 48. The balance at the end of 2012 was $1.1 million.

## 2.7 *MARK TO MARKET – HEDGING TRANSACTIONS*

This non-rate base deferral account, which does not earn AFUDC, was approved by Commission Order E-22-95 to record the mark-to-market adjustment due to financial hedging transactions for System and Non-System Gas purchasing. The balance at the end of 2012 was a $26.0 million credit.

## 2.8 *NON RATE BASE DEFERRALS ENTERING RATE BASE IN 2014 OR 2015*

The following is a list of all of the non rate base deferral accounts that will be entering rate base in 2014 or 2015. Discussion of each of these accounts is included in either the sections above, Appendix F4 or Section D4.

1. EEC Incentives (Annual ending balance transferred to rate base but account to remain non-rate base)

2. NGT Incentives
3. Fuelling Station Variance Account
4. Overhead and Marketing Recoveries from NGT Class of Service
5. Amalgamation and Rate Design Application Costs
6. Residual Deferral – Rider 8 Commodity Unbundling Volume Variance
7. Residual Deferral – Rider 4 2012 Delivery Refund Rider Volume Variance
8. On-Bill Financing Pilot Program
9. Tilbury Property Purchase (Subdividable Land)
10. Rate Schedule 16 Application Costs

# Appendix G

# SUMMARY FINANCIAL SCHEDULES

| Line No. | Particulars | 2014 ($ Millions) | | 2015 Incremental ($ Millions) | | 2015 Cumulative ($ Millions) | | 2016 Incremental ($ Millions) | | 2016 Cumulative ($ Millions) | | 2017 Incremental ($ Millions) | | 2017 Cumulative ($ Millions) | | 2018 Incremental ($ Millions) | | 2018 Cumulative ($ Millions) | | Cross Reference |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | (1) | (2) | | (3) | | (4) | | (5) | | (6) | | (7) | | (8) | | (9) | | (10) | | (11) |
| 2 | Volume/Revenue Related | | | | | | | | | | | | | | | | | | | |
| 3 | Customer Growth and Use Rates | 0.3 | | (5.9) | | (5.6) | | (6.2) | | (11.8) | | (5.9) | | (17.7) | | (3.1) | | (20.7) | | |
| 4 | Change in Other Revenue | 1.5 | 1.8 | (0.4) | (6.3) | 1.1 | (4.5) | (0.3) | (6.4) | 0.8 | (11.0) | (0.2) | (6.0) | 0.7 | (17.0) | (0.0) | (3.1) | 0.6 | (20.1) | |
| 5 | | | | | | | | | | | | | | | | | | | | |
| 6 | O&M Changes | | | | | | | | | | | | | | | | | | | |
| 7 | Gross O&M Increases | (0.8) | | 4.5 | | 3.8 | | 4.5 | | 8.3 | | 4.9 | | 13.2 | | 6.2 | | 19.4 | | |
| 8 | Less: Capitalized Overhead | 0.1 | (0.7) | (0.6) | 3.9 | (0.5) | 3.3 | (0.6) | 3.8 | (1.2) | 7.1 | (0.7) | 4.2 | (1.8) | 11.3 | (0.9) | 5.3 | (2.7) | 16.7 | |
| 9 | | | | | | | | | | | | | | | | | | | | |
| 10 | Depreciation Expense | | | | | | | | | | | | | | | | | | | |
| 11 | Change in Depreciation Rates | (0.2) | | 1.8 | | 1.6 | | 1.7 | | 3.2 | | 0.1 | | 3.3 | | 0.8 | | 4.1 | | |
| 12 | Tax Expense Impact of Depreciation Changes | 0.3 | | 2.1 | | 2.3 | | 2.1 | | 4.4 | | 1.5 | | 5.9 | | 1.8 | | 7.8 | | |
| 13 | Depreciation from Net Additions | 1.1 | 1.1 | 4.4 | 8.2 | 5.4 | 9.3 | 4.7 | 8.5 | 10.1 | 17.8 | 4.3 | 5.9 | 14.4 | 23.7 | 4.7 | 7.4 | 19.2 | 31.1 | |
| 14 | | | | | | | | | | | | | | | | | | | | |
| 15 | Amortization Expense | | | | | | | | | | | | | | | | | | | |
| 16 | | 0.2 | | 0.3 | | 0.5 | | 0.1 | | 0.5 | | 0.2 | | 0.7 | | 0.2 | | 0.9 | | |
| 17 | Deferral Accounts | 4.4 | 4.6 | (0.5) | (0.1) | 3.9 | 4.4 | 3.7 | 3.7 | 7.6 | 8.2 | 2.5 | 2.6 | 10.1 | 10.8 | 1.9 | 2.1 | 12.0 | 12.9 | |
| 18 | | | | | | | | | | | | | | | | | | | | |
| 19 | Other | | | | | | | | | | | | | | | | | | | |
| 20 | Property and Other Taxes | (2.4) | | 0.5 | | (1.9) | | 1.3 | | (0.6) | | 1.0 | | 0.4 | | 1.1 | | 1.5 | | |
| 21 | Other (NSP Provision) | - | | - | | - | | - | | - | | - | | - | | - | | - | | |
| 22 | Income Tax Rate Change | - | | - | | - | | - | | - | | - | | - | | - | | - | | |
| 23 | Other Income Tax Changes | 3.8 | | (1.4) | | 2.4 | | 0.6 | | 2.9 | | 0.6 | | 3.5 | | 0.2 | | 3.7 | | |
| 24 | Financing Rate Changes | (3.0) | | (0.4) | | (3.4) | | (2.9) | | (6.3) | | (8.1) | | (14.3) | | (0.8) | | (15.1) | | |
| 25 | Financing Changes | 0.1 | | 1.1 | | 1.3 | | 0.9 | | 2.2 | | 4.1 | | 6.4 | | 3.8 | | 10.2 | | |
| 26 | Rate Base Growth | 0.7 | (0.8) | 1.9 | 1.8 | 2.6 | 1.0 | 1.8 | 1.6 | 4.4 | 2.6 | 1.2 | (1.1) | 5.6 | 1.5 | 1.0 | 5.3 | 6.6 | 6.8 | |
| 27 | | | | | | | | | | | | | | | | | | | | |
| 28 | **Revenue Deficiency (Surplus)** | | **6.1** | | | | **13.5** | | | | **24.7** | | | | **30.3** | | | | **47.3** | |
| 29 | Cross Reference | | | | | | - Appendix G-1 FORMULA Sch 2 | | | | - Appendix G-1 FORMULA Sch 7 | | | | - Appendix G-1 FORMULA Sch 12 | | | | - Appendix G-1 FORMULA Sch 17 | |
| 30 | | | | | | | | | | | | | | | | | | | | |

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Non-Bypass Sales | 2015 Non-Bypass Transportation | 2015 Bypass and Special Rates | 2015 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,105,773 | $ 1,012,978 | $ 84,954 | $ 11,524 | $ 1,109,456 | $ 3,683 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party + FEVI Wheeling | | | | | | | |
| 7 | Revenue | 18,138 | - | - | 18,149 | 18,149 | 11 | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,123,911 | 1,012,978 | 84,954 | 29,673 | 1,127,605 | 3,694 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (495,810) | (493,062) | (253) | (249) | (493,564) | 2,246 | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 628,101 | $ 519,916 | $ 84,701 | $ 29,424 | $ 634,041 | $ 5,940 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 6,069 | $ 11,604 | $ 1,890 | $ - | **$ 13,494** | $ 7,425 | |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 0.97% | 2.23% | 2.23% | 0.00% | 2.13% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 0.54% | 1.15% | 2.22% | 0.00% | 1.20% | | |
| 20 | | | | | | | | |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G-1
FORMULA
Schedule 3

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Existing 2013 Rates | 2015 Revised Revenue | 2015 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 114,000 | 114,615 | - | 114,615 | 615 | |
| 3 | Transportation | 98,337 | 99,529 | - | 99,529 | 1,192 | |
| 4 | | 212,337 | 214,144 | - | 214,144 | 1,807 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $8.916 | $8.838 | $0.000 | $8.939 | $0.023 | |
| 8 | Transportation | $0.970 | $0.969 | $0.000 | $0.988 | $0.018 | |
| 9 | Average | $5.236 | $5.181 | $0.000 | $5.244 | $0.008 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,011,185 | $ 1,012,978 | $ - | $ 1,012,978 | $ 1,793 | |
| 13 | - Increase / (Decrease) | 5,229 | - | 11,606 | 11,606 | 6,377 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 94,587 | 96,479 | - | 96,479 | 1,892 | |
| 16 | - Increase / (Decrease) | 840 | | 1,888 | 1,888 | 1,048 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,111,841 | 1,109,457 | 13,494 | 1,122,951 | 11,110 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 495,810 | 493,564 | - | 493,564 | (2,246) | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 616,031 | 615,893 | 13,494 | 629,387 | 13,356 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 202,307 | 206,218 | - | 206,218 | 3,911 | |
| 25 | Property and Sundry Taxes | 48,797 | 49,335 | - | 49,335 | 538 | |
| 26 | Depreciation and Amortization | 148,338 | 154,352 | - | 154,352 | 6,014 | |
| 27 | Other Operating Revenue | (23,290) | (23,694) | - | (23,694) | (404) | |
| 28 | Sub-total | 376,152 | 386,211 | - | 386,211 | 10,059 | |
| 29 | Utility Income Before Income Taxes | 239,879 | 229,682 | 13,494 | 243,176 | 3,297 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 36,106 | 33,344 | 3,373 | 36,717 | 611 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 203,773 | $ 196,338 | $ 10,121 | $ 206,459 | $ 2,686 | - Appendix G-1 FORMULA Sch 6 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,788,894 | $ 2,846,403 | $ 36 | $ 2,846,439 | $ 57,545 | - Appendix G-1 FORMULA Sch 5 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.31% | 6.90% | | 7.25% | -0.05% | - Appendix G-1 FORMULA Sch 6 |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G-1
FORMULA
Schedule 4

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Existing 2013 Rates | 2015 Revised Revenue | 2015 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 203,773 | $ 196,338 | $ 10,121 | $ 206,459 | $ 2,686 | - Appendix G-1 FORMULA Sch 3 |
| 3 | Deduct - Interest on Debt | (109,822) | (110,570) | - | (110,570) | (748) | - Appendix G-1 FORMULA Sch 6 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 14,366 | 14,263 | - | 14,263 | (103) | |
| 5 | Adjusted Taxable Income After Tax | $ 108,317 | 100,031 | 10,121 | $ 110,152 | 1,835 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 144,423 | $ 133,375 | $ 13,495 | $ 146,869 | $ 2,446 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 36,106 | $ 33,344 | $ 3,374 | $ 36,717 | $ 611 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 36,106 | $ 33,344 | $ 3,374 | $ 36,717 | $ 611 | - Appendix G-1 FORMULA Sch 3 |
| 17 | | | | | | | |

Evidentiary Update July 16, 2013

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Existing 2013 Rates | 2015 Adjustments | 2015 2013 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 3,872,208 | $ 4,010,335 | $ - | $ 4,010,335 | $ 138,127 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,010,335 | 4,157,271 | - | 4,157,271 | 146,936 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,105,422) | $ (1,206,410) | $ - | $ (1,206,410) | $ (100,988) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,206,410) | (1,317,791) | - | (1,317,791) | (111,381) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (194,421) | $ (196,276) | $ - | $ (196,276) | $ (1,855) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (196,276) | (200,325) | - | (200,325) | (4,049) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 57,362 | $ 59,914 | $ - | $ 59,914 | $ 2,552 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 59,914 | 64,203 | - | 64,203 | 4,289 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,648,645 | $ 2,685,461 | $ - | $ 2,685,461 | $ 36,816 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 36,676 | 55,284 | - | 55,284 | 18,608 | |
| 22 | Cash Working Capital | (603) | (349) | 36 | (313) | 290 | |
| 23 | Other Working Capital | 79,039 | 80,704 | - | 80,704 | 1,665 | |
| 24 | Deferred Income Taxes Regulatory Asset | 288,453 | 287,980 | - | 287,980 | (473) | |
| 25 | Deferred Income Taxes Regulatory Liability | (288,453) | (287,980) | - | (287,980) | 473 | |
| 26 | LILO Benefit | (983) | (817) | - | (817) | 166 | |
| 27 | **Utility Rate Base** | $ 2,788,894 | $ 2,846,403 | $ 36 | $ 2,846,439 | $ 57,545 | - Appendix G-1 FORMULA Sch 6 |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | Capitalization Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2015 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,564,667 | 54.97% | 6.77% | 3.72% | | |
| 3 | Unfunded Debt | | 185,871 | 6.53% | 2.50% | 0.16% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,095,865 | 38.50% | 7.83% | 3.02% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,846,403 | 100.00% | | 6.90% | | - Appendix G-1 FORMULA Sch 5 |
| 8 | | | | | | | | |
| 9 | 2015 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,564,667 | 54.97% | 6.77% | 3.72% | $ 105,923 | |
| 11 | Unfunded Debt | $ 185,871 | | | | | | |
| 12 | Adjustment, Revised Rates | 22 | 185,893 | 6.53% | 2.50% | 0.16% | 4,647 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,095,879 | 38.50% | 8.75% | 3.37% | 95,889 | |
| 15 | | | | | | | | - Appendix G-1 FORMULA Sch 3 |
| 16 | | | $ 2,846,439 | 100.00% | | 7.25% | $ 206,459 | - Appendix G-1 FORMULA Sch 5 |
| 17 | | | | | | | | |
| 18 | 2014 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,569,006 | 56.26% | 6.84% | 3.85% | $ 107,264 | |
| 20 | Unfunded Debt | $ 146,155 | | | | | | |
| 21 | Adjustment, Revised Rates | 9 | 146,164 | 5.24% | 1.75% | 0.09% | 2,558 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,073,724 | 38.50% | 8.75% | 3.37% | 93,951 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,788,894 | 100.00% | | 7.31% | $ 203,773 | |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2014 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ (4,339) | -1.29% | -0.07% | -0.13% | $ (1,341) | |
| 29 | Unfunded Debt | $ 39,716 | | | | | | |
| 30 | Adjustment, Revised Rates | 13 | 39,729 | 1.29% | 0.75% | 0.07% | 2,089 | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 22,155 | 0.00% | 0.00% | 0.00% | 1,938 | |
| 33 | | | | | | | | |
| 34 | | | $ 57,545 | 0.00% | | -0.06% | $ 2,686 | |

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

| Line No. | Particulars | 2015 FORECAST | 2016 Non-Bypass Sales | 2016 Non-Bypass Transportation | 2016 Bypass and Special Rates | 2016 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,109,456 | $ 1,020,295 | $ 86,841 | $ 11,524 | $ 1,118,660 | $ 9,204 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party + FEVI Wheeling | | | | | | | |
| 7 | Revenue | 18,149 | - | - | 18,160 | 18,160 | 11 | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,127,605 | 1,020,295 | 86,841 | 29,684 | 1,136,820 | 9,215 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (493,564) | (496,071) | (255) | (252) | (496,578) | (3,014) | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 634,041 | $ 524,224 | $ 86,586 | $ 29,432 | $ 640,242 | $ 6,201 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 13,494 | $ 21,209 | $ 3,503 | $ - | **$ 24,712** | $ 11,218 | |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 2.13% | 4.05% | 4.05% | 0.00% | 3.86% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 1.20% | 2.08% | 4.03% | 0.00% | 2.17% | | |
| 20 | | | | | | | | |

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

| Line No. | Particulars | 2015 FORECAST | 2016 Existing 2013 Rates | 2016 Revised Revenue | 2016 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 114,615 | 115,272 | - | 115,272 | 657 | |
| 3 | Transportation | 99,529 | 100,461 | - | 100,461 | 932 | |
| 4 | | 214,144 | 215,733 | - | 215,733 | 1,589 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $8.939 | $8.851 | $0.000 | $9.035 | $0.096 | |
| 8 | Transportation | $0.988 | $0.979 | $0.000 | $1.014 | $0.026 | |
| 9 | Average | $5.244 | $5.185 | $0.000 | $5.300 | $0.056 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,012,978 | $ 1,020,295 | $ - | $ 1,020,295 | $ 7,317 | |
| 13 | - Increase / (Decrease) | 11,606 | - | 21,209 | 21,209 | 9,603 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 96,479 | 98,365 | - | 98,365 | 1,886 | |
| 16 | - Increase / (Decrease) | 1,888 | | 3,503 | 3,503 | 1,615 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,122,951 | 1,118,660 | 24,712 | 1,143,372 | 20,421 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 493,564 | 496,578 | - | 496,578 | 3,014 | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 629,387 | 622,082 | 24,712 | 646,794 | 17,407 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 206,218 | 210,067 | - | 210,067 | 3,849 | |
| 25 | Property and Sundry Taxes | 49,335 | 50,614 | - | 50,614 | 1,279 | |
| 26 | Depreciation and Amortization | 154,352 | 164,427 | - | 164,427 | 10,075 | |
| 27 | Other Operating Revenue | (23,694) | (23,952) | - | (23,952) | (258) | |
| 28 | Sub-total | 386,211 | 401,156 | - | 401,156 | 14,945 | |
| 29 | Utility Income Before Income Taxes | 243,176 | 220,926 | 24,712 | 245,638 | 2,462 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 36,717 | 33,206 | 6,176 | 39,382 | 2,665 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 206,459 | $ 187,720 | $ 18,536 | $ 206,256 | $ (203) | - Appendix G-1 FORMULA Sch 11 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,846,439 | $ 2,898,224 | $ 339 | $ 2,898,563 | $ 52,124 | - Appendix G-1 FORMULA Sch 10 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.25% | 6.48% | | 7.12% | -0.14% | - Appendix G-1 FORMULA Sch 11 |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G-1
FORMULA
Schedule 9

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

| Line No. | Particulars | 2015 FORECAST | 2016 Existing 2013 Rates | 2016 Revised Revenue | 2016 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 206,459 | $ 187,720 | $ 18,536 | $ 206,256 | $ (203) | - Appendix G-1 FORMULA Sch 8 |
| 3 | Deduct - Interest on Debt | (110,570) | (108,604) | (7) | (108,611) | 1,959 | - Appendix G-1 FORMULA Sch 11 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 14,263 | 20,502 | - | 20,502 | 6,239 | |
| 5 | Adjusted Taxable Income After Tax | $ 110,152 | 99,618 | 18,529 | $ 118,147 | 7,995 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 146,869 | $ 132,824 | $ 24,705 | $ 157,529 | $ 10,660 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 36,717 | $ 33,206 | $ 6,176 | $ 39,382 | $ 2,665 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 36,717 | $ 33,206 | $ 6,176 | $ 39,382 | $ 2,665 | - Appendix G-1 FORMULA Sch 8 |
| 17 | | | | | | | |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G-1
FORMULA
Schedule 10

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

| Line No. | Particulars | 2015 FORECAST | 2016 Existing 2013 Rates | 2016 Adjustments | 2016 2013 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 4,010,335 | $ 4,157,271 | $ - | $ 4,157,271 | $ 146,936 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,157,271 | 4,291,081 | - | 4,291,081 | 133,810 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,206,410) | $ (1,317,791) | $ - | $ (1,317,791) | $ (111,381) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,317,791) | (1,418,378) | - | (1,418,378) | (100,587) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (196,276) | $ (200,325) | $ - | $ (200,325) | $ (4,049) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (200,325) | (203,697) | - | (203,697) | (3,372) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 59,914 | $ 64,203 | $ - | $ 64,203 | $ 4,289 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 64,203 | 67,620 | - | 67,620 | 3,417 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,685,461 | $ 2,719,992 | $ - | $ 2,719,992 | $ 34,532 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 55,284 | 68,042 | - | 68,042 | 12,758 | |
| 22 | Cash Working Capital | (313) | 62 | 339 | 401 | 714 | |
| 23 | Other Working Capital | 80,704 | 84,659 | - | 84,659 | 3,955 | |
| 24 | Deferred Income Taxes Regulatory Asset | 287,980 | 287,029 | - | 287,029 | (951) | |
| 25 | Deferred Income Taxes Regulatory Liability | (287,980) | (287,029) | - | (287,029) | 951 | |
| 26 | LILO Benefit | (817) | (651) | - | (651) | 166 | |
| 27 | **Utility Rate Base** | $ 2,846,439 | $ 2,898,224 | $ 339 | $ 2,898,563 | $ 52,125 | - Appendix G-1 FORMULA Sch 11 |

Evidentiary Update July 16, 2013

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

| Line No. | Particulars | -------- Capitalization -------- Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2016 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,561,485 | 53.88% | 6.50% | 3.50% | | |
| 3 | Unfunded Debt | | 220,923 | 7.62% | 3.25% | 0.25% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,115,816 | 38.50% | 7.09% | 2.73% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,898,224 | 100.00% | | 6.48% | | - Appendix G-1 FORMULA Sch 10 |
| 8 | | | | | | | | |
| 9 | 2016 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,561,485 | 53.87% | 6.50% | 3.50% | $ 101,424 | |
| 11 | Unfunded Debt | $ 220,923 | | | | | | |
| 12 | Adjustment, Revised Rates | 208 | 221,131 | 7.63% | 3.25% | 0.25% | 7,187 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,115,947 | 38.50% | 8.75% | 3.37% | 97,645 | |
| 15 | | | | | | | | - Appendix G-1 FORMULA Sch 8 |
| 16 | | | $ 2,898,563 | 100.00% | | 7.12% | $ 206,256 | - Appendix G-1 FORMULA Sch 10 |
| 17 | | | | | | | | |
| 18 | 2015 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,564,667 | 54.97% | 6.77% | 3.72% | $ 105,923 | |
| 20 | Unfunded Debt | $ 185,871 | | | | | | |
| 21 | Adjustment, Revised Rates | 22 | 185,893 | 6.53% | 2.50% | 0.16% | 4,647 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,095,879 | 38.50% | 8.75% | 3.37% | 95,889 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,846,439 | 100.00% | | 7.25% | $ 206,459 | - Appendix G-1 FORMULA Sch 6 |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2015 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ (3,182) | -1.10% | -0.27% | -0.22% | $ (4,499) | |
| 29 | Unfunded Debt | $ 35,052 | | | | | | |
| 30 | Adjustment, Revised Rates | 186 | 35,238 | 1.10% | 0.75% | 0.09% | 2,540 | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 20,068 | 0.00% | 0.00% | 0.00% | 1,756 | |
| 33 | | | | | | | | |
| 34 | | | $ 52,124 | 0.00% | | -0.13% | $ (203) | |

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Non-Bypass Sales | 2017 Non-Bypass Transportation | 2017 Bypass and Special Rates | 2017 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,118,660 | $ 1,027,456 | $ 88,741 | $ 11,525 | $ 1,127,722 | $ 9,062 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party + FEVI Wheeling | | | | | | | |
| 7 | Revenue | 18,160 | - | - | 18,159 | 18,159 | (1) | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,136,820 | 1,027,456 | 88,741 | 29,684 | 1,145,881 | 9,061 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (496,578) | (499,263) | (259) | (253) | (499,775) | (3,197) | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 640,242 | $ 528,193 | $ 88,482 | $ 29,431 | $ 646,106 | $ 5,864 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 24,712 | $ 25,982 | $ 4,352 | $ - | **$ 30,334** | $ 5,622 | |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 3.86% | 4.92% | 4.92% | 0.00% | 4.69% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 2.17% | 2.53% | 4.90% | 0.00% | 2.65% | | |
| 20 | | | | | | | | |

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Existing 2013 Rates | 2017 Revised Revenue | 2017 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 115,272 | 115,877 | - | 115,877 | 605 | |
| 3 | Transportation | 100,461 | 101,468 | - | 101,468 | 1,007 | |
| 4 | | 215,733 | 217,345 | - | 217,345 | 1,612 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $9.035 | $8.867 | $0.000 | $9.091 | $0.056 | |
| 8 | Transportation | $1.014 | $0.988 | $0.000 | $1.031 | $0.017 | |
| 9 | Average | $5.300 | $5.189 | $0.000 | $5.328 | $0.028 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,020,295 | $ 1,027,456 | $ - | $ 1,027,456 | $ 7,161 | |
| 13 | - Increase / (Decrease) | 21,209 | - | 25,983 | 25,983 | 4,774 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 98,365 | 100,266 | - | 100,266 | 1,901 | |
| 16 | - Increase / (Decrease) | 3,503 | | 4,351 | 4,351 | 848 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,143,372 | 1,127,722 | 30,334 | 1,158,056 | 14,684 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 496,578 | 499,775 | - | 499,775 | 3,197 | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 646,794 | 627,947 | 30,334 | 658,281 | 11,487 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 210,067 | 214,304 | - | 214,304 | 4,237 | |
| 25 | Property and Sundry Taxes | 50,614 | 51,598 | - | 51,598 | 984 | |
| 26 | Depreciation and Amortization | 164,427 | 171,464 | - | 171,464 | 7,037 | |
| 27 | Other Operating Revenue | (23,952) | (24,121) | - | (24,121) | (169) | |
| 28 | Sub-total | 401,156 | 413,245 | - | 413,245 | 12,089 | |
| 29 | Utility Income Before Income Taxes | 245,638 | 214,702 | 30,334 | 245,036 | (602) | |
| 30 | | | | | | | |
| 31 | Income Taxes | 39,382 | 33,918 | 7,581 | 41,499 | 2,117 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 206,256 | $ 180,784 | $ 22,753 | $ 203,537 | $ (2,719) | - Appendix G-1 FORMULA Sch 16 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,898,563 | $ 2,933,806 | $ 359 | $ 2,934,165 | $ 35,602 | - Appendix G-1 FORMULA Sch 15 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.12% | 6.16% | | 6.94% | -0.18% | - Appendix G-1 FORMULA Sch 16 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Existing 2013 Rates | 2017 Revised Revenue | 2017 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 206,256 | $ 180,784 | $ 22,753 | $ 203,537 | $ (2,719) | - Appendix G-1 FORMULA Sch 13 |
| 3 | Deduct - Interest on Debt | (108,611) | (104,683) | (9) | (104,692) | 3,919 | - Appendix G-1 FORMULA Sch 16 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 20,502 | 25,653 | - | 25,653 | 5,151 | |
| 5 | Adjusted Taxable Income After Tax | $ 118,147 | 101,754 | 22,744 | $ 124,498 | 6,351 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 157,529 | $ 135,672 | $ 30,325 | $ 165,997 | $ 8,468 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 39,382 | $ 33,918 | $ 7,581 | $ 41,499 | $ 2,117 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 39,382 | $ 33,918 | $ 7,581 | $ 41,499 | $ 2,117 | - Appendix G-1 FORMULA Sch 13 |
| 17 | | | | | | | |

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Existing 2013 Rates | 2017 Adjustments | 2017 2013 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 4,157,271 | $ 4,291,081 | $ - | $ 4,291,081 | $ 133,810 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,291,081 | 4,439,076 | - | 4,439,076 | 147,995 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,317,791) | $ (1,418,378) | $ - | $ (1,418,378) | $ (100,587) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,418,378) | (1,533,632) | - | (1,533,632) | (115,254) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (200,325) | $ (203,697) | $ - | $ (203,697) | $ (3,372) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (203,697) | (206,836) | - | (206,836) | (3,139) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 64,203 | $ 67,620 | $ - | $ 67,620 | $ 3,417 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 67,620 | 70,505 | - | 70,505 | 2,885 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,719,992 | $ 2,752,870 | $ - | $ 2,752,870 | $ 32,878 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 68,042 | 64,508 | - | 64,508 | (3,534) | |
| 22 | Cash Working Capital | 401 | 282 | 359 | 641 | 240 | |
| 23 | Other Working Capital | 84,659 | 90,511 | - | 90,511 | 5,852 | |
| 24 | Deferred Income Taxes Regulatory Asset | 287,029 | 285,481 | - | 285,481 | (1,548) | |
| 25 | Deferred Income Taxes Regulatory Liability | (287,029) | (285,481) | - | (285,481) | 1,548 | |
| 26 | LILO Benefit | (651) | (485) | - | (485) | 166 | |
| 27 | **Utility Rate Base** | $ 2,898,563 | $ 2,933,806 | $ 359 | $ 2,934,165 | $ 35,602 | - Appendix G-1 FORMULA Sch 16 |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | Capitalization Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2017 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,658,573 | 56.53% | 5.98% | 3.38% | | |
| 3 | Unfunded Debt | | 145,718 | 4.97% | 3.75% | 0.19% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,129,515 | 38.50% | 6.74% | 2.59% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,933,806 | 100.00% | | 6.16% | | - Appendix G-1 FORMULA Sch 15 |
| 8 | | | | | | | | |
| 9 | 2017 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,658,573 | 56.53% | 5.98% | 3.38% | $ 99,219 | |
| 11 | Unfunded Debt | $ 145,718 | | | | | | |
| 12 | Adjustment, Revised Rates | 220 | 145,938 | 4.97% | 3.75% | 0.19% | 5,473 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,129,654 | 38.50% | 8.75% | 3.37% | 98,845 | |
| 15 | | | | | | | | - Appendix G-1 FORMULA Sch 13 |
| 16 | | | $ 2,934,165 | 100.00% | | 6.94% | $ 203,537 | - Appendix G-1 FORMULA Sch 15 |
| 17 | | | | | | | | |
| 18 | 2016 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,561,485 | 53.87% | 6.50% | 3.50% | $ 101,424 | |
| 20 | Unfunded Debt | $ 220,923 | | | | | | |
| 21 | Adjustment, Revised Rates | 208 | 221,131 | 7.63% | 3.25% | 0.25% | 7,187 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,115,947 | 38.50% | 8.75% | 3.37% | 97,645 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,898,563 | 100.00% | | 7.12% | $ 206,256 | - Appendix G-1 FORMULA Sch 11 |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2016 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ 97,088 | 2.66% | -0.52% | -0.12% | $ (2,205) | |
| 29 | Unfunded Debt | $ (75,205) | | | | | | |
| 30 | Adjustment, Revised Rates | 12 | (75,193) | -2.66% | 0.50% | -0.06% | (1,714) | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 13,707 | 0.00% | 0.00% | 0.00% | 1,200 | |
| 33 | | | | | | | | |
| 34 | | | $ 35,602 | 0.00% | | -0.18% | $ (2,719) | |

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| | | | 2018 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-Bypass | | | | | |
| Line No. | Particulars | 2017 FORECAST | Sales | Transportation | Bypass and Special Rates | Total | Change | Cross Reference |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,127,722 | $ 1,029,607 | $ 90,657 | $ 11,525 | $ 1,131,789 | $ 4,067 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party + FEVI Wheeling | | | | | | | |
| 7 | Revenue | 18,159 | - | - | 18,159 | 18,159 | - | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,145,881 | 1,029,607 | 90,657 | 29,684 | 1,149,948 | 4,067 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (499,775) | (500,263) | (262) | (255) | (500,780) | (1,005) | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 646,106 | $ 529,344 | $ 90,395 | $ 29,429 | $ 649,168 | $ 3,062 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 30,334 | $ 40,377 | $ 6,895 | $ - | **$ 47,272** | $ 16,938 | |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 4.69% | 7.63% | 7.63% | 0.00% | 7.28% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 2.65% | 3.92% | 7.61% | 0.00% | 4.11% | | |
| 20 | | | | | | | | |

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars (1) | 2017 FORECAST (2) | 2018 Existing 2013 Rates (3) | 2018 Revised Revenue (4) | 2018 Total (5) | Change (6) | Cross Reference (7) |
|---|---|---|---|---|---|---|---|
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 115,877 | 116,042 | - | 116,042 | 165 | |
| 3 | Transportation | 101,468 | 102,470 | - | 102,470 | 1,002 | |
| 4 | | 217,345 | 218,512 | - | 218,512 | 1,167 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $9.091 | $8.873 | $0.000 | $9.221 | $0.130 | |
| 8 | Transportation | $1.031 | $0.997 | $0.000 | $1.064 | $0.033 | |
| 9 | Average | $5.328 | $5.180 | $0.000 | $5.396 | $0.068 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,027,456 | $ 1,029,607 | $ - | $ 1,029,607 | $ 2,151 | |
| 13 | - Increase / (Decrease) | 25,983 | - | 40,378 | 40,378 | 14,395 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 100,266 | 102,182 | - | 102,182 | 1,916 | |
| 16 | - Increase / (Decrease) | 4,351 | | 6,894 | 6,894 | 2,543 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,158,056 | 1,131,789 | 47,272 | 1,179,061 | 21,005 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 499,775 | 500,780 | - | 500,780 | 1,005 | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 658,281 | 631,009 | 47,272 | 678,281 | 20,000 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 214,304 | 219,618 | - | 219,618 | 5,314 | |
| 25 | Property and Sundry Taxes | 51,598 | 52,691 | - | 52,691 | 1,093 | |
| 26 | Depreciation and Amortization | 171,464 | 179,081 | - | 179,081 | 7,617 | |
| 27 | Other Operating Revenue | (24,121) | (24,159) | - | (24,159) | (38) | |
| 28 | Sub-total | 413,245 | 427,231 | - | 427,231 | 13,986 | |
| 29 | Utility Income Before Income Taxes | 245,036 | 203,778 | 47,272 | 251,050 | 6,014 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 41,499 | 31,695 | 11,815 | 43,510 | 2,011 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 203,537 | $ 172,083 | $ 35,457 | $ 207,540 | $ 4,003 | - Appendix G-1 FORMULA Sch 21 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,934,165 | $ 2,961,938 | $ 432 | $ 2,962,370 | $ 28,205 | - Appendix G-1 FORMULA Sch 20 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 6.94% | 5.81% | | 7.01% | 0.07% | - Appendix G-1 FORMULA Sch 21 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | 2017 FORECAST | 2018 Existing 2013 Rates | 2018 Revised Revenue | 2018 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 203,537 | $ 172,083 | $ 35,457 | $ 207,540 | $ 4,003 | - Appendix G-1 FORMULA Sch 18 |
| 3 | Deduct - Interest on Debt | (104,692) | (107,732) | (13) | (107,745) | (3,053) | - Appendix G-1 FORMULA Sch 21 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 25,653 | 30,736 | - | 30,736 | 5,083 | |
| 5 | Adjusted Taxable Income After Tax | $ 124,498 | 95,087 | 35,444 | $ 130,531 | 6,033 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 165,997 | $ 126,783 | $ 47,259 | $ 174,041 | $ 8,044 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 41,499 | $ 31,696 | $ 11,815 | $ 43,510 | $ 2,011 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 41,499 | $ 31,696 | $ 11,815 | $ 43,510 | $ 2,011 | - Appendix G-1 FORMULA Sch 18 |
| 17 | | | | | | | |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G-1
FORMULA
Schedule 20

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | 2017 FORECAST | 2018 Existing 2013 Rates | 2018 Adjustments | 2018 2013 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 4,291,081 | $ 4,439,076 | $ - | $ 4,439,076 | $ 147,995 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,439,076 | 4,598,000 | - | 4,598,000 | 158,924 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,418,378) | $ (1,533,632) | $ - | $ (1,533,632) | $ (115,254) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,533,632) | (1,661,331) | - | (1,661,331) | (127,699) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (203,697) | $ (206,836) | $ - | $ (206,836) | $ (3,139) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (206,836) | (213,425) | - | (213,425) | (6,589) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 67,620 | $ 70,505 | $ - | $ 70,505 | $ 2,885 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 70,505 | 76,498 | - | 76,498 | 5,993 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,752,870 | $ 2,784,428 | $ - | $ 2,784,428 | $ 31,558 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 64,508 | 54,872 | - | 54,872 | (9,636) | |
| 22 | Cash Working Capital | 641 | 156 | 432 | 588 | (53) | |
| 23 | Other Working Capital | 90,511 | 96,690 | - | 96,690 | 6,179 | |
| 24 | Deferred Income Taxes Regulatory Asset | 285,481 | 283,368 | - | 283,368 | (2,113) | |
| 25 | Deferred Income Taxes Regulatory Liability | (285,481) | (283,368) | - | (283,368) | 2,113 | |
| 26 | LILO Benefit | (485) | (328) | - | (328) | 157 | |
| 27 | **Utility Rate Base** | $ 2,934,165 | $ 2,961,938 | $ 432 | $ 2,962,370 | $ 28,205 | - Appendix G-1 FORMULA Sch 21 |

Evidentiary Update July 16, 2013

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | Capitalization Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2018 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,757,003 | 59.32% | 5.96% | 3.54% | | |
| 3 | Unfunded Debt | | 64,589 | 2.18% | 4.75% | 0.10% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,140,346 | 38.50% | 5.64% | 2.17% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,961,938 | 100.00% | | 5.81% | | - Appendix G-1 FORMULA Sch 20 |
| 8 | | | | | | | | |
| 9 | 2018 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,757,003 | 59.31% | 5.96% | 3.53% | $ 104,664 | |
| 11 | Unfunded Debt | $ 64,589 | | | | | | |
| 12 | Adjustment, Revised Rates | 266 | 64,855 | 2.19% | 4.75% | 0.10% | 3,081 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,140,512 | 38.50% | 8.75% | 3.37% | 99,795 | |
| 15 | | | | | | | | - Appendix G-1 FORMULA Sch 18 |
| 16 | | | $ 2,962,370 | 100.00% | | 7.01% | $ 207,540 | - Appendix G-1 FORMULA Sch 20 |
| 17 | | | | | | | | |
| 18 | 2017 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,658,573 | 56.53% | 5.98% | 3.38% | $ 99,219 | |
| 20 | Unfunded Debt | $ 145,718 | | | | | | |
| 21 | Adjustment, Revised Rates | 220 | 145,938 | 4.97% | 3.75% | 0.19% | 5,473 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,129,654 | 38.50% | 8.75% | 3.37% | 98,845 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,934,165 | 100.00% | | 6.94% | $ 203,537 | - Appendix G-1 FORMULA Sch 16 |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2017 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ 98,430 | 2.78% | -0.02% | 0.15% | $ 5,445 | |
| 29 | Unfunded Debt | $ (81,129) | | | | | | |
| 30 | Adjustment, Revised Rates | 46 | (81,083) | -2.78% | 1.00% | -0.09% | (2,392) | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 10,858 | 0.00% | 0.00% | 0.00% | 950 | |
| 33 | | | | | | | | |
| 34 | | | $ 28,205 | 0.00% | | 0.06% | $ 4,003 | |

| Line No. | Particulars | 2014 ($ Millions) | | **Cross Reference** |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| 1 | Volume/Revenue Related | | | |
| 2 | Customer Growth and Use Rates | 0.3 | | |
| 3 | Change in Other Revenue | 1.5 | 1.8 | |
| 4 | | | | |
| 5 | O&M Changes | | | |
| 6 | Gross O&M Increases | 3.9 | | |
| 7 | Less: Capitalized Overhead | (0.6) | 3.4 | |
| 8 | | | | |
| 9 | Depreciation Expense | | | |
| 10 | Change in Depreciation Rates | (0.2) | | |
| 11 | Tax Expense Impact of Depreciation Changes | 0.3 | | |
| 12 | Depreciation from Net Additions | 1.1 | 1.1 | |
| 13 | | | | |
| 14 | Amortization Expense | | | |
| 15 | CIAC | 0.2 | | |
| 16 | Deferral Accounts | 4.4 | 4.6 | |
| 17 | | | | |
| 18 | Property and Other Taxes | (2.4) | | |
| 19 | Other (NSP Provision) | - | | |
| 20 | Income Tax Rate Change | - | | |
| 21 | Other Income Tax Changes | 3.3 | | |
| 22 | Financing Rate Changes | (3.0) | | |
| 23 | Financing Changes | 0.2 | | |
| 24 | Rate Base Growth | 0.8 | (1.1) | |
| 25 | | | | |
| 26 | **Revenue Deficiency (Surplus)** | | **9.8** | - Appendix G2-FORECAST, Sch 2 |

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 Non-Bypass Sales | 2014 Non-Bypass Transportation | 2014 Bypass and Special Rates | 2014 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,115,509 | $ 1,011,185 | $ 83,064 | $ 11,524 | $ 1,105,773 | $ (9,736) | - Appendix G2-FORECAST, Sch 8 |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party | | | | | | | |
| 7 | Revenue | 18,237 | - | - | 18,138 | 18,138 | (99) | - Appendix G2-FORECAST, Sch 13 |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,133,746 | 1,011,185 | 83,064 | 29,662 | 1,123,911 | (9,835) | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (505,954) | (495,312) | (250) | (248) | (495,810) | 10,144 | - Appendix G2-FORECAST, Sch 9 |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 627,792 | $ 515,873 | $ 82,814 | $ 29,414 | $ 628,101 | $ 309 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ - | $ 8,439 | $ 1,355 | $ - | **$ 9,794** | $ 9,794 | - Appendix G2-FORECAST, Sch 1 |
| 16 | | | | | | | | - Appendix G2-FORECAST, Sch 62 |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 0.00% | 1.64% | 1.64% | 0.00% | 1.56% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 0.00% | 0.83% | 1.63% | 0.00% | 0.87% | | |
| 20 | | | | | | | | |

FORTISBC ENERGY INC.

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)



| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | | | | | (Column (4) - Column (3)) | |
| 1 | ENERGY VOLUMES (TJ) | | | | | |
| 2 | Sales | 113,621 | 112,327 | 114,021 | 1,694 | - Appendix G2-FORECAST, Sch 5 |
| 3 | Transportation | 86,767 | 94,833 | 97,855 | 3,022 | - Appendix G2-FORECAST, Sch 5 |
| 4 | | 200,388 | 207,160 | 211,876 | 4,716 | |
| 5 | | | | | | |
| 6 | Average Rate per GJ | | | | | |
| 7 | Sales | $ 9.106 | $ 10.538 | $ 8.948 | $ (1.590) | |
| 8 | Transportation | $ 1.039 | $ 0.966 | $ 0.974 | $ 0.008 | |
| 9 | Average | $ 5.616 | $ 6.156 | $ 5.233 | $ (0.923) | |
| 10 | | | | | | |
| 11 | UTILITY REVENUE | | | | | |
| 12 | Sales - Existing Rates | $ 1,034,629 | $ 1,133,062 | $ 1,020,240 | $ (112,822) | - Appendix G2-FORECAST, Sch 7 |
| 13 | - Increase / (Decrease) | - | 50,679 | - | (50,679) | |
| 14 | RSAM Revenue | 472 | - | (6,666) | (6,666) | |
| 15 | Transportation - Existing Rates | 90,183 | 83,945 | 95,270 | 11,325 | - Appendix G2-FORECAST, Sch 7 |
| 16 | - Increase / (Decrease) | - | 7,660 | - | (7,660) | |
| 17 | | | | | | |
| 18 | **Total Revenue** | 1,125,284 | 1,275,346 | 1,108,844 | (166,502) | |
| 19 | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 539,821 | 658,568 | 505,954 | (152,614) | - Appendix G2-FORECAST, Sch 9 |
| 21 | | | | | | |
| 22 | **Gross Margin** | 585,463 | 616,778 | 602,890 | (13,888) | |
| 23 | | | | | | |
| 24 | Operation and Maintenance | 187,925 | 202,963 | 198,578 | (4,385) | - Appendix G2-FORECAST, Sch 14 |
| 25 | Property and Sundry Taxes | 49,656 | 51,239 | 51,239 | - | - Appendix G2-FORECAST, Sch 18 |
| 26 | Depreciation and Amortization | 123,928 | 142,912 | 142,912 | - | - Appendix G2-FORECAST, Sch 20 |
| 27 | Other Operating Revenue | (24,501) | (24,789) | (23,179) | 1,610 | - Appendix G2-FORECAST, Sch 12 |
| 28 | Sub-total | 337,008 | 372,325 | 369,550 | (2,775) | |
| 29 | Utility Income Before Income Taxes | 248,454 | 244,453 | 233,340 | (11,113) | |
| 30 | | | | | | |
| 31 | Income Taxes | 26,880 | 28,049 | 27,508 | (541) | - Appendix G2-FORECAST, Sch 22 |
| 32 | | | | | | |
| 33 | **EARNED RETURN** | $ 221,574 | $ 216,404 | $ 205,832 | $ (10,572) | - Appendix G2-FORECAST, Sch 57 |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,692,824 | $ 2,767,988 | $ 2,702,370 | $ (65,618) | - Appendix G2-FORECAST, Sch 28 |
| 37 | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 8.23% | 7.82% | 7.62% | -0.20% | - Appendix G2-FORECAST, Sch 57 |

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars (1) | 2013 PROJECTED (2) | 2014 FORECAST Existing 2013 Rates (3) | 2014 FORECAST Revised Revenue (4) | 2014 FORECAST Total (5) | Change (6) | Cross Reference (7) |
|---|---|---|---|---|---|---|---|
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 114,021 | 114,000 | - | 114,000 | (21) | - Appendix G2-FORECAST, Sch 6 |
| 3 | Transportation | 97,855 | 98,337 | - | 98,337 | 482 | - Appendix G2-FORECAST, Sch 6 |
| 4 | | 211,876 | 212,337 | - | 212,337 | 461 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $ 8.948 | $ 8.870 | $ - | $ 8.944 | $ (0.004) | |
| 8 | Transportation | $ 0.974 | $ 0.962 | $ - | $ 0.976 | $ 0.002 | |
| 9 | Average | $ 5.233 | $ 5.208 | $ - | $ 5.254 | $ 0.021 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,020,240 | $ 1,011,185 | $ - | $ 1,011,185 | $ (9,055) | - Appendix G2-FORECAST, Sch 8 |
| 13 | - Increase / (Decrease) | - | - | 8,438 | 8,438 | 8,438 | - Appendix G2-FORECAST, Sch 10 |
| 14 | RSAM Revenue | (6,666) | | | | 6,666 | |
| 15 | Transportation - Existing Rates | 95,270 | 94,587 | - | 94,587 | (683) | - Appendix G2-FORECAST, Sch 8 |
| 16 | - Increase / (Decrease) | - | | 1,356 | 1,356 | 1,356 | - Appendix G2-FORECAST, Sch 10 |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,108,844 | 1,105,772 | 9,794 | 1,115,566 | 6,722 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 505,954 | 495,810 | - | 495,810 | (10,144) | - Appendix G2-FORECAST, Sch 9 |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 602,890 | 609,962 | 9,794 | 619,756 | 16,866 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 198,578 | 206,343 | - | 206,343 | 7,765 | - Appendix G2-FORECAST, Sch 14 |
| 25 | Property and Sundry Taxes | 51,239 | 48,797 | - | 48,797 | (2,442) | - Appendix G2-FORECAST, Sch 19 |
| 26 | Depreciation and Amortization | 142,912 | 148,338 | - | 148,338 | 5,426 | - Appendix G2-FORECAST, Sch 21 |
| 27 | Other Operating Revenue | (23,179) | (23,284) | - | (23,284) | (105) | - Appendix G2-FORECAST, Sch 13 |
| 28 | Sub-total | 369,550 | 380,194 | - | 380,194 | 10,644 | |
| 29 | Utility Income Before Income Taxes | 233,340 | 229,768 | 9,794 | 239,562 | 6,222 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 27,508 | 33,206 | 2,447 | 35,653 | 8,145 | - Appendix G2-FORECAST, Sch 23 |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 205,832 | $ 196,562 | $ 7,347 | $ 203,909 | $ (1,923) | - Appendix G2-FORECAST, Sch 58 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,702,370 | $ 2,791,567 | $ 293 | $ 2,791,860 | $ 89,490 | - Appendix G2-FORECAST, Sch 29 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.62% | 7.04% | | 7.30% | -0.31% | - Appendix G2-FORECAST, Sch 58 |

GAS SALES AND TRANSPORTATION VOLUMES
FOR THE YEAR ENDING DECEMBER 31, 2013

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 Projected Terajoules: Non-Bypass Sales & Transp | 2013 Projected Terajoules: Bypass and Special Rates | 2013 Projected Terajoules: Total | 2013 Projected Terajoules: Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | | | | | | | (Column (6) - Column (3)) | |
| 1 | **SALES** | | | | | | | |
| 2 | Schedule 1 - Residential | 69,753.0 | 69,816.4 | 69,644.2 | - | 69,644.2 | (172.2) | |
| 3 | Schedule 2 - Small Commercial | 24,319.0 | 23,331.9 | 24,087.6 | | 24,087.6 | 755.7 | |
| 4 | Schedule 3 - Large Commercial | 16,744.0 | 16,514.8 | 17,354.8 | | 17,354.8 | 840.0 | |
| 5 | | | | | | | | |
| 6 | Schedules 1, 2 and 3 | 110,816.0 | 109,663.1 | 111,086.6 | - | 111,086.6 | 1,423.5 | |
| 7 | | | | | | | | |
| 8 | Schedule 4 - Seasonal | 169.0 | 185.2 | 169.1 | | 169.1 | (16.1) | |
| 9 | Schedule 5 - General Firm | 2,315.0 | 2,407.7 | 2,315.3 | | 2,315.3 | (92.4) | |
| 10 | | | | | | | | |
| 11 | Industrials | | | | | | | |
| 12 | Schedule 7 - Interruptible | 87.0 | 14.2 | 86.7 | | 86.7 | 72.5 | |
| 13 | | | | | | | | |
| 14 | Schedule 6 - N G V Fuel - Stations | 62.0 | 56.4 | 61.4 | | 61.4 | 5.0 | |
| 15 | Schedule 16 - Liquefied Natural Gas (LNG) | 172.0 | - | 302.0 | | 302.0 | 302.0 | |
| 16 | Total Sales | 113,621.0 | 112,326.6 | 114,021.1 | - | 114,021.1 | 1,694.5 | - Appendix G2-FORECAST, Sch 3 |
| 17 | | | | | | | | |
| 18 | **TRANSPORTATION SERVICE** | | | | | | | |
| 19 | Schedule 22 - Firm Service | 18,884.0 | 17,089.5 | 13,208.0 | 6,874.9 | 20,082.9 | 2,993.4 | |
| 20 | - Interruptible Service | 18,760.0 | 12,302.6 | 15,940.9 | - | 15,940.9 | 3,638.3 | |
| 21 | Byron Creek (aka Fording Coal Mountain) | 393.0 | 227.4 | | 179.1 | 179.1 | (48.3) | |
| 22 | Burrard Thermal - Firm | 482.0 | 1,372.0 | | 482.5 | 482.5 | (889.5) | |
| 23 | FEVI - Firm | 21,244.0 | 37,080.0 | | 33,553.2 | 33,553.2 | (3,526.8) | |
| 24 | Schedule 23 - Large Commercial | 7,803.0 | 7,485.3 | 8,168.1 | | 8,168.1 | 682.8 | |
| 25 | Schedule 25 - Firm Service | 12,829.0 | 13,471.3 | 12,286.5 | 837.3 | 13,123.8 | (347.5) | |
| 26 | Schedule 27 - Interruptible Service | 6,372.0 | 5,804.8 | 6,324.5 | | 6,324.5 | 519.7 | |
| 27 | | | | | | | | |
| 28 | Total Transportation Service | 86,767.0 | 94,832.9 | 55,928.0 | 41,927.0 | 97,855.0 | 3,022.1 | - Appendix G2-FORECAST, Sch 3 |
| 29 | | | | | | | | |
| 30 | **TOTAL SALES AND TRANSPORTATION SERVICES** | 200,388.0 | 207,160.0 | 169,949.1 | 41,927.0 | 211,876.1 | 4,716.6 | - Appendix G2-FORECAST, Sch 3 |
| 31 | | | | | | | | |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 6

GAS SALES AND TRANSPORTATION VOLUMES
FOR THE YEAR ENDING DECEMBER 31, 2014

| Line No. | Particulars | 2014 Forecast Terajoules: 2013 PROJECTED | Non-Bypass Sales & Transp | Bypass and Special Rates | Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **SALES** | | | | | | |
| 2 | Schedule 1 - Residential | 69,644.2 | 69,511.7 | - | 69,511.7 | (132.5) | |
| 3 | Schedule 2 - Small Commercial | 24,087.6 | 24,246.8 | | 24,246.8 | 159.2 | |
| 4 | Schedule 3 - Large Commercial | 17,354.8 | 17,253.0 | | 17,253.0 | (101.8) | |
| 5 | | | | | | | |
| 6 | Schedules 1, 2 and 3 | 111,086.6 | 111,011.5 | - | 111,011.5 | (75.1) | |
| 7 | | | | | | | |
| 8 | Schedule 4 - Seasonal | 169.1 | 169.1 | | 169.1 | - | |
| 9 | Schedule 5 - General Firm | 2,315.3 | 2,315.3 | | 2,315.3 | - | |
| 10 | | | | | | | |
| 11 | Industrials | | | | | | |
| 12 | Schedule 7 - Interruptible | 86.7 | 86.7 | | 86.7 | - | |
| 13 | | | | | | | |
| 14 | Schedule 6 - N G V Fuel - Stations | 61.4 | 61.4 | | 61.4 | - | |
| 15 | Schedule 16 - Liquefied Natural Gas (LNG) | 302.0 | 356.0 | | 356.0 | 54.0 | |
| 16 | Total Sales | 114,021.1 | 114,000.0 | - | 114,000.0 | (21.1) | - Appendix G2-FORECAST, Sch 4 |
| 17 | | | | | | | |
| 18 | **TRANSPORTATION SERVICE** | | | | | | |
| 19 | Schedule 22 - Firm Service | 20,082.9 | 13,188.4 | 6,553.2 | 19,741.6 | (341.3) | |
| 20 | - Interruptible Service | 15,940.9 | 15,822.0 | - | 15,822.0 | (118.9) | |
| 21 | Byron Creek (aka Fording Coal Mountain) | 179.1 | | 176.6 | 176.6 | (2.5) | |
| 22 | Burrard Thermal - Firm | 482.5 | | 482.5 | 482.5 | - | |
| 23 | FEVI - Firm | 33,553.2 | | 33,720.0 | 33,720.0 | 166.8 | |
| 24 | Schedule 23 - Large Commercial | 8,168.1 | 8,721.3 | | 8,721.3 | 553.2 | |
| 25 | Schedule 25 - Firm Service | 13,123.8 | 12,359.3 | 837.3 | 13,196.6 | 72.8 | |
| 26 | Schedule 27 - Interruptible Service | 6,324.5 | 6,476.3 | | 6,476.3 | 151.8 | |
| 27 | | | | | | | |
| 28 | Total Transportation Service | 97,855.0 | 56,567.3 | 41,769.6 | 98,336.9 | 481.9 | - Appendix G2-FORECAST, Sch 4 |
| 29 | | | | | | | |
| 30 | **TOTAL SALES AND TRANSPORTATION SERVICES** | 211,876.1 | 170,567.3 | 41,769.6 | 212,336.9 | 460.8 | - Appendix G2-FORECAST, Sch 4 |
| 31 | | | | | | | - Appendix G2-FORECAST, Sch 11 |

Evidentiary Update July 16, 2013

REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 Gas Sales Revenue At Existing 2013 Rates: Non-Bypass Sales & Transp | Bypass and Special Rates | Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | | | | | | | (Column (6) - Column (3)) | |
| 1 | **SALES** | | | | | | | |
| 2 | Schedule 1 - Residential | $ 684,879 | $ 750,275 | $ 672,249 | $ - | $ 672,249 | $ (78,026) | |
| 3 | Schedule 2 - Small Commercial | 207,547 | 222,969 | 204,217 | | 204,217 | (18,752) | |
| 4 | Schedule 3 - Large Commercial | 123,547 | 139,001 | 124,396 | | 124,396 | (14,605) | |
| 5 | Schedules 1, 2 and 3 | 1,015,973 | 1,112,245 | 1,000,862 | - | 1,000,862 | (111,383) | |
| 6 | | | | | | | | |
| 7 | Schedule 4 - Seasonal | 945 | 1,263 | 939 | - | 939 | (324) | |
| 8 | Schedule 5 - General Firm | 15,405 | 18,921 | 14,522 | | 14,522 | (4,399) | |
| 9 | Schedules 4 and 5 | 16,350 | 20,184 | 15,461 | - | 15,461 | (4,723) | |
| 10 | Industrials | | | | | | | |
| 11 | Schedule 7 - Interruptible | 489 | 133 | 456 | - | 456 | 323 | |
| 12 | | | | | | | | |
| 13 | Schedule 6 - N G V Fuel - Stations | 480 | 500 | 461 | | 461 | (39) | |
| 14 | Schedule 16 - Liquefied Natural Gas (LNG) | 1,337 | - | 3,000 | | 3,000 | 3,000 | |
| 15 | Total Sales | 1,034,629 | 1,133,062 | 1,020,240 | - | 1,020,240 | (112,822) | - Appendix G2-FORECAST, Sch 3 |
| 16 | | | | | | | | |
| 17 | **Transportation Service** | | | | | | | |
| 18 | Schedule 22 - Firm Service | 7,173 | 8,837 | 10,523 | 823 | 11,346 | 2,509 | |
| 19 | - Interruptible Service | 17,350 | 11,101 | 14,721 | - | 14,721 | 3,620 | |
| 20 | Byron Creek (aka Fording Coal Mountain) | 78 | 55 | | 32 | 32 | (23) | |
| 21 | Burrard Thermal - Firm | 9,965 | 9,996 | | 9,965 | 9,965 | (31) | |
| 22 | FEVI - Firm (Revenue/Margin included in Other Revenue - Sch1: | - | - | | - | - | - | |
| 23 | Schedule 23 - Large Commercial | 22,810 | 21,153 | 24,566 | - | 24,566 | 3,413 | |
| 24 | Schedule 25 - Firm Service | 24,484 | 25,413 | 25,412 | 704 | 26,116 | 703 | |
| 25 | Schedule 27 - Interruptible Service | 8,323 | 7,390 | 8,524 | - | 8,524 | 1,134 | |
| 26 | Total Transportation Service | 90,183 | 83,945 | 83,746 | 11,524 | 95,270 | 11,325 | - Appendix G2-FORECAST, Sch 3 |
| 27 | | | | | | | | |
| 28 | TOTAL SALES AND TRANSPORTATION SERVICES | $ 1,124,812 | $ 1,217,007 | $ 1,103,986 | $ 11,524 | $ 1,115,510 | $ (101,497) | - Appendix G2-FORECAST, Sch 3 |

REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 Gas Sales Revenue At Existing 2013 Rates: Non-Bypass Sales & Transp | Bypass and Special Rates | Total | Change | Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **SALES** | | | | | | |
| 2 | Schedule 1 - Residential | $ 672,249 | $ 667,279 | $ - | $ 667,279 | $ (4,970) | |
| 3 | Schedule 2 - Small Commercial | 204,217 | 201,875 | | 201,875 | (2,342) | |
| 4 | Schedule 3 - Large Commercial | 124,396 | 121,939 | | 121,939 | (2,457) | |
| 5 | Schedules 1, 2 and 3 | 1,000,862 | 991,093 | - | 991,093 | (9,769) | |
| 6 | | | | | | | |
| 7 | Schedule 4 - Seasonal | 939 | 939 | - | 939 | - | |
| 8 | Schedule 5 - General Firm | 14,522 | 14,522 | | 14,522 | - | |
| 9 | Schedules 4 and 5 | 15,461 | 15,461 | - | 15,461 | - | |
| 10 | Industrials | | | | | | |
| 11 | Schedule 7 - Interruptible | 456 | 456 | - | 456 | - | |
| 12 | | | | | | | |
| 13 | Schedule 6 - N G V Fuel - Stations | 461 | 461 | | 461 | - | |
| 14 | Schedule 16 - Liquefied Natural Gas (LNG) | 3,000 | 3,714 | | 3,714 | 714 | |
| 15 | Total Sales | 1,020,240 | 1,011,185 | - | 1,011,185 | (9,055) | - Appendix G2-FORECAST, Sch 4 |
| 16 | | | | | | | |
| 17 | **Transportation Service** | | | | | | |
| 18 | Schedule 22 - Firm Service | 11,346 | 8,397 | 823 | 9,220 | (2,126) | |
| 19 | - Interruptible Service | 14,721 | 14,379 | - | 14,379 | (342) | |
| 20 | Byron Creek (aka Fording Coal Mountain) | 32 | | 32 | 32 | - | |
| 21 | Burrard Thermal - Firm | 9,965 | | 9,965 | 9,965 | - | |
| 22 | FEVI - Firm (Revenue/Margin included in Other Revenue - Sch13) | - | | - | - | - | |
| 23 | Schedule 23 - Large Commercial | 24,566 | 26,120 | - | 26,120 | 1,554 | |
| 24 | Schedule 25 - Firm Service | 26,116 | 25,465 | 704 | 26,169 | 53 | |
| 25 | Schedule 27 - Interruptible Service | 8,524 | 8,702 | - | 8,702 | 178 | |
| 26 | Total Transportation Service | 95,270 | 83,063 | 11,524 | 94,587 | (683) | - Appendix G2-FORECAST, Sch 4 |
| 27 | | | | | | | |
| 28 | TOTAL SALES AND TRANSPORTATION SERVICES | $ 1,115,510 | $ 1,094,248 | $ 11,524 | $ 1,105,772 | $ (9,738) | - Appendix G2-FORECAST, Sch 4<br>- Appendix G2-FORECAST, Sch 11 |

COST OF GAS
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| Line No. | Particulars | 2013 Projected Gas Costs Non-Bypass Sales & Transp | 2013 Bypass and Special Rates | 2013 Total | 2014 Forecast Gas Costs Non-Bypass Sales & Transp | 2014 Bypass and Special Rates | 2014 Total |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **SALES** | | | | | | |
| 2 | Schedule 1 - Residential | 310,537 | $ - | $ 310,537 | $ 305,432 | $ - | $ 305,432 |
| 3 | Schedule 2 - Small Commercial | 110,811 | | 110,811 | 107,890 | | 107,890 |
| 4 | Schedule 3 - Large Commercial | 72,872 | | 72,872 | 70,770 | | 70,770 |
| 5 | | | | | | | |
| 6 | Schedules 1, 2 and 3 | 494,220 | - | 494,220 | 484,092 | - | 484,092 |
| 7 | | | | | | | |
| 8 | Schedule 4 - Seasonal | 629 | | 629 | 629 | | 629 |
| 9 | Schedule 5 - General Firm | 8,660 | | 8,660 | 8,660 | | 8,660 |
| 10 | | | | | | | |
| 11 | Schedules 4 and 5 | 9,289 | - | 9,289 | 9,289 | - | 9,289 |
| 12 | | | | | | | |
| 13 | Industrials | | | | | | |
| 14 | Schedule 7 - Interruptible | 323 | | 323 | 323 | | 323 |
| 15 | | | | | | | |
| 16 | Schedule 6 - N G V Fuel - Stations | 208 | | 208 | 208 | | 208 |
| 17 | Schedule 16 - Liquefied Natural Gas (LNG) | 1,037 | | 1,037 | 1,400 | | 1,400 |
| 18 | | | | | | | |
| 19 | Total Sales | 505,077 | - | 505,077 | 495,312 | - | 495,312 |
| 20 | | | | | | | |
| 21 | **TRANSPORTATION SERVICE** | | | | | | |
| 22 | Schedule 22 - Firm Service | 268 | 58 | 326 | 44 | 31 | 75 |
| 23 | - Interruptible Service | 58 | - | 58 | 73 | - | 73 |
| 24 | Byron Creek (aka Fording Coal Mountain) | | 7 | 7 | | - | - |
| 25 | Burrard Thermal - Firm | | 5 | 5 | | 3 | 3 |
| 26 | FEVI - Firm | | 324 | 324 | | 210 | 210 |
| 27 | Schedule 23 - Large Commercial | 41 | - | 41 | 43 | - | 43 |
| 28 | Schedule 25 - Firm Service | 71 | 6 | 77 | 59 | 4 | 63 |
| 29 | Schedule 27 - Interruptible Service | 39 | - | 39 | 31 | - | 31 |
| 30 | | | | | | | |
| 31 | Total Transportation Service | 477 | 400 | 877 | 250 | 248 | 498 |
| 32 | | | | | | | |
| 33 | TOTAL SALES AND TRANSPORTATION SERVICES | $ 505,554 | $ 400 | $ 505,954 | $ 495,562 | $ 248 | $ 495,810 |
| 34 | | | | | | | |
| 35 | Cross Reference | | | - Appendix G2-FORECAST, Sch 3 | | | - Appendix G2-FORECAST, Sch 4 |

REVENUE UNDER EXISTING 2013 RATES AND REVISED 2014 RATES (Non-Bypass)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Terajoules | Revenue -- At Existing 2013 Rates -- Average $/GJ | Revenue -- At Existing 2013 Rates -- Revenue ($000s) | Gross Margin -- At Existing 2013 Rates -- Average $/GJ | Gross Margin -- At Existing 2013 Rates -- Margin ($000s) | Effective Increase / (Decrease) 1.64% of Margin $/GJ | Effective Increase / (Decrease) 1.64% of Margin Revenue ($000s) | Average Number of Customers | Revenue Average $/GJ | Revenue Revenue ($000s) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | **NON-BYPASS** | | | | | | | | | | |
| 2 | Sales | | | | | | | | | | |
| 3 | Schedule 1 - Residential | 69,511.7 | $ 9.600 | $ 667,279 | $ 5.206 | $ 361,847 | $ 0.085 | $ 5,918 | 765,842 | $ 9.685 | $ 673,197 |
| 4 | Schedule 2 - Small Commercial | 24,246.8 | 8.326 | 201,875 | 3.876 | 93,986 | 0.063 | 1,538 | 72,614 | 8.389 | 203,413 |
| 5 | Schedule 3 - Large Commercial | 17,253.0 | 7.068 | 121,939 | 2.966 | 51,168 | 0.049 | 837 | 4,577 | 7.117 | 122,776 |
| 6 | Schedules 1, 2 and 3 | 111,011.5 | | 991,093 | | 507,001 | | 8,293 | 843,033 | | 999,386 |
| 7 | | | | | | | | | | | |
| 8 | Schedule 4 - Seasonal | 169.1 | 5.553 | 939 | 1.833 | 310 | 0.030 | 5 | 26 | 5.583 | 944 |
| 9 | Schedule 5 - General Firm | 2,315.3 | 6.272 | 14,522 | 2.532 | 5,863 | 0.041 | 96 | 216 | 6.313 | 14,618 |
| 10 | | | | | | | | | | | |
| 11 | Industrials | | | | | | | | | | |
| 12 | Schedule 7 - Interruptible | 86.7 | 5.260 | 456 | 1.546 | 134 | 0.023 | 2 | 3 | 5.283 | 458 |
| 13 | | | | | | | | | | | |
| 14 | Schedule 6 - N G V Fuel - Stations | 61.4 | 7.508 | 461 | 4.137 | 254 | 0.065 | 4 | 14 | 7.573 | 465 |
| 15 | Schedule 16 - Liquefied Natural Gas (LNG) | 356.0 | 10.433 | 3,714 | 6.500 | 2,314 | 0.107 | 38 | 8 | 10.540 | 3,752 |
| 16 | Total Sales | 114,000.0 | | 1,011,185 | | 515,876 | | 8,438 | 843,300 | | 1,019,623 |
| 17 | | | | | | | | | | | |
| 18 | TRANSPORTATION SERVICE | | | | | | | | | | |
| 19 | Schedule 22 - Firm Service | 13,188.4 | 0.637 | 8,397 | 0.633 | 8,353 | 0.010 | 137 | 14 | 0.647 | 8,534 |
| 20 | - Interruptible Service | 15,822.0 | 0.909 | 14,380 | 0.904 | 14,307 | 0.015 | 234 | 25 | 0.924 | 14,614 |
| 21 | Schedule 23 - Large Commercial | 8,721.3 | 2.995 | 26,120 | 2.990 | 26,078 | 0.049 | 427 | 1,560 | 3.044 | 26,547 |
| 22 | Schedule 25 - Firm Service | 12,359.3 | 2.060 | 25,465 | 2.056 | 25,406 | 0.034 | 416 | 487 | 2.094 | 25,881 |
| 23 | Schedule 27 - Interruptible Service | 6,476.3 | 1.344 | 8,702 | 1.339 | 8,671 | 0.022 | 142 | 95 | 1.366 | 8,844 |
| 24 | | | | | | | | | | | |
| 25 | Total Transportation Service | 56,567.3 | | 83,064 | | 82,815 | | 1,356 | 2,181 | | 84,420 |
| 26 | | | | | | | | | | | |
| 27 | Total Non-Bypass Sales & Transportation Service | 170,567.3 | | $ 1,094,249 | | $ 598,691 | | $ 9,794 | 845,481 | | $ 1,104,043 |
| 28 | | | | | | | | | | | |
| 29 | Cross Reference | - Appendix G2-FORECAST, Sch 6 | | - Appendix G2-FORECAST, Sch 8 | | | | - Appendix G2-FORECAST, Sch 4 | | | |

REVENUE UNDER EXISTING 2013 RATES AND REVISED 2014 RATES (Bypass)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Terajoules | Revenue -- At Existing 2013 Rates -- Average $/GJ | Revenue ($000) | Gross Margin -- At Existing 2013 Rates -- Average $/GJ | Margin ($000s) | Increase / (Decrease) 1.64% of Margin $/GJ | Revenue ($000) | Average Number of Customers | Revenue Average $/GJ | Revenue ($000) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | **BYPASS AND SPECIAL RATES** | | | | | | | | | | |
| 2 | Bypass and Special Rates Transportation Service | | | | | | | | | | |
| 3 | Schedule 22 - Firm Service | 6,553.2 | $ 0.126 | $ 823 | $ 0.121 | $ 791 | $ - | $ - | 5 | $ 0.126 | $ 823 |
| 4 | - Interruptible Service | - | - | - | - | - | - | - | 1 | - | - |
| 5 | Byron Creek (aka Fording Coal Mountain) | 176.6 | 0.181 | 32 | 0.181 | 32 | - | - | 1 | 0.181 | 32 |
| 6 | Burrard Thermal - Firm | 482.5 | 20.653 | 9,965 | 20.647 | 9,962 | - | - | 1 | 20.653 | 9,965 |
| 7 | FEVI - Firm (Revenue/Margin included in Other Revenue - Sc | 33,720.0 | - | - | - | - | - | - | 1 | - | - |
| 8 | Schedule 23 - Large Commercial | - | - | - | - | - | - | - | - | - | - |
| 9 | Schedule 25 - Firm Service | 837.3 | 0.841 | 704 | 0.836 | 700 | - | - | 6 | 0.841 | 704 |
| 10 | Schedule 27 - Interruptible Service | - | - | - | - | - | - | - | - | - | - |
| 11 | Total Bypass and Spec. Rates T-Svc | 41,769.6 | | 11,524 | | 11,485 | | - | 15 | | 11,524 |
| 12 | | | | | | | | | | | |
| 13 | TOTAL NON-BYPASS AND BYPASS SALES AND | | | | | | | | | | |
| 14 | TRANSPORTATION SERVICE | 212,336.9 | | $ 1,105,773 | | $ 610,176 | | $ 9,794 | 845,496 | | $ 1,115,567 |
| 15 | | | | | | | | | | | |
| 16 | Cross Reference | - Appendix G2-FORECAST, Sch 6 | | - Appendix G2-FORECAST, Sch 8 | | | | - Appendix G2-FORECAST, Sch 2 | | | |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2 FORECAST Schedule 12

OTHER OPERATING REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars (1) | 2012 ACTUAL (2) | 2013 APPROVED (3) | 2013 PROJECTED (4) | Change (5) (Column (4) - Column (3)) | Cross Reference (6) |
|---|---|---|---|---|---|---|
| 1 | **Other Utility Revenue** | | | | | |
| 2 | | | | | | |
| 3 | Late Payment Charge | $ 2,402 | $ 2,333 | $ 2,109 | $ (224) | - Appendix G2-FORECAST, Sch 54 |
| 4 | | | | | | |
| 5 | Connection Charge | 2,390 | 2,685 | 2,622 | (63) | - Appendix G2-FORECAST, Sch 54 |
| 6 | | | | | | |
| 7 | NSF Returned Cheque Charges | 110 | 79 | 79 | - | - Appendix G2-FORECAST, Sch 54 |
| 8 | | | | | | |
| 9 | Other Recoveries | 237 | 126 | 284 | 158 | - Appendix G2-FORECAST, Sch 54 |
| 10 | | | | | | |
| 11 | Total Other Utility Revenue | 5,139 | 5,223 | 5,094 | (129) | |
| 12 | | | | | | |
| 13 | **Miscellaneous Revenue** | | | | | |
| 14 | | | | | | |
| 15 | FEVI Wheeling Charge | 3,353 | 3,464 | 3,464 | - | |
| 16 | | | | | | |
| 17 | SCP Third Party Revenue | 15,272 | 14,827 | 14,773 | (54) | |
| 18 | | | | | | |
| 19 | FEVI SAP Lease Income | 17 | - | - | - | - Appendix G2-FORECAST, Sch 54 |
| 20 | | | | | | |
| 21 | NGT Overhead and Marketing Recovery | - | - | - | - | - Appendix G2-FORECAST, Sch 54 |
| 22 | | | | | | |
| 23 | Surrey & Burnaby Operations CNG Pump Charges | - | - | (55) | (55) | - Appendix G2-FORECAST, Sch 54 |
| 24 | | | | | | |
| 25 | Biomethane Other Revenue | - | (29) | (97) | (68) | - Appendix G2-FORECAST, Sch 54 |
| 26 | | | | | | |
| 27 | CNG & LNG Service Revenues | 720 | 1,304 | - | (1,304) | - Appendix G2-FORECAST, Sch 54 |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | Total Miscellaneous | 19,362 | 19,566 | 18,085 | (1,481) | |
| 31 | | | | | | |
| 32 | **Total Other Operating Revenue** | $ 24,501 | $ 24,789 | $ 23,179 | $ (1,610) | - Appendix G2-FORECAST, Sch 3 |

OTHER OPERATING REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 | Change | Cross Reference |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | **Other Utility Revenue** | | | | |
| 2 | | | | | |
| 3 | Late Payment Charge | $ 2,109 | $ 2,089 | $ (20) | - Appendix G2-FORECAST, Sch 54 |
| 4 | | | | | |
| 5 | Connection Charge | 2,622 | 2,636 | 14 | - Appendix G2-FORECAST, Sch 54 |
| 6 | | | | | |
| 7 | NSF Returned Cheque Charges | 79 | 79 | - | - Appendix G2-FORECAST, Sch 54 |
| 8 | | | | | |
| 9 | Other Recoveries | 284 | 284 | - | - Appendix G2-FORECAST, Sch 54 |
| 10 | | | | | |
| 11 | Total Other Utility Revenue | 5,094 | 5,088 | (6) | |
| 12 | | | | | |
| 13 | **Miscellaneous Revenue** | | | | |
| 14 | | | | | |
| 15 | FEVI Wheeling Charge | 3,464 | 3,365 | (99) | - Appendix G2-FORECAST, Sch 2 |
| 16 | | | | | |
| 17 | SCP Third Party Revenue | 14,773 | 14,773 | - | - Appendix G2-FORECAST, Sch 2 |
| 18 | | | | | |
| 19 | FEVI SAP Lease Income | - | - | - | - Appendix G2-FORECAST, Sch 54 |
| 20 | | | | | |
| 21 | NGT Overhead and Marketing Recovery | - | 183 | 183 | - Appendix G2-FORECAST, Sch 54 |
| 22 | | | | | |
| 23 | Surrey & Burnaby Operations CNG Pump Charges | (55) | (55) | - | - Appendix G2-FORECAST, Sch 54 |
| 24 | | | | | |
| 25 | Biomethane Other Revenue | (97) | (70) | 27 | - Appendix G2-FORECAST, Sch 54 |
| 26 | | | | | |
| 27 | CNG & LNG Service Revenues | - | - | - | - Appendix G2-FORECAST, Sch 54 |
| 28 | | | | | |
| 29 | | | | | |
| 30 | Total Miscellaneous | 18,085 | 18,196 | 111 | |
| 31 | | | | | |
| 32 | **Total Other Operating Revenue** | $ 23,179 | $ 23,284 | $ 105 | - Appendix G2-FORECAST, Sch 4 |

OPERATION & MAINTENANCE EXPENSES - RESOURCE VIEW
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | M&E Costs | $ 50,708 | $ 59,097 | $ 55,817 | $ 61,209 | |
| 2 | COPE Costs | 32,450 | 37,183 | 31,780 | 35,331 | |
| 3 | COPE Customer Services Costs | 11,825 | 11,144 | 11,644 | 13,340 | |
| 4 | IBEW Costs | 27,180 | 27,640 | 26,472 | 29,724 | |
| 5 | | | | | | |
| 6 | **Labour Costs** | **122,164** | **135,064** | **125,713** | **139,604** | |
| 7 | | | | | | |
| 8 | Vehicle Costs | 3,807 | 3,685 | 3,855 | 4,149 | |
| 9 | Employee Expenses | 5,898 | 5,716 | 5,671 | 5,828 | |
| 10 | Materials and Supplies | 7,903 | 7,019 | 6,841 | 7,125 | |
| 11 | Computer Costs | 14,570 | 14,769 | 15,274 | 16,028 | |
| 12 | Fees and Administration Costs | 38,611 | 37,905 | 38,449 | 41,214 | |
| 13 | Contractor Costs | 31,955 | 38,335 | 40,896 | 31,081 | |
| 14 | Facilities | 15,486 | 14,284 | 13,976 | 14,545 | |
| 15 | Recoveries & Revenue | (20,689) | (20,774) | (19,055) | (19,642) | |
| 16 | | | | | | |
| 17 | **Non-Labour Costs** | **97,540** | **100,939** | **105,906** | **100,329** | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | **Total Gross O&M Expenses** | **219,704** | **236,003** | **231,618** | **239,933** | |
| 21 | | | | | | |
| 22 | Less: Capitalized Overhead | (31,779) | (33,040) | (33,040) | (33,591) | |
| 23 | | | | | | |
| 24 | **Total O&M Expenses** | **$ 187,925** | **$ 202,963** | **$ 198,578** | **$ 206,343** | |
| 25 | | | | | | |
| 26 | Cross Reference | | | - Appendix G2-FORECAST, Sch 3 | | |
| 27 | | | | | - Appendix G2-FORECAST, Sch 4 | |

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | BCUC Reference | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Distribution Supervision | 110-11 | $ 10,578 | $ 11,026 | $ 11,194 | $ 12,440 | |
| 2 | Distribution Supervision Total | 110-10 | 10,578 | 11,026 | 11,194 | 12,440 | |
| 3 | | | | | | | |
| 4 | Operation Centre - Distribution | 110-21 | 10,112 | 11,074 | 9,901 | 11,204 | |
| 5 | Preventative Maintenance - Distribution | 110-22 | 2,644 | 2,990 | 2,844 | 3,323 | |
| 6 | Operations - Distribution | 110-23 | 5,538 | 5,904 | 6,409 | 6,331 | |
| 7 | Emergency Management - Distribution | 110-24 | 5,405 | 5,077 | 5,337 | 6,480 | |
| 8 | Field Training - Distribution | 110-25 | 1,746 | 4,088 | 3,153 | 3,547 | |
| 9 | Meter Exchange - Distribution | 110-26 | 2,397 | 2,231 | 2,373 | 3,161 | |
| 10 | Distribution Operations Total | 110-20 | 27,842 | 31,363 | 30,018 | 34,046 | |
| 11 | | | | | | | |
| 12 | Corrective - Distribution | 110-31 | 5,564 | 4,643 | 5,559 | 5,979 | |
| 13 | Distribution Maintenance Total | 110-30 | 5,564 | 4,643 | 5,559 | 5,979 | |
| 14 | | | | | | | |
| 15 | Account Services - Distribution | 110-41 | 1,111 | 1,004 | 1,081 | 1,249 | |
| 16 | Bad Debt Management - Distribution | 110-42 | 585 | 599 | 443 | 569 | |
| 17 | Distribution Meter to Cash Total | 110-40 | 1,697 | 1,603 | 1,524 | 1,818 | |
| 18 | | | | | | | |
| 19 | **Distribution Total** | **110** | **45,680** | **48,635** | **48,295** | **54,282** | |
| 20 | | | | | | | |
| 21 | Transmission Supervision | 120-11 | 535 | 482 | 606 | 694 | |
| 22 | Transmission Supervision Total | 120-10 | 535 | 482 | 606 | 694 | |
| 23 | | | | | | | |
| 24 | Pipeline / Right of Way Operations | 120-21 | 7,287 | 6,096 | 6,163 | 6,755 | |
| 25 | Compression Operations | 120-22 | 1,827 | 2,112 | 1,813 | 2,023 | |
| 26 | Measurement Control Operations | 120-23 | 103 | - | - | 17 | |
| 27 | Transmission Operations Total | 120-20 | 9,217 | 8,208 | 7,976 | 8,795 | |
| 28 | | | | | | | |
| 29 | Pipeline / Right of Way - Maintenance | 120-31 | 1,830 | 2,707 | 3,206 | 3,263 | |
| 30 | Compression - Maintenance | 120-32 | 554 | 1,147 | 1,216 | 1,230 | |
| 31 | Measurement Control Operations | 120-33 | 117 | 119 | 201 | 204 | |
| 32 | Transmission Maintenance Total | 120-30 | 2,501 | 3,973 | 4,623 | 4,697 | |
| 33 | | | | | | | |
| 34 | **Transmission Total** | **120** | **12,253** | **12,663** | **13,205** | **14,186** | |
| 35 | | | | | | | |
| 36 | LNG Operations | 130-11 | 1,601 | 1,617 | 1,717 | 2,218 | |
| 37 | LNG Operations Total | 130-10 | 1,601 | 1,617 | 1,717 | 2,218 | |
| 38 | | | | | | | |
| 39 | LNG Plant Maintenance | 130-21 | 272 | 274 | 292 | 377 | |
| 40 | LNG Plant Maintenance Total | 130-20 | 272 | 274 | 292 | 377 | |
| 41 | | | | | | | |
| 42 | **LNG Plant Total** | **130** | **1,873** | **1,891** | **2,009** | **2,595** | |
| 43 | | | | | | | |
| 44 | **Operations Total** | **100** | **59,806** | **63,189** | **63,509** | **71,062** | |
| 45 | | | | | | | |
| 46 | Customer Service Supervision | 210-11 | 482 | 566 | 566 | 636 | |
| 47 | Customer Assistance | 210-12 | 11,513 | 11,493 | 11,480 | 14,290 | |
| 48 | Customer Billing | 210-13 | 18,586 | 14,494 | 14,494 | 12,988 | |
| 49 | Meter Reading | 210-14 | 12,178 | 19,696 | 19,696 | 11,270 | |
| 50 | Credit & Collections | 210-15 | 3,028 | 3,851 | 3,787 | 3,861 | |
| 51 | Customer Operations | 210-16 | 2,385 | 2,353 | 2,088 | 2,309 | |
| 52 | Customer Service Total | 210-10 | 48,172 | 52,452 | 52,110 | 45,352 | |
| 53 | | | | | | | |
| 54 | **Customer Service Total** | **210** | **48,172** | **52,452** | **52,110** | **45,352** | |
| 55 | | | | | | | |
| 56 | **Customer Service Total** | **200** | **48,172** | **52,452** | **52,110** | **45,352** | |

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (Continued)
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | BCUC Reference | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Energy Solutions & External Relations Supervision | 310-11 | $ 614 | $ 796 | $ 671 | $ 700 | |
| 2 | Energy Solutions | 310-12 | 5,134 | 4,991 | 5,117 | 6,009 | |
| 3 | Energy Efficiency | 310-13 | 117 | 120 | 301 | 308 | |
| 4 | Corporate Communications and External Relations | 310-14 | 7,212 | 6,155 | 6,988 | 8,609 | |
| 5 | Forecasting, Market & Business Development | 310-15 | 4,998 | 6,119 | 6,138 | 7,649 | |
| 6 | Energy Solutions & External Relations Total | 310-10 | 18,075 | 18,181 | 19,215 | 23,275 | |
| 7 | | | | | | | |
| 8 | **Energy Solutions & External Relations Total** | **310** | **18,075** | **18,181** | **19,215** | **23,275** | |
| 9 | | | | | | | |
| 10 | **Energy Solutions & External Relations Total** | **300** | **18,075** | **18,181** | **19,215** | **23,275** | |
| 11 | | | | | | | |
| 12 | Energy Supply & Resource Development | 410-11 | 1,937 | 2,136 | 2,550 | 2,938 | |
| 13 | Gas Control | 410-12 | 1,551 | 1,602 | 1,451 | 1,800 | |
| 14 | Energy Supply & Resource Development Total | 410-10 | 3,488 | 3,738 | 4,000 | 4,738 | |
| 15 | | | | | | | |
| 16 | **Energy Supply & Resource Development Total** | **410** | **3,488** | **3,738** | **4,000** | **4,738** | |
| 17 | | | | | | | |
| 18 | Information Technology Supervision | 420-11 | 4,172 | 4,577 | 4,001 | 4,276 | |
| 19 | Application Management | 420-12 | 11,251 | 12,083 | 11,980 | 11,101 | |
| 20 | Infrastructure Management | 420-13 | 8,018 | 8,719 | 8,236 | 9,015 | |
| 21 | Information Technology Total | 420-10 | 23,442 | 25,379 | 24,217 | 24,392 | |
| 22 | | | | | | | |
| 23 | **Information Technology Total** | **420** | **23,442** | **25,379** | **24,217** | **24,392** | |
| 24 | | | | | | | |
| 25 | System Planning | 430-11 | 5,672 | 8,394 | 7,675 | 8,859 | |
| 26 | Engineering | 430-12 | 6,803 | 7,027 | 6,760 | 7,657 | |
| 27 | Project Management | 430-13 | 1,125 | 1,535 | 1,021 | 1,220 | |
| 28 | Engineering Services & Project Management Total | 430-10 | 13,599 | 16,956 | 15,456 | 17,736 | |
| 29 | | | | | | | |
| 30 | **Engineering Services & Project Management Total** | **430** | **13,599** | **16,956** | **15,456** | **17,736** | |
| 31 | | | | | | | |
| 32 | Supply Chain | 440-11 | 4,420 | 4,884 | 4,450 | 5,234 | |
| 33 | Measurement | 440-12 | 5,548 | 6,688 | 6,124 | 6,983 | |
| 34 | Property Services | 440-13 | 1,070 | 1,418 | 1,293 | 1,481 | |
| 35 | Operations Support Total | 440-10 | 11,038 | 12,990 | 11,867 | 13,698 | |
| 36 | | | | | | | |
| 37 | **Operations Support Total** | **440** | **11,038** | **12,990** | **11,867** | **13,698** | |
| 38 | | | | | | | |
| 39 | Facilities Management | 450-11 | 9,563 | 9,259 | 9,249 | 9,959 | |
| 40 | Facilities Total | 450-10 | 9,563 | 9,259 | 9,249 | 9,959 | |
| 41 | | | | | | | |
| 42 | **Facilities Total** | **450** | **9,563** | **9,259** | **9,249** | **9,959** | |
| 43 | | | | | | | |
| 44 | Environment Health & Safety | 460-11 | 2,481 | 2,999 | 2,681 | 2,934 | |
| 45 | Environment Health & Safety Total | 460-10 | 2,481 | 2,999 | 2,681 | 2,934 | |
| 46 | | | | | | | |
| 47 | **Environment Health & Safety Total** | **460** | **2,481** | **2,999** | **2,681** | **2,934** | |
| 48 | | | | | | | |
| 49 | | | | | | | |
| 50 | **Business Services Total** | **400** | **63,611** | **71,321** | **67,470** | **73,457** | |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2 FORECAST Schedule 17

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (Continued)
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000)

| Line No. | Particulars | BCUC Reference | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Financial & Regulatory Services | 510-11 | 12,149 | $ 14,184 | 13,279 | 15,401 | |
| 2 | Financial & Regulatory Services Total | 510-10 | 12,149 | 14,184 | 13,279 | 15,401 | |
| 3 | | | | | | | |
| 4 | **Financial & Regulatory Services Total** | **510** | **12,149** | **14,184** | **13,279** | **15,401** | |
| 5 | | | | | | | |
| 6 | Human Resources | 520-11 | 8,610 | 8,511 | 8,458 | 9,399 | |
| 7 | Human Resources Total | 520-10 | 8,610 | 8,511 | 8,458 | 9,399 | |
| 8 | | | | | | | |
| 9 | **Human Resources Total** | **520** | **8,610** | **8,511** | **8,458** | **9,399** | |
| 10 | | | | | | | |
| 11 | Legal | 530-11 | 1,917 | 2,282 | 2,282 | 2,325 | |
| 12 | Internal Audit | 530-12 | 695 | 755 | 755 | 769 | |
| 13 | Risk Management/Insurance | 530-13 | 4,754 | 4,898 | 4,898 | 5,277 | |
| 14 | Governance | 530-10 | 7,366 | 7,935 | 7,935 | 8,371 | |
| 15 | | | | | | | |
| 16 | **Governance Total** | **530** | **7,366** | **7,935** | **7,935** | **8,371** | |
| 17 | | | | | | | |
| 18 | Administration & General | 540-11 | 226 | (46) | 269 | 575 | |
| 19 | Shared Services Agreement | 540-12 | (5,984) | (5,581) | (6,483) | (6,960) | |
| 20 | Retiree Benefits | 540-16 | 7,673 | 5,857 | 5,857 | - | |
| 21 | Corporate Total | 540-10 | 1,915 | 230 | (357) | (6,385) | |
| 22 | | | | | | | |
| 23 | **Corporate Total** | **540** | **1,915** | **230** | **(357)** | **(6,385)** | |
| 24 | | | | | | | |
| 25 | **Corporate Services Total** | **500** | **30,041** | **30,860** | **29,314** | **26,786** | |
| 26 | | | | | | | |
| 27 | **Total Gross O&M Expenses** | | **219,704** | **236,003** | **231,618** | **239,934** | |
| 28 | | | | | | | |
| 29 | Less: Capitalized Overhead | | (31,779) | (33,040) | (33,040) | (33,591) | |
| 30 | | | | | | | |
| 31 | **Total O&M Expenses** | | **$ 187,925** | **$ 202,963** | **$ 198,578** | **$ 206,343** | |
| 32 | | | | | | | |
| 33 | Cross Reference | | | | - Appendix G2-FORECAST, Sch 3 | | |
| 34 | | | | | | - Appendix G2-FORECAST, Sch 4 | |

PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 Total Expenses | 2013 Rates, Total Expenses | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) (Column (5) - Column (3)) | (7) |
| 1 | Property Taxes | | | | | | |
| 2 | | | | | | | |
| 3 | 1% in Lieu of General Municipal Tax | $ 13,283 | $ 13,728 | $ 12,542 | $ 12,542 | $ (1,186) | |
| 4 | | | | | | | |
| 5 | General, School and Other | 34,132 | 37,511 | 35,547 | 35,547 | (1,964) | |
| 6 | | | | | | | |
| 7 | | 47,415 | 51,239 | 48,089 | 48,089 | (3,150) | |
| 8 | | | | | | | |
| 9 | Add / Less: Deferred Property Taxes | 2,241 | - | 3,150 | 3,150 | 3,150 | |
| 10 | | | | | | | |
| 11 | Total | $ 49,656 | $ 51,239 | $ 51,239 | $ 51,239 | $ - | - Appendix G2-FORECAST, Sch 3 |

PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 Total Expenses | 2014 2013 Rates, Total Expenses | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | Property Taxes | | | | | |
| 2 | | | | | | |
| 3 | 1% in Lieu of General Municipal Tax | $ 12,542 | $ 12,032 | $ 12,032 | $ (510) | |
| 4 | | | | | | |
| 5 | General, School and Other | 35,547 | 36,765 | 36,765 | 1,218 | |
| 6 | | | | | | |
| 7 | | 48,089 | 48,797 | 48,797 | 708 | |
| 8 | | | | | | |
| 9 | Add / Less: Deferred Property Taxes | 3,150 | - | - | (3,150) | |
| 10 | | | | | | |
| 11 | Total | $ 51,239 | $ 48,797 | $ 48,797 | $ (2,442) | - Appendix G2-FORECAST, Sch 4 |

DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) (Column (4) - Column (3)) | (6) |
| 1 | **Depreciation & Removal Provision** | | | | | |
| 2 | | | | | | |
| 3 | Depreciation Expense | $ 118,639 | $ 123,842 | $ 123,842 | $ - | - Appendix G2-FORECAST, Sch 39 |
| 4 | | | | | | |
| 5 | Less: Amortization of Contributions in Aid of Construction | (6,558) | (6,499) | (6,499) | - | - Appendix G2-FORECAST, Sch 43 |
| 6 | | 112,081 | 117,343 | 117,343 | - | - Appendix G2-FORECAST, Sch 24 |
| 7 | | | | | | |
| 8 | **Amortization Expense** | | | | | |
| 9 | | | | | | |
| 10 | Amortization of Deferred Charges | $ 11,847 | $ 25,569 | $ 25,569 | $ - | - Appendix G2-FORECAST, Sch 46 |
| 11 | | | | | | |
| 12 | TOTAL | 123,928 | 142,912 | 142,912 | $ - | - Appendix G2-FORECAST, Sch 3 |

DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 | Change | Cross Reference |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | **Depreciation & Removal Provision** | | | | |
| 2 | | | | | |
| 3 | Depreciation Expense | $ 123,842 | $ 124,688 | $ 846 | - Appendix G2-FORECAST, Sch 42 |
| 4 | | | | | |
| 5 | Less: Amortization of Contributions in Aid of Construction | (6,499) | (6,320) | 179 | - Appendix G2-FORECAST, Sch 44 |
| 6 | | 117,343 | 118,368 | 1,025 | - Appendix G2-FORECAST, Sch 25 |
| 7 | | | | | |
| 8 | **Amortization Expense** | | | | |
| 9 | | | | | |
| 10 | Amortization of Deferred Charges | $ 25,569 | $ 29,970 | $ 4,401 | - Appendix G2-FORECAST, Sch 48 |
| 11 | | | | | |
| 12 | TOTAL | $ 142,912 | 148,338 | $ 5,426 | - Appendix G2-FORECAST, Sch 4 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 Existing Rates | 2013 Revised Revenue | 2013 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) (Column (6) - Column (3)) | (8) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | | |
| 2 | EARNED RETURN | $ 221,574 | $ 216,404 | $ 205,832 | $ - | $ 205,832 | $ (10,572) | - Appendix G2-FORECAST, Sch 3 |
| 3 | Deduct - Interest on Debt | (108,979) | (111,220) | (111,260) | - | (111,260) | (40) | - Appendix G2-FORECAST, Sch 57 |
| 4 | Net Additions (Deductions) | (31,957) | (21,038) | (26,648) | - | (26,648) | (5,610) | - Appendix G2-FORECAST, Sch 24 |
| 5 | Accounting Income After Tax | 80,638 | 84,146 | 67,924 | $ - | 67,924 | (16,222) | |
| 6 | | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | | |
| 10 | Taxable Income | $ 107,518 | $ 112,195 | $ 90,565 | $ - | $ 90,565 | $ (21,630) | |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | Income Tax - Current | $ 26,880 | $ 28,049 | $ 27,508 | $ - | $ 27,508 | $ (541) | |
| 14 | | | | | | | | |
| 15 | **Total Income Tax** | $ 26,880 | $ 28,049 | $ 27,508 | $ - | $ 27,508 | $ (541) | - Appendix G2-FORECAST, Sch 3 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| | | | 2014 | | | | |
|---|---|---|---|---|---|---|---|
| Line No. | Particulars | 2013 PROJECTED | Existing Rates | Revised Revenue | Total | Change | Cross Reference |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 205,832 | $ 196,562 | $ 7,347 | $ 203,909 | $ (1,923) | - Appendix G2-FORECAST, Sch 4 |
| 3 | Deduct - Interest on Debt | (111,260) | (109,855) | (3) | (109,858) | 1,402 | - Appendix G2-FORECAST, Sch 58 |
| 4 | Net Additions (Deductions) | (26,648) | 12,909 | - | 12,909 | 39,557 | - Appendix G2-FORECAST, Sch 25 |
| 5 | Accounting Income After Tax | 67,924 | 99,616 | $ 7,344 | 106,960 | 39,036 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | 90,565 | $ 132,821 | $ 9,792 | $ 142,613 | $ 52,048 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 27,508 | $ 33,205 | $ 2,448 | $ 35,653 | $ 8,145 | |
| 14 | | | | | | | |
| 15 | **Total Income Tax** | $ 27,508 | $ 33,205 | $ 2,448 | $ 35,653 | $ 8,145 | - Appendix G2-FORECAST, Sch 4 |

ADJUSTMENTS TO TAXABLE INCOME
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) (Column (4) - Column (3)) | (6) |
| 1 | **Addbacks:** | | | | | |
| 2 | Non-tax Deductible Expenses | $ 677 | $ 700 | 700 | $ - | |
| 3 | Depreciation | 112,081 | 117,343 | 117,343 | - | - Appendix G2-FORECAST, Sch 20 |
| 4 | Amortization of Debt Issue Expenses | 537 | 622 | 561 | (61) | |
| 5 | Vehicle: Interest & Capitialized Depreciation | 1,898 | 2,187 | 1,692 | (495) | |
| 6 | Pension Expense | 14,097 | 12,530 | 12,530 | - | |
| 7 | OPEB Expense | 4,765 | 4,902 | 4,902 | - | |
| 8 | Olympic Cauldron (50% NBV) | 1,445 | - | - | - | |
| 9 | Bad Debt Provision | 726 | - | - | - | |
| 10 | | | | | | |
| 11 | **Deductions:** | | | | | |
| 12 | Amortization of Deferred Charges | 11,847 | 25,569 | 25,569 | - | - Appendix G2-FORECAST, Sch 20 |
| 13 | Capital Cost Allowance | (129,279) | (136,232) | (136,232) | - | - Appendix G2-FORECAST, Sch 26 |
| 14 | Cumulative Eligible Capital Allowance | (907) | (857) | (865) | (8) | |
| 15 | Debt Issue Costs | (834) | (411) | (385) | 26 | |
| 16 | Vehicle Lease Payment | (3,432) | (4,613) | (4,183) | 430 | |
| 17 | Pension Contributions | (13,920) | (12,006) | (12,666) | (660) | |
| 18 | OPEB Contributions | (1,667) | (2,367) | (2,407) | (40) | |
| 19 | Overheads Capitalized Expensed for Tax Purposes | (13,620) | (14,160) | (14,160) | - | |
| 20 | Removal Costs | (14,766) | (12,932) | (14,201) | (1,269) | |
| 21 | Discounts on Debt Issue and Other | - | - | - | - | |
| 22 | Major Inspection Costs | (1,606) | (1,342) | (4,943) | (3,601) | |
| 23 | Biomethane Other Revenue | - | 29 | 97 | 68 | |
| 24 | | | | | | |
| 25 | TOTAL | (31,957) | (21,038) | $ (26,648) | $ (5,610) | - Appendix G2-FORECAST, Sch 22 |

ADJUSTMENTS TO TAXABLE INCOME
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 | Change | Cross Reference |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| 1 | **Addbacks:** | | | | |
| 2 | Non-tax Deductible Expenses | $ 700 | 800 | $ 100 | |
| 3 | Depreciation | 117,343 | 118,368 | 1,025 | - Appendix G2-FORECAST, Sch 21 |
| 4 | Amortization of Debt Issue Expenses | 561 | 734 | 173 | |
| 5 | Vehicle: Interest & Capitialized Depreciation | 1,692 | 1,372 | (320) | |
| 6 | Pension Expense | 12,530 | 20,004 | 7,474 | |
| 7 | OPEB Expense | 4,902 | 8,662 | 3,760 | |
| 8 | Olympic Cauldron (50% NBV) | - | - | - | |
| 9 | Bad Debt Provision | - | - | - | |
| 10 | | | | | |
| 11 | Deductions: | | | | |
| 12 | Amortization of Deferred Charges | 25,569 | 29,970 | 4,401 | - Appendix G2-FORECAST, Sch 21 |
| 13 | Capital Cost Allowance | (136,232) | (114,493) | 21,739 | - Appendix G2-FORECAST, Sch 27 |
| 14 | Cumulative Eligible Capital Allowance | (865) | (804) | 61 | |
| 15 | Debt Issue Costs | (385) | (202) | 183 | |
| 16 | Vehicle Lease Payment | (4,183) | (3,006) | 1,177 | |
| 17 | Pension Contributions | (12,666) | (16,114) | (3,448) | |
| 18 | OPEB Contributions | (2,407) | (2,631) | (224) | |
| 19 | Overheads Capitalized Expensed for Tax Purposes | (14,160) | (14,396) | (236) | |
| 20 | Removal Costs | (14,201) | (13,327) | 874 | |
| 21 | Discounts on Debt Issue and Other | - | - | - | |
| 22 | Major Inspection Costs | (4,943) | (2,098) | 2,845 | |
| 23 | Biomethane Other Revenue | 97 | 70 | (27) | |
| 24 | | | | | |
| 25 | TOTAL | $ (26,648) | $ 12,909 | $ 39,557 | - Appendix G2-FORECAST, Sch 23 |

CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Class | CCA Rate | 12/31/2012 UCC Balance | Adjustments | 2013 Net Additions | 2013 CCA | 12/31/2013 UCC Balance |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | 1 | 4% | $ 1,044,769 | $ - | $ - | $ (41,791) | $ 1,002,978 |
| 2 | 1(b) | 6% | 27,756 | - | 5,971 | (1,844) | 31,883 |
| 3 | 2 | 6% | 136,353 | - | - | (8,181) | 128,172 |
| 4 | 3 | 5% | 2,423 | - | - | (121) | 2,302 |
| 5 | 6 | 10% | 150 | - | - | (15) | 135 |
| 6 | 7 | 15% | 5,442 | - | 2,075 | (972) | 6,545 |
| 7 | 8 | 20% | 23,402 | (1,412) | 5,966 | (4,995) | 22,961 |
| 8 | 10 | 30% | 1,680 | - | - | (504) | 1,176 |
| 9 | 12 | 100% | 26,830 | - | 12,960 | (33,310) | 6,480 |
| 10 | 13 | manual | 3,517 | - | 163 | (687) | 2,993 |
| 11 | 17 | 8% | 174 | - | - | (14) | 160 |
| 12 | 38 | 30% | 511 | - | - | (153) | 358 |
| 13 | 45 | 45% | 202 | - | - | (91) | 111 |
| 14 | 47 | 8% | 5,496 | - | 1,842 | (513) | 6,825 |
| 15 | 49 | 8% | 77,300 | - | 15,658 | (6,810) | 86,148 |
| 16 | 50 | 55% | 7,461 | - | 8,640 | (6,479) | 9,622 |
| 17 | 51 | 6% | 336,347 | - | 93,527 | (22,987) | 406,887 |
| 18 | 43.2 | 50% | - | - | 4,500 | (1,125) | 3,375 |
| 19 | | Total | $ 1,699,813 | $ (1,412) | $ 151,302 | $ (130,592) | $ 1,719,111 |
| 20 | | | | | | | |
| 21 | Add: Depreciation variance adjustment | | | | | (5,640) | |
| 22 | Approved CCA | | | | | $ (136,232) | |
| 23 | | | | | | | |
| 24 | Cross Reference | | | | | - Appendix G2-FORECAST, Sch 24 | |

CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Class | CCA Rate | 12/31/2013 UCC Balance | Adjustments | 2014 Net Additions | 2014 CCA | 12/31/2014 UCC Balance |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | 1 | 4% | $ 1,002,978 | $ - | $ 125 | $ (40,122) | $ 962,981 |
| 2 | 1(b) | 6% | 31,883 | - | 3,886 | (2,030) | 33,739 |
| 3 | 2 | 6% | 128,172 | - | - | (7,690) | 120,482 |
| 4 | 3 | 5% | 2,302 | - | - | (115) | 2,187 |
| 5 | 6 | 10% | 135 | - | - | (14) | 121 |
| 6 | 7 | 15% | 6,545 | - | 1,817 | (1,118) | 7,244 |
| 7 | 8 | 20% | 22,961 | - | 4,515 | (5,044) | 22,432 |
| 8 | 10 | 30% | 1,176 | - | 2,600 | (743) | 3,033 |
| 9 | 12 | 100% | 6,480 | - | 12,067 | (12,513) | 6,034 |
| 10 | 13 | manual | 2,993 | - | 274 | (313) | 2,954 |
| 11 | 17 | 8% | 160 | - | - | (13) | 147 |
| 12 | 38 | 30% | 358 | - | - | (107) | 251 |
| 13 | 45 | 45% | 111 | - | - | (50) | 61 |
| 14 | 47 | 8% | 6,825 | - | 4,072 | (709) | 10,188 |
| 15 | 49 | 8% | 86,148 | - | 4,465 | (7,070) | 83,543 |
| 16 | 50 | 55% | 9,622 | - | 8,044 | (7,504) | 10,162 |
| 17 | 51 | 6% | 406,887 | - | 107,884 | (27,650) | 487,121 |
| 18 | 43.2 | 50% | 3,375 | - | - | (1,688) | 1,687 |
| 19 | | Total | $ 1,719,111 | $ - | $ 149,749 | $ (114,493) | $ 1,754,367 |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | Cross Reference | | | | - Appendix G2-FORECAST, Sch 25 | | |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 28

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED Existing 2013 Rates | Adjustments | Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| | | | | | | | (Column (6) - Column (3)) | |
| 1 | Gas Plant in Service, Beginning | $ 3,545,030 | $ 3,774,425 | $ 3,726,853 | $ - | $ 3,726,853 | $ (47,572) | - Appendix G2-FORECAST, Sch 33 |
| 2 | Opening Balance Adjustment | (3,890) | - | (3,818) | - | (3,818) | (3,818) | |
| 3 | Gas Plant in Service, Ending | 3,726,853 | 3,905,299 | 3,872,209 | - | 3,872,209 | (33,090) | - Appendix G2-FORECAST, Sch 33 |
| 4 | | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (922,011) | $ (1,012,343) | $ (1,011,179) | $ - | $ (1,011,179) | $ 1,164 | - Appendix G2-FORECAST, Sch 39 |
| 6 | Opening Balance Adjustment | 4,463 | - | 518 | - | 518 | 518 | |
| 7 | Accumulated Depreciation Ending - Plant | (1,011,179) | (1,104,066) | (1,105,422) | - | (1,105,422) | (1,356) | - Appendix G2-FORECAST, Sch 39 |
| 8 | | | | | | | | |
| 9 | CIAC, Beginning | $ (180,038) | $ (191,772) | $ (185,545) | $ - | $ (185,545) | $ 6,227 | - Appendix G2-FORECAST, Sch 43 |
| 10 | Opening Balance Adjustment | - | - | - | - | - | - | |
| 11 | CIAC, Ending | (185,545) | (198,468) | (194,421) | - | (194,421) | 4,047 | - Appendix G2-FORECAST, Sch 43 |
| 12 | | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 49,620 | $ 51,072 | $ 51,143 | $ - | $ 51,143 | $ 71 | - Appendix G2-FORECAST, Sch 43 |
| 14 | Opening Balance Adjustment | (5) | - | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 51,143 | 57,367 | 57,362 | - | 57,362 | (5) | - Appendix G2-FORECAST, Sch 43 |
| 16 | | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,537,220 | $ 2,640,757 | $ 2,603,850 | $ - | $ 2,603,850 | $ (36,907) | |
| 18 | | | | | | | | |
| 19 | Adjustment to 13-Month Average | 30,786 | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 20,803 | 26,120 | - | 26,120 | 5,317 | |
| 21 | Unamortized Deferred Charges | 497 | 8,249 | (7,981) | - | (7,981) | (16,230) | - Appendix G2-FORECAST, Sch 46 |
| 22 | Cash Working Capital | (1,899) | (2,293) | (1,590) | - | (1,590) | 703 | - Appendix G2-FORECAST, Sch 51 |
| 23 | Other Working Capital | 101,416 | 101,622 | 83,121 | - | 83,121 | (18,501) | - Appendix G2-FORECAST, Sch 51 |
| 24 | Deferred Income Taxes Regulatory Asset | 281,929 | 282,359 | 284,958 | - | 284,958 | 2,599 | - Appendix G2-FORECAST, Sch 56 |
| 25 | Deferred Income Taxes Regulatory Liability | (281,929) | (282,359) | (284,958) | - | (284,958) | (2,599) | - Appendix G2-FORECAST, Sch 56 |
| 26 | LILO Benefit | (1,316) | (1,150) | (1,150) | - | (1,150) | - | |
| 27 | **Utility Rate Base** | $ 2,692,824 | $ 2,767,988 | $ 2,702,370 | $ - | $ 2,702,370 | $ (65,618) | - Appendix G2-FORECAST, Sch 57 |
| 28 | | | | | | | | - Appendix G2-FORECAST, Sch 3 |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 29

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| | | | 2014 FORECAST | | | | |
|---|---|---|---|---|---|---|---|
| Line No. | Particulars | 2013 PROJECTED | Existing 2013 Rates | Adjustments | Revised Rates | Change | Cross Reference |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 3,726,853 | $ 3,872,209 | $ - | $ 3,872,209 | $ 145,356 | - Appendix G2-FORECAST, Sch 36 |
| 2 | Opening Balance Adjustment | (3,818) | - | - | - | 3,818 | |
| 3 | Gas Plant in Service, Ending | 3,872,209 | 4,015,080 | - | 4,015,080 | 142,871 | - Appendix G2-FORECAST, Sch 36 |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,011,179) | $ (1,105,422) | $ - | $ (1,105,422) | $ (94,243) | - Appendix G2-FORECAST, Sch 42 |
| 6 | Opening Balance Adjustment | 518 | - | - | - | (518) | |
| 7 | Accumulated Depreciation Ending - Plant | (1,105,422) | (1,206,474) | - | (1,206,474) | (101,052) | - Appendix G2-FORECAST, Sch 42 |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (185,545) | $ (194,421) | $ - | $ (194,421) | $ (8,876) | - Appendix G2-FORECAST, Sch 44 |
| 10 | Opening Balance Adjustment | - | - | - | - | - | |
| 11 | CIAC, Ending | (194,421) | (196,475) | - | (196,475) | (2,054) | - Appendix G2-FORECAST, Sch 44 |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 51,143 | $ 57,362 | $ - | $ 57,362 | $ 6,219 | - Appendix G2-FORECAST, Sch 44 |
| 14 | Opening Balance Adjustment | - | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 57,362 | 59,914 | - | 59,914 | 2,552 | - Appendix G2-FORECAST, Sch 44 |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,603,850 | $ 2,650,887 | $ - | $ 2,650,887 | $ 47,037 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | (7,981) | 37,097 | - | 37,097 | 45,078 | - Appendix G2-FORECAST, Sch 48 |
| 22 | Cash Working Capital | (1,590) | (593) | 293 | (300) | 1,290 | - Appendix G2-FORECAST, Sch 52 |
| 23 | Other Working Capital | 83,121 | 79,039 | - | 79,039 | (4,082) | - Appendix G2-FORECAST, Sch 52 |
| 24 | Deferred Income Taxes Regulatory Asset | 284,958 | 288,491 | - | 288,491 | 3,533 | - Appendix G2-FORECAST, Sch 56 |
| 25 | Deferred Income Taxes Regulatory Liability | (284,958) | (288,491) | - | (288,491) | (3,533) | - Appendix G2-FORECAST, Sch 56 |
| 26 | LILO Benefit | (1,150) | (983) | - | (983) | 167 | |
| 27 | **Utility Rate Base** | $ 2,702,370 | $ 2,791,567 | $ 293 | $ 2,791,860 | $ 89,490 | - Appendix G2-FORECAST, Sch 58 |
| 28 | | | | | | | - Appendix G2-FORECAST, Sch 4 |

Evidentiary Update July 16, 2013

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2

FORECAST

CAPITAL EXPENDITURES AND PLANT ADDITIONS Schedule 30

FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014

($000)

| Line No. | Particulars | 2013 Projected | 2014 Forecast | Cross Reference |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| 1 | **CAPITAL EXPENDITURES** | | | |
| 2 | | | | |
| 3 | Regular Capital Expenditures | | | |
| 4 | | | | |
| 5 | Regular Capital Expenditures | $ 129,644 | $ 138,585 | |
| 6 | Gateway Project | 3,012 | - | |
| 7 | Biomethane Upgraders | 2,100 | - | |
| 8 | Total Regular Capital Expenditures | $ 134,756 | $ 138,585 | |
| 9 | | | | |
| 10 | TOTAL CAPITAL EXPENDITURES | $ 134,756 | $ 138,585 | |
| 11 | | | | |
| 12 | | | | |
| 13 | **RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT ADDITIONS** | | | |
| 14 | | | | |
| 15 | Regular Capital | | | |
| 16 | Regular Capital Expenditures | $ 134,756 | $ 138,585 | |
| 17 | Add - Opening WIP | 43,661 | 31,463 | |
| 18 | Less - Adjustments | - | - | |
| 19 | Less - Closing WIP | (31,463) | (31,463) | |
| 20 | Capital Spares Inventory | - | - | |
| 21 | Capital Vehicle Lease | 2,400 | - | |
| 22 | Add - AFUDC | 1,904 | 1,732 | |
| 23 | Add - Overhead Capitalized | 33,040 | 33,591 | |
| 24 | | | | |
| 25 | TOTAL REGULAR CAPITAL ADDITIONS TO GAS PLANT IN SERVICE | $ 184,299 | $ 173,908 | |
| 26 | | | | |
| 27 | Special Projects - CPCN's | | | |
| 28 | CPCN Expenditures | $ - | $ - | |
| 29 | Add - Opening WIP | (158) | - | |
| 30 | Less - Closing WIP | - | - | |
| 31 | Add: Projects transferred from Deferral Accounts | 158 | - | |
| 32 | Less: Projects settling to Deferral Accounts | - | - | |
| 33 | Less: Adjustments | - | - | |
| 34 | Less: Removal Costs | - | - | |
| 34 | Add - AFUDC | - | - | |
| 35 | | | | |
| 36 | TOTAL CPCN ADDITIONS | $ - | $ - | |
| 37 | | | | |
| 38 | TOTAL PLANT ADDITIONS | $ 184,299 | $ 173,908 | |
| 39 | | | | |
| 40 | Cross Reference | - Appendix G2-FORECAST, Sch 33 | | |
| 41 | | | - Appendix G2-FORECAST, Sch 36 | |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 31

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | CPCN'S | 2013 Additions | 2013 AFUDC | 2013 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2013 | Mid-year GPIS for Depreciation |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **INTANGIBLE PLANT** | | | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | - | - | - | - | - | - | 109 | 109 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | - | - | - | - | - | - | 777 | 777 |
| 5 | 178-00 Organization Expense | 728 | - | - | - | - | - | - | 728 | 728 |
| 6 | 179-01 Other Deferred Charges | - | - | - | - | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | - | - | - | - | - | - | 99 | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | - | - | - | - | - | - | 62 | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | - | - | - | - | - | - | 688 | 688 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | - | - | - | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,529 | - | 393 | - | - | - | - | 44,922 | 44,726 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | - | - | - | - | - | - | 16 | 16 |
| 13 | 461-13 IP Land Rights Whistler | - | - | - | - | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | - | - | - | - | - | - | 1,209 | 1,209 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | - | - | - | - | - | - | 1 | 1 |
| 16 | 402-01 Application Software - 12.5% | 85,471 | - | 6,480 | 168 | - | (6,015) | - | 86,104 | 85,788 |
| 17 | 402-02 Application Software - 20% | 18,723 | - | 6,480 | 97 | - | (2,997) | - | 22,303 | 20,513 |
| 18 | TOTAL INTANGIBLE | 152,412 | - | 13,353 | 265 | - | (9,012) | - | 157,018 | 154,715 |
| 19 | | | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | - | - | - | - | - | - | 31 | 31 |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | - | - | - | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | - | - | - | - | - | - | 965 | 965 |
| 24 | 433-00 Manufact'd Gas - Equipment | 448 | - | 210 | - | 73 | - | - | 731 | 590 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | - | - | - | - | - | - | 2,852 | 2,852 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | - | - | - | - | - | - | 355 | 355 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipmer | 735 | - | - | - | - | - | - | 735 | 735 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes) | - | - | - | - | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | - | - | - | - | - | - | 15,164 | 15,164 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | - | - | - | - | - | - | 4,960 | 4,960 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | - | - | - | - | - | - | 16,499 | 16,499 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | - | - | - | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 25,014 | - | 1,550 | 48 | 537 | - | - | 27,149 | 26,082 |
| 36 | TOTAL MANUFACTURED | 67,023 | - | 1,760 | 48 | 610 | - | - | 69,441 | 68,232 |

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | CPCN'S | 2013 Additions | 2013 AFUDC | 2013 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2013 | Mid-year GPIS for Depreciation |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **TRANSMISSION PLANT** | | | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,402 | $ 7,402 |
| 3 | 461-00 Transmission Land Rights | - | - | - | - | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | - | - | - | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | - | - | - | - | - | - | 16,299 | 16,299 |
| 6 | 463-00 Measuring Structures | 5,511 | - | - | - | - | (21) | - | 5,490 | 5,501 |
| 7 | 464-00 Other Structures & Improvements | 6,023 | - | 50 | - | 17 | (29) | - | 6,061 | 6,042 |
| 8 | 465-00 Mains | 799,512 | - | 19,408 | 811 | 6,724 | (374) | - | 826,081 | 812,797 |
| 9 | 465-00 Mains - INSPECTION | 5,803 | - | 4,943 | - | 1,713 | (1,268) | - | 11,191 | 8,497 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | - | - | - | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | - | - | - | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | - | - | - | - | - | - | 974 | 974 |
| 13 | 466-00 Compressor Equipment | 111,811 | - | 1,746 | 83 | 605 | (340) | - | 113,905 | 112,858 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | - | - | - | - | - | - | 2,285 | 2,285 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | - | - | - | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,249 | - | - | - | - | (131) | - | 30,118 | 30,184 |
| 17 | 467-10 Telemetering | 9,293 | - | 220 | 10 | 76 | (22) | - | 9,577 | 9,435 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | - | - | - | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | - | - | - | - | - | - | 39 | 39 |
| 20 | 468-00 Communication Structures & Equipment | 346 | - | - | - | - | - | - | 346 | 346 |
| 21 | TOTAL TRANSMISSION | 995,547 | - | 26,367 | 904 | 9,135 | (2,185) | - | 1,029,768 | 1,012,658 |
| 22 | | | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | - | - | - | - | - | - | 3,395 | 3,395 |
| 25 | 471-00 Distribution Land Rights | - | - | - | - | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,219 | - | - | - | - | (21) | - | 18,198 | 18,209 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | - | - | - | - | - | - | 107 | 107 |
| 28 | 473-00 Services | 758,346 | - | 23,241 | - | 8,054 | (3,185) | - | 786,456 | 772,401 |
| 29 | 474-00 House Regulators & Meter Installations | 174,943 | - | - | - | - | (284) | - | 174,659 | 174,801 |
| 30 | 477-00 Meters/Regulators Installations | 18,871 | - | 14,370 | - | 4,979 | - | - | 38,220 | 28,546 |
| 31 | 475-00 Mains | 947,273 | - | 22,462 | 173 | 7,784 | (1,049) | - | 976,643 | 961,958 |
| 32 | 476-00 Compressor Equipment | 1,450 | - | - | - | - | - | (623) | 827 | 827 |
| 33 | 477-00 Measuring & Regulating Equipment | 88,594 | - | 5,845 | 278 | 2,026 | (598) | - | 96,145 | 92,370 |
| 34 | 477-00 Telemetering | 7,102 | - | 644 | 5 | 223 | (6) | - | 7,968 | 7,535 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | - | - | - | - | - | - | 163 | 163 |
| 36 | 478-10 Meters | 207,016 | - | 13,250 | - | - | (6,353) | - | 213,913 | 210,465 |
| 37 | 478-20 Instruments | 11,889 | - | - | - | - | - | - | 11,889 | 11,889 |
| 38 | 479-00 Other Distribution Equipment | - | - | - | - | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,237,368 | - | 79,812 | 456 | 23,066 | (11,496) | (623) | 2,328,583 | 2,282,664 |
| 40 | | | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | - | - | - | - | - | - | 137 | 137 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | - | - | - | - | - | - | 80 | 80 |
| 44 | 475-20 Bio Gas Mains – Private Land | 41 | - | 220 | - | 76 | - | - | 337 | 189 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | - | - | - | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | - | - | 4,500 | - | - | - | - | 4,500 | 2,250 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 280 | - | 440 | - | 152 | - | - | 872 | 576 |
| 48 | 478-30 Bio Gas Meters | 7 | - | 440 | - | - | - | - | 447 | 227 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | - | - | - | - | - | - | 22 | 22 |
| 50 | TOTAL BIO-GAS | 567 | - | 5,600 | - | 228 | - | - | 6,395 | 3,481 |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 33

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | CPCN'S | 2013 Additions | 2013 AFUDC | 2013 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2013 | Mid-year GPIS for Depreciation |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | **Natural Gas for Transportation** | | | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ 2,554 | $ - | $ - | $ - | $ - | $ - | $ (2,554) | $ - | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | 47 | - | - | - | - | - | (47) | - | - |
| 4 | 476-30 NG Transportation CNG Foundations | 471 | - | - | - | - | - | (471) | - | - |
| 5 | 476-40 NG Transportation LNG Foundations | 4 | - | - | - | - | - | (4) | - | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | - | - | - | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | 119 | - | - | - | - | - | (119) | - | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | - | - | - | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | 3,195 | - | - | - | - | - | (3,195) | - | - |
| 10 | | | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,329 | - | 321 | - | - | - | - | 22,650 | 22,490 |
| 13 | 481-00 Land Rights | - | - | - | - | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | - | - | - | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | - | - | - | - | - | - | 10,770 | 10,770 |
| 16 | - Masonry Buildings | 92,527 | - | 4,974 | - | - | - | - | 97,501 | 95,014 |
| 17 | - Leasehold Improvement | 3,822 | - | 163 | - | - | (151) | - | 3,834 | 3,828 |
| 18 | Office Equipment & Furniture | - | - | - | - | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,479 | - | 478 | - | - | (303) | - | 3,654 | 3,567 |
| 20 | 483-40 GP Furniture | 21,395 | - | 1,613 | - | - | (1,954) | - | 21,054 | 21,225 |
| 21 | 483-10 GP Computer Hardware | 29,627 | - | 8,640 | 231 | - | (6,489) | - | 32,009 | 30,818 |
| 22 | 483-20 GP Computer Software | 3,405 | - | - | - | - | (192) | - | 3,213 | 3,309 |
| 23 | 483-21 GP Computer Software | - | - | - | - | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | - | - | - | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | - | - | - | - | - | - | 2,208 | 2,208 |
| 26 | 484-00 Vehicles - Leased | 28,385 | - | 2,400 | - | - | (1,440) | - | 29,345 | 28,865 |
| 27 | 485-10 Heavy Work Equipment | 664 | - | - | - | - | - | - | 664 | 664 |
| 28 | 485-20 Heavy Mobile Equipment | 838 | - | - | - | - | - | - | 838 | 838 |
| 29 | 486-00 Small Tools & Equipment | 38,733 | - | 2,855 | - | - | (963) | - | 40,625 | 39,679 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | - | - | - | - | - | - | 24 | 24 |
| 31 | - VRA Compressor Installation Costs | - | - | - | - | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | - | - | - | - | - | - | - | - |
| 33 | - Telephone | 7,679 | - | - | - | - | (906) | - | 6,773 | 7,226 |
| 34 | - Radio | 4,856 | - | 1,020 | - | - | (34) | - | 5,842 | 5,349 |
| 35 | 489-00 Other General Equipment | - | - | - | - | - | - | - | - | - |
| 36 | TOTAL GENERAL | 270,741 | - | 22,464 | 231 | - | (12,432) | - | 281,004 | 275,873 |
| 37 | | | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | | | |
| 39 | 499-00 Plant Suspense | - | - | - | - | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | - | - | - | - | - | - | - | - |
| 41 | | | | | | | | | | |
| 42 | TOTAL CAPITAL | $ 3,726,853 | $ - | $ 149,356 | $ 1,904 | $ 33,039 | $ (35,125) | $ (3,818) | $ 3,872,209 | $ 3,797,622 |
| 43 | | - Appendix G2-FORECAST, Sch 28 | | | | | | | | |
| 44 | Cross Reference | | | - Appendix G2-FORECAST, Sch 30 | | | | | - Appendix G2-FORECAST, Sch 28 | |
| 45 | | | - Appendix G2-FORECAST, Sch 30 | | | | - Appendix G2-FORECAST, Sch 30 | | | |

Evidentiary Update July 16, 2013

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | CPCN'S | 2014 Additions | 2014 AFUDC | 2014 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2014 |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | **INTANGIBLE PLANT** | | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | - | - | - | - | - | - | 109 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | - | - | - | - | - | - | 777 |
| 5 | 178-00 Organization Expense | 728 | - | - | - | - | - | - | 728 |
| 6 | 179-01 Other Deferred Charges | - | - | - | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | - | - | - | - | - | - | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | - | - | - | - | - | - | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | - | - | - | - | - | - | 688 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | - | - | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,922 | - | 109 | - | - | - | - | 45,031 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | - | - | - | - | - | - | 16 |
| 13 | 461-13 IP Land Rights Whistler | - | - | - | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | - | - | - | - | - | - | 1,209 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | - | - | - | - | - | - | 1 |
| 16 | 402-01 Application Software - 12.5% | 86,104 | - | 6,033 | 176 | - | (3,738) | - | 88,575 |
| 17 | 402-02 Application Software - 20% | 22,303 | - | 6,033 | 120 | - | (2,317) | - | 26,139 |
| 18 | TOTAL INTANGIBLE | 157,018 | - | 12,175 | 296 | - | (6,055) | - | 163,434 |
| 19 | | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | - | - | - | - | - | - | 31 |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | - | - | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | - | - | - | - | - | - | 965 |
| 24 | 433-00 Manufact'd Gas - Equipment | 731 | - | 105 | - | 38 | - | - | 874 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | - | - | - | - | - | - | 2,852 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | - | - | - | - | - | - | 355 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipmer | 735 | - | - | - | - | - | - | 735 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes) | - | - | - | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | - | - | - | - | - | - | 15,164 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | - | - | - | - | - | - | 4,960 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | - | - | - | - | - | - | 16,499 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | - | - | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | - | - | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | - | - | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 27,149 | - | 3,433 | 133 | 1,249 | - | - | 31,964 |
| 36 | TOTAL MANUFACTURED | 69,441 | - | 3,538 | 133 | 1,287 | - | - | 74,399 |

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | CPCN'S | 2014 Additions | 2014 AFUDC | 2014 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2014 |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | **TRANSMISSION PLANT** | | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,402 |
| 3 | 461-00 Transmission Land Rights | - | - | - | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | - | - | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | - | - | - | - | - | - | 16,299 |
| 6 | 463-00 Measuring Structures | 5,490 | - | - | - | - | (21) | - | 5,469 |
| 7 | 464-00 Other Structures & Improvements | 6,061 | - | - | - | - | - | - | 6,061 |
| 8 | 465-00 Mains | 826,081 | - | 9,064 | 373 | 3,300 | (374) | - | 838,444 |
| 9 | 465-00 Mains - INSPECTION | 11,191 | - | 2,098 | - | 763 | (368) | - | 13,684 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | - | - | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | - | - | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | - | - | - | - | - | - | 974 |
| 13 | 466-00 Compressor Equipment | 113,905 | - | 1,532 | 70 | 558 | (299) | - | 115,766 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | - | - | - | - | - | - | 2,285 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | - | - | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,118 | - | - | - | - | (131) | - | 29,987 |
| 17 | 467-10 Telemetering | 9,577 | - | 319 | 13 | 116 | (32) | - | 9,993 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | - | - | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | - | - | - | - | - | - | 39 |
| 20 | 468-00 Communication Structures & Equipment | 346 | - | - | - | - | - | - | 346 |
| 21 | TOTAL TRANSMISSION | 1,029,768 | - | 13,013 | 456 | 4,737 | (1,225) | - | 1,046,749 |
| 22 | | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | - | - | - | - | - | - | 3,395 |
| 25 | 471-00 Distribution Land Rights | - | - | - | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,198 | - | - | - | - | (21) | - | 18,177 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | - | - | - | - | - | - | 107 |
| 28 | 473-00 Services | 786,456 | - | 25,031 | - | 9,110 | (3,185) | - | 817,412 |
| 29 | 474-00 House Regulators & Meter Installations | 174,659 | - | - | - | - | (6) | - | 174,653 |
| 30 | 477-00 Meters/Regulators Installations | 38,220 | - | 13,813 | 97 | 5,027 | - | - | 57,157 |
| 31 | 475-00 Mains | 976,643 | - | 26,178 | 141 | 9,526 | (1,049) | - | 1,011,439 |
| 32 | 476-00 Compressor Equipment | 827 | - | - | - | - | - | - | 827 |
| 33 | 477-00 Measuring & Regulating Equipment | 96,145 | - | 8,058 | 389 | 2,932 | (598) | - | 106,926 |
| 34 | 477-00 Telemetering | 7,968 | - | 287 | 2 | 105 | (6) | - | 8,356 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | - | - | - | - | - | - | 163 |
| 36 | 478-10 Meters | 213,913 | - | 13,813 | - | - | (6,672) | - | 221,054 |
| 37 | 478-20 Instruments | 11,889 | - | - | - | - | - | - | 11,889 |
| 38 | 479-00 Other Distribution Equipment | - | - | - | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,328,583 | - | 87,180 | 629 | 26,700 | (11,537) | - | 2,431,555 |
| 40 | | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | - | - | - | - | - | - | 137 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | - | - | - | - | - | - | 80 |
| 44 | 475-20 Bio Gas Mains – Private Land | 337 | - | 794 | - | 289 | - | - | 1,420 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | - | - | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | 4,500 | - | - | - | - | - | - | 4,500 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 872 | - | 1,588 | - | 578 | - | - | 3,038 |
| 48 | 478-30 Bio Gas Meters | 447 | - | 1,588 | - | - | - | - | 2,035 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | - | - | - | - | - | - | 22 |
| 50 | TOTAL BIO-GAS | 6,395 | - | 3,970 | - | 867 | - | - | 11,232 |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2 FORECAST Schedule 36

GAS PLANT IN SERVICE CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | CPCN'S | 2014 Additions | 2014 AFUDC | 2014 CapOH | Retirements | Transfers/ Recovery | Balance 12/31/2014 |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | **Natural Gas for Transportation** | | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | - | - | - | - | - | - | - | - |
| 4 | 476-30 NG Transportation CNG Foundations | - | - | - | - | - | - | - | - |
| 5 | 476-40 NG Transportation LNG Foundations | - | - | - | - | - | - | - | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | - | - | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | - | - | - | - | - | - | - | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | - | - | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | - | - | - | - | - | - | - | - |
| 10 | | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,650 | - | - | - | - | - | - | 22,650 |
| 13 | 481-00 Land Rights | - | - | - | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | - | - | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | - | - | - | - | - | - | 10,770 |
| 16 | - Masonry Buildings | 97,501 | - | 3,276 | - | - | - | - | 100,777 |
| 17 | - Leasehold Improvement | 3,834 | - | 274 | - | - | (40) | - | 4,068 |
| 18 | Office Equipment & Furniture | - | - | - | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,654 | - | 51 | - | - | (92) | - | 3,613 |
| 20 | 483-40 GP Furniture | 21,054 | - | 305 | - | - | (3,123) | - | 18,236 |
| 21 | 483-10 GP Computer Hardware | 32,009 | - | 8,044 | 218 | - | (3,708) | - | 36,563 |
| 22 | 483-20 GP Computer Software | 3,213 | - | - | - | - | (44) | - | 3,169 |
| 23 | 483-21 GP Computer Software | - | - | - | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | - | - | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | - | 2,600 | - | - | - | - | 4,808 |
| 26 | 484-00 Vehicles - Leased | 29,345 | - | - | - | - | (1,536) | - | 27,809 |
| 27 | 485-10 Heavy Work Equipment | 664 | - | - | - | - | - | - | 664 |
| 28 | 485-20 Heavy Mobile Equipment | 838 | - | - | - | - | - | - | 838 |
| 29 | 486-00 Small Tools & Equipment | 40,625 | - | 2,915 | - | - | (2,003) | - | 41,537 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | - | - | - | - | - | - | 24 |
| 31 | - VRA Compressor Installation Costs | - | - | - | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | - | - | - | - | - | - | - |
| 33 | - Telephone | 6,773 | - | - | - | - | (1,460) | - | 5,313 |
| 34 | - Radio | 5,842 | - | 1,244 | - | - | (214) | - | 6,872 |
| 35 | 489-00 Other General Equipment | - | - | - | - | - | - | - | - |
| 36 | TOTAL GENERAL | 281,004 | - | 18,709 | 218 | - | (12,220) | - | 287,711 |
| 37 | | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | | |
| 39 | 499-00 Plant Suspense | - | - | - | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | - | - | - | - | - | - | - |
| 41 | | | | | | | | | |
| 42 | TOTAL CAPITAL | $ 3,872,209 | $ - | $ 138,585 | $ 1,732 | $ 33,591 | $ (31,037) | $ - | $ 4,015,080 |
| 43 | | - Appendix G2-FORECAST, Sch 29 | | | | | | | |
| 44 | Cross Reference | | | - Appendix G2-FORECAST, Sch 30 | | | | | - Appendix G2-FORECAST, Sch 29 |
| 45 | | | - Appendix G2-FORECAST, Sch 30 | | | - Appendix G2-FORECAST, Sch 30 | | | |

Evidentiary Update July 16, 2013

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 37

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Account | Mid-year GPIS for Depreciation | Annual Depreciation Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2012 | Accumulated 12/31/2013 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **INTANGIBLE PLANT** | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | 0.00% | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | 1.00% | 1 | - | - | 548 | 549 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | 10.00% | 78 | - | - | - | 78 |
| 5 | 178-00 Organization Expense | 728 | 1.00% | 7 | - | - | 391 | 398 |
| 6 | 179-01 Other Deferred Charges | - | 0.00% | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | 49.19% | 1 | - | - | 98 | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | 57.14% | - | - | - | 62 | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | 2.38% | 16 | - | - | 227 | 243 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | 0.00% | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,726 | 0.00% | - | - | - | 667 | 667 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | 0.00% | - | - | - | 19 | 19 |
| 13 | 461-13 IP Land Rights Whistler | - | 0.00% | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | 0.00% | - | - | - | 2 | 2 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | 0.00% | - | - | - | 1 | 1 |
| 16 | 402-01 Application Software - 12.5% | 85,788 | 12.50% | 10,724 | - | (6,015) | 23,581 | 28,290 |
| 17 | 402-02 Application Software - 20% | 20,513 | 20.00% | 4,103 | - | (2,997) | 7,243 | 8,349 |
| 18 | TOTAL INTANGIBLE | 154,715 | | 14,930 | - | (9,012) | 32,839 | 38,757 |
| 19 | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | 0.00% | - | - | - | - | - |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | 0.00% | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | 3.38% | 33 | - | - | 143 | 176 |
| 24 | 433-00 Manufact'd Gas - Equipment | 590 | 6.63% | 39 | - | - | 88 | 127 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | 2.35% | 67 | - | - | 238 | 305 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | 5.16% | 18 | - | - | 38 | 56 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipment | 735 | 15.89% | 117 | - | - | 363 | 480 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes) | - | 0.00% | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | 0.00% | - | - | - | 1 | 1 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | 3.57% | 177 | - | - | 2,789 | 2,966 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 1.93% | 318 | - | - | 10,721 | 11,039 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 26,082 | 4.24% | 1,106 | - | - | 10,900 | 12,006 |
| 36 | TOTAL MANUFACTURED | 68,232 | | 1,875 | - | - | 25,281 | 27,156 |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Account | Mid-year GPIS for Depreciation | Annual Depreciation Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2012 | Accumulated 12/31/2013 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **TRANSMISSION PLANT** | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | 0.00% | $ - | $ - | $ - | $ 401 | $ 401 |
| 3 | 461-00 Transmission Land Rights | - | 0.00% | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | 0.00% | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | 3.74% | 610 | - | - | 6,790 | 7,400 |
| 6 | 463-00 Measuring Structures | 5,501 | 3.80% | 209 | - | (17) | 1,936 | 2,128 |
| 7 | 464-00 Other Structures & Improvements | 6,042 | 2.83% | 171 | - | (29) | 1,891 | 2,033 |
| 8 | 465-00 Mains | 812,797 | 1.44% | 11,704 | - | (372) | 214,894 | 226,226 |
| 9 | 465-00 Mains - INSPECTION | 8,497 | 14.87% | 1,263 | - | (1,268) | 1,851 | 1,846 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | 0.00% | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | 0.00% | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | 5.00% | 49 | - | - | 937 | 986 |
| 13 | 466-00 Compressor Equipment | 112,858 | 2.87% | 3,239 | - | (340) | 44,521 | 47,420 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | 4.47% | 102 | - | - | 298 | 400 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | 0.00% | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,184 | 4.27% | 1,289 | - | (108) | 10,440 | 11,621 |
| 17 | 467-10 Telemetering | 9,435 | 0.31% | 29 | - | (22) | 6,316 | 6,323 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | 0.00% | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | 0.00% | - | - | - | 3 | 3 |
| 20 | 468-00 Communication Structures & Equipment | 346 | 4.37% | 15 | - | - | 328 | 343 |
| 21 | TOTAL TRANSMISSION | 1,012,658 | | 18,680 | - | (2,156) | 290,606 | 307,130 |
| 22 | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | 0.00% | - | - | - | 26 | 26 |
| 25 | 471-00 Distribution Land Rights | - | 0.00% | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,209 | 3.33% | 606 | - | (13) | 4,852 | 5,445 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | 5.00% | 5 | - | - | 32 | 37 |
| 28 | 473-00 Services | 772,401 | 2.53% | 19,290 | - | (1,132) | 142,028 | 160,186 |
| 29 | 474-00 House Regulators & Meter Installations | 174,801 | 7.62% | 12,415 | - | (227) | 18,625 | 30,813 |
| 30 | 477-00 Meters/Regulators Installations | 28,546 | 4.55% | 1,299 | - | - | 206 | 1,505 |
| 31 | 475-00 Mains | 961,958 | 1.59% | 15,451 | - | (501) | 299,353 | 314,303 |
| 32 | 476-00 Compressor Equipment | 827 | 26.54% | 219 | (291) | - | 1,235 | 1,163 |
| 33 | 477-00 Measuring & Regulating Equipment | 92,370 | 4.75% | 4,388 | - | (436) | 25,902 | 29,854 |
| 34 | 477-00 Telemetering | 7,535 | 0.25% | 19 | - | (2) | 6,063 | 6,080 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | 212 | 212 |
| 36 | 478-10 Meters | 210,465 | 8.05% | 16,327 | - | (3,492) | 75,361 | 88,196 |
| 37 | 478-20 Instruments | 11,889 | 3.15% | 375 | - | - | 1,299 | 1,674 |
| 38 | 479-00 Other Distribution Equipment | - | 0.00% | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,282,664 | | 70,394 | (291) | (5,803) | 575,194 | 639,494 |
| 40 | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | 3.60% | 5 | - | - | 11 | 16 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | 1.48% | 1 | - | - | 4 | 5 |
| 44 | 475-20 Bio Gas Mains – Private Land | 189 | 1.48% | 3 | - | - | 1 | 4 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | 13.33% | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | 2,250 | 6.67% | 150 | - | - | - | 150 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 576 | 4.75% | 27 | - | - | 28 | 55 |
| 48 | 478-30 Bio Gas Meters | 227 | 8.05% | 18 | - | - | 1 | 19 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | 2 | 2 |
| 50 | TOTAL BIO-GAS | 3,481 | | 204 | - | - | 47 | 251 |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
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| Line No. | Account | Mid-year GPIS for Depreciation | Annual Depreciation Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2012 | 12/31/2013 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **Natural Gas for Transportation** | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ - | 5.00% | $ - | $ (135) | $ - | 135 | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | - | 5.00% | - | (4) | - | 4 | - |
| 4 | 476-30 NG Transportation CNG Foundations | - | 5.00% | - | (80) | - | 80 | - |
| 5 | 476-40 NG Transportation LNG Foundations | - | 5.00% | - | (2) | - | 2 | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | 10.00% | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | - | 5.00% | - | (6) | - | 6 | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | 5.00% | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | - | | - | (227) | - | 227 | - |
| 10 | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,490 | 0.00% | - | - | - | 30 | 30 |
| 13 | 481-00 Land Rights | - | 0.00% | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | 0.00% | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | 4.82% | 519 | - | - | 2,912 | 3,431 |
| 16 | - Masonry Buildings | 95,014 | 2.23% | 2,119 | - | - | 15,696 | 17,815 |
| 17 | - Leasehold Improvement | 3,828 | 10.00% | 405 | - | (151) | 565 | 819 |
| 18 | Office Equipment & Furniture | - | 0.00% | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,567 | 6.67% | 238 | - | (245) | 1,554 | 1,547 |
| 20 | 483-40 GP Furniture | 21,225 | 5.00% | 1,061 | - | (1,954) | 12,884 | 11,991 |
| 21 | 483-10 GP Computer Hardware | 30,818 | 20.00% | 6,163 | - | (6,489) | 12,281 | 11,955 |
| 22 | 483-20 GP Computer Software | 3,309 | 12.50% | 414 | - | (192) | 1,146 | 1,368 |
| 23 | 483-21 GP Computer Software | - | 20.00% | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | 0.00% | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | 5.16% | 114 | - | - | 601 | 715 |
| 26 | 484-00 Vehicles - Leased | 28,865 | 0.00% | 3,845 | - | (1,440) | 14,556 | 16,961 |
| 27 | 485-10 Heavy Work Equipment | 664 | 8.96% | 60 | - | - | (175) | (115) |
| 28 | 485-20 Heavy Mobile Equipment | 838 | 18.06% | 151 | - | - | 753 | 904 |
| 29 | 486-00 Small Tools & Equipment | 39,679 | 5.00% | 1,984 | - | (963) | 17,124 | 18,145 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | 6.67% | 2 | - | - | 12 | 14 |
| 31 | - VRA Compressor Installation Costs | - | 0.00% | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | 0.00% | - | - | - | - | - |
| 33 | - Telephone | 7,226 | 6.67% | 482 | - | (797) | 4,368 | 4,053 |
| 34 | - Radio | 5,349 | 6.67% | 357 | - | (34) | 2,678 | 3,001 |
| 35 | 489-00 Other General Equipment | - | 0.00% | - | - | - | - | - |
| 36 | TOTAL GENERAL | 275,873 | | 17,914 | - | (12,265) | 86,985 | 92,634 |
| 37 | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | |
| 39 | 499-00 Plant Suspense | - | 0.00% | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | | - | - | - | - | - |
| 41 | | | | | | | | |
| 42 | TOTALS | $ 3,797,622 | | $ 123,997 | $ (518) | $ (29,236) | $ 1,011,179 | $ 1,105,422 |
| 43 | Less: Depreciation & Amortization transferred to Biomethane BVA | | | (150) | | | | |
| 44 | Less: Vehicle Depreciation Allocated To Capital Projects | | | (1,354) | | | | |
| 45 | Add: Depreciation variance adjustment | | | 1,349 | | | | |
| 46 | **Net Depreciation Expense** | | | $ 123,842 | | | | |
| 47 | | - Appendix G2-FORECAST, Sch 33 | | | | | | |
| 48 | Cross Reference | | | - Appendix G2-FORECAST, Sch 20 | | | - Appendix G2-FORECAST, Sch 28 | |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Account | GPIS for Depreciation | Annual Depreciation Rate % | 2014 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2013 | Accumulated 12/31/2014 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **INTANGIBLE PLANT** | | | | | | | |
| 2 | 117-00 Utility Plant Acquisition Adjustment | $ - | 0.00% | $ - | $ - | $ - | $ - | $ - |
| 3 | 175-00 Unamortized Conversion Expense | 109 | 1.00% | 1 | - | - | 549 | 550 |
| 4 | 175-00 Unamortized Conversion Expense - Squamish | 777 | 10.00% | 78 | - | - | 78 | 156 |
| 5 | 178-00 Organization Expense | 728 | 1.00% | 7 | - | - | 398 | 405 |
| 6 | 179-01 Other Deferred Charges | - | 0.00% | - | - | - | - | - |
| 7 | 401-00 Franchise and Consents | 99 | 49.19% | - | - | - | 99 | 99 |
| 8 | 402-00 Utility Plant Acquisition Adjustment | 62 | 57.14% | - | - | - | 62 | 62 |
| 9 | 402-00 Other Intangible Plant | 688 | 2.38% | 16 | - | - | 243 | 259 |
| 10 | 431-00 Mfg'd Gas Land Rights | - | 0.00% | - | - | - | - | - |
| 11 | 461-00 Transmission Land Rights | 44,922 | 0.00% | - | - | - | 667 | 667 |
| 12 | 461-10 Transmission Land Rights - Byron Creek | 16 | 0.00% | - | - | - | 19 | 19 |
| 13 | 461-13 IP Land Rights Whistler | - | 0.00% | - | - | - | - | - |
| 14 | 471-00 Distribution Land Rights | 1,209 | 0.00% | - | - | - | 2 | 2 |
| 15 | 471-10 Distribution Land Rights - Byron Creek | 1 | 0.00% | - | - | - | 1 | 1 |
| 16 | 402-01 Application Software - 12.5% | 86,104 | 12.50% | 10,763 | - | (3,738) | 28,290 | 35,315 |
| 17 | 402-02 Application Software - 20% | 22,303 | 20.00% | 4,461 | - | (2,317) | 8,349 | 10,493 |
| 18 | TOTAL INTANGIBLE | 157,018 | | 15,326 | - | (6,055) | 38,757 | 48,028 |
| 19 | | | | | | | | |
| 20 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | |
| 21 | 430-00 Manufact'd Gas - Land | 31 | 0.00% | - | - | - | - | - |
| 22 | 431-00 Manufact'd Gas - Land Rights | - | 0.00% | - | - | - | - | - |
| 23 | 432-00 Manufact'd Gas - Struct. & Improvements | 965 | 3.38% | 33 | - | - | 176 | 209 |
| 24 | 433-00 Manufact'd Gas - Equipment | 731 | 6.63% | 48 | - | - | 127 | 175 |
| 25 | 434-00 Manufact'd Gas - Gas Holders | 2,852 | 2.35% | 67 | - | - | 305 | 372 |
| 26 | 436-00 Manufact'd Gas - Compressor Equipment | 355 | 5.16% | 18 | - | - | 56 | 74 |
| 27 | 437-00 Manufact'd Gas - Measuring & Regulating Equipment | 735 | 15.89% | 117 | - | - | 480 | 597 |
| 28 | 443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes) | - | 0.00% | - | - | - | - | - |
| 29 | 440/441-00 Land in Fee Simple and Land Rights (Tilbury) | 15,164 | 0.00% | - | - | - | 1 | 1 |
| 30 | 442-00 Structures & Improvements (Tilbury) | 4,960 | 3.57% | 177 | - | - | 2,966 | 3,143 |
| 31 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 1.93% | 318 | - | - | 11,039 | 11,357 |
| 32 | 446-00 Compressor Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 33 | 447-00 Measuring & Regulating Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 34 | 448-00 Purification Equipment (Tilbury) | - | 0.00% | - | - | - | - | - |
| 35 | 449-00 Local Storage Equipment (Tilbury) | 27,149 | 4.24% | 1,151 | - | - | 12,006 | 13,157 |
| 36 | TOTAL MANUFACTURED | 69,441 | | 1,929 | - | - | 27,156 | 29,085 |

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
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($000s)

| Line No. | Account | GPIS for Depreciation | Annual Depreciation Rate % | 2014 DEPRECIATION Provision (Cr.) | Adjust-ments | Retirements | Accumulated 12/31/2013 | Accumulated 12/31/2014 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **TRANSMISSION PLANT** | | | | | | | |
| 2 | 460-00 Land in Fee Simple | $ 7,402 | 0.00% | $ - | $ - | $ - | $ 401 | $ 401 |
| 3 | 461-00 Transmission Land Rights | - | 0.00% | - | - | - | - | - |
| 4 | 461-02 Land Rights - Mt. Hayes | - | 0.00% | - | - | - | - | - |
| 5 | 462-00 Compressor Structures | 16,299 | 3.74% | 610 | - | - | 7,400 | 8,010 |
| 6 | 463-00 Measuring Structures | 5,490 | 3.80% | 209 | - | (17) | 2,128 | 2,320 |
| 7 | 464-00 Other Structures & Improvements | 6,061 | 2.83% | 172 | - | - | 2,033 | 2,205 |
| 8 | 465-00 Mains | 826,081 | 1.44% | 11,896 | - | (372) | 226,226 | 237,750 |
| 9 | 465-00 Mains - INSPECTION | 11,191 | 14.87% | 1,664 | - | (368) | 1,846 | 3,142 |
| 10 | 465-11 IP Transmission Pipeline - Whistler | - | 0.00% | - | - | - | - | - |
| 11 | 465-30 Mt Hayes - Mains | - | 0.00% | - | - | - | - | - |
| 12 | 465-10 Mains - Byron Creek | 974 | 5.00% | 49 | - | - | 986 | 1,035 |
| 13 | 466-00 Compressor Equipment | 113,905 | 2.87% | 3,269 | - | (299) | 47,420 | 50,390 |
| 14 | 466-00 Compressor Equipment - OVERHAUL | 2,285 | 4.47% | 102 | - | - | 400 | 502 |
| 15 | 467-00 Mt. Hayes - Measuring and Regulating Equipment | - | 0.00% | - | - | - | - | - |
| 16 | 467-00 Measuring & Regulating Equipment | 30,118 | 4.27% | 1,286 | - | (108) | 11,621 | 12,799 |
| 17 | 467-10 Telemetering | 9,577 | 0.31% | 30 | - | (32) | 6,323 | 6,321 |
| 18 | 467-31 IP Intermediate Pressure Whistler | - | 0.00% | - | - | - | - | - |
| 19 | 467-20 Measuring & Regulating Equipment - Byron Creek | 39 | 0.00% | - | - | - | 3 | 3 |
| 20 | 468-00 Communication Structures & Equipment | 346 | 4.37% | 15 | - | - | 343 | 358 |
| 21 | TOTAL TRANSMISSION | 1,029,768 | | 19,302 | - | (1,196) | 307,130 | 325,236 |
| 22 | | | | | | | | |
| 23 | **DISTRIBUTION PLANT** | | | | | | | |
| 24 | 470-00 Land in Fee Simple | 3,395 | 0.00% | - | - | - | 26 | 26 |
| 25 | 471-00 Distribution Land Rights | - | 0.00% | - | - | - | - | - |
| 26 | 472-00 Structures & Improvements | 18,198 | 3.33% | 606 | - | (13) | 5,445 | 6,038 |
| 27 | 472-10 Structures & Improvements - Byron Creek | 107 | 5.00% | 5 | - | - | 37 | 42 |
| 28 | 473-00 Services | 786,456 | 2.53% | 19,645 | - | (1,132) | 160,186 | 178,699 |
| 29 | 474-00 House Regulators & Meter Installations | 174,659 | 7.62% | 12,404 | - | (4) | 30,813 | 43,213 |
| 30 | 477-00 Meters/Regulators Installations | 38,220 | 4.55% | 1,739 | - | - | 1,505 | 3,244 |
| 31 | 475-00 Mains | 976,643 | 1.59% | 15,685 | - | (501) | 314,303 | 329,487 |
| 32 | 476-00 Compressor Equipment | 827 | 26.54% | 219 | - | - | 1,163 | 1,382 |
| 33 | 477-00 Measuring & Regulating Equipment | 96,145 | 4.75% | 4,567 | - | (436) | 29,854 | 33,985 |
| 34 | 477-00 Telemetering | 7,968 | 0.25% | 20 | - | (2) | 6,080 | 6,098 |
| 35 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | 212 | 212 |
| 36 | 478-10 Meters | 213,913 | 8.05% | 16,605 | - | (3,667) | 88,196 | 101,134 |
| 37 | 478-20 Instruments | 11,889 | 3.15% | 375 | - | - | 1,674 | 2,049 |
| 38 | 479-00 Other Distribution Equipment | - | 0.00% | - | - | - | - | - |
| 39 | TOTAL DISTRIBUTION | 2,328,583 | | 71,870 | - | (5,755) | 639,494 | 705,609 |
| 40 | | | | | | | | |
| 41 | **BIO GAS** | | | | | | | |
| 42 | 472-00 Bio Gas Struct. & Improvements | 137 | 3.60% | 5 | - | - | 16 | 21 |
| 43 | 475-10 Bio Gas Mains – Municipal Land | 80 | 1.48% | 1 | - | - | 5 | 6 |
| 44 | 475-20 Bio Gas Mains – Private Land | 337 | 1.48% | 5 | - | - | 4 | 9 |
| 45 | 418-10 Bio Gas Purification Overhaul | - | 13.33% | - | - | - | - | - |
| 46 | 418-20 Bio Gas Purification Upgrader | 4,500 | 6.67% | 300 | - | - | 150 | 450 |
| 47 | 477-10 Bio Gas Reg & Meter Equipment | 872 | 4.75% | 41 | - | - | 55 | 96 |
| 48 | 478-30 Bio Gas Meters | 447 | 8.05% | 36 | - | - | 19 | 55 |
| 49 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | 2 | 2 |
| 50 | TOTAL BIO-GAS | 6,395 | | 388 | - | - | 251 | 639 |

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($000s)

| Line No. | Account | GPIS for Depreciation | Annual Depreciation Rate % | 2014 DEPRECIATION Provision (Cr.) | Adjust- ments | Retirements | Accumulated 12/31/2013 | Accumulated 12/31/2014 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **Natural Gas for Transportation** | | | | | | | |
| 2 | 476-10 NG Transportation CNG Dispensing Equipment | $ - | 5.00% | $ - | $ - | $ - | $ - | $ - |
| 3 | 476-20 NG Transportation LNG Dispensing Equipment | - | 5.00% | - | - | - | - | - |
| 4 | 476-30 NG Transportation CNG Foundations | - | 5.00% | - | - | - | - | - |
| 5 | 476-40 NG Transportation LNG Foundations | - | 5.00% | - | - | - | - | - |
| 6 | 476-50 NG Transportation LNG Pumps | - | 10.00% | - | - | - | - | - |
| 7 | 476-60 NG Transportation CNG Dehydrator | - | 5.00% | - | - | - | - | - |
| 8 | 476-70 NG Transportation LNG Dehydrator | - | 5.00% | - | - | - | - | - |
| 9 | TOTAL NG FOR TRANSP | - | | - | - | - | - | - |
| 10 | | | | | | | | |
| 11 | **GENERAL PLANT & EQUIPMENT** | | | | | | | |
| 12 | 480-00 Land in Fee Simple | 22,650 | 0.00% | - | - | - | 30 | 30 |
| 13 | 481-00 Land Rights | - | 0.00% | - | - | - | - | - |
| 14 | 482-00 Structures & Improvements | - | 0.00% | - | - | - | - | - |
| 15 | - Frame Buildings | 10,770 | 4.82% | 519 | - | - | 3,431 | 3,950 |
| 16 | - Masonry Buildings | 97,501 | 2.23% | 2,174 | - | - | 17,815 | 19,989 |
| 17 | - Leasehold Improvement | 3,834 | 10.00% | 383 | - | (40) | 819 | 1,162 |
| 18 | Office Equipment & Furniture | - | 0.00% | - | - | - | - | - |
| 19 | 483-30 GP Office Equipment | 3,654 | 6.67% | 244 | - | (69) | 1,547 | 1,722 |
| 20 | 483-40 GP Furniture | 21,054 | 5.00% | 1,053 | - | (3,123) | 11,991 | 9,921 |
| 21 | 483-10 GP Computer Hardware | 32,009 | 20.00% | 6,402 | - | (3,708) | 11,955 | 14,649 |
| 22 | 483-20 GP Computer Software | 3,213 | 12.50% | 402 | - | (44) | 1,368 | 1,726 |
| 23 | 483-21 GP Computer Software | - | 20.00% | - | - | - | - | - |
| 24 | 483-22 GP Computer Software | - | 0.00% | - | - | - | - | - |
| 25 | 484-00 Vehicles | 2,208 | 12.50% | 276 | - | - | 715 | 991 |
| 26 | 484-00 Vehicles - Leased | 29,345 | 0.00% | 2,755 | - | (1,536) | 16,961 | 18,180 |
| 27 | 485-10 Heavy Work Equipment | 664 | 8.96% | 60 | - | - | (115) | (55) |
| 28 | 485-20 Heavy Mobile Equipment | 838 | 18.06% | 151 | - | - | 904 | 1,055 |
| 29 | 486-00 Small Tools & Equipment | 40,625 | 5.00% | 2,031 | - | (2,003) | 18,145 | 18,173 |
| 30 | 487-00 Equipment on Customer's Premises | 24 | 6.67% | 2 | - | - | 14 | 16 |
| 31 | - VRA Compressor Installation Costs | - | 0.00% | - | - | - | - | - |
| 32 | 488-00 Communications Equipment | - | 0.00% | - | - | - | - | - |
| 33 | - Telephone | 6,773 | 6.67% | 452 | - | (1,314) | 4,053 | 3,191 |
| 34 | - Radio | 5,842 | 6.67% | 390 | - | (214) | 3,001 | 3,177 |
| 35 | 489-00 Other General Equipment | - | 0.00% | - | - | - | - | - |
| 36 | TOTAL GENERAL | 281,004 | | 17,294 | - | (12,051) | 92,634 | 97,877 |
| 37 | | | | | | | | |
| 38 | **UNCLASSIFIED PLANT** | | | | | | | |
| 39 | 499-00 Plant Suspense | - | 0.00% | - | - | - | - | - |
| 40 | TOTAL UNCLASSIFIED | - | | - | - | - | - | - |
| 41 | | | | | | | | |
| 42 | TOTALS | $ 3,872,209 | | $ 126,109 | $ - | $ (25,057) | $ 1,105,422 | $ 1,206,474 |
| 43 | Less: Depreciation & Amortization transferred to Biomethane BVA | | | (300) | | | | |
| 44 | Less: Vehicle Depreciation Allocated To Capital Projects | | | (1,121) | | | | |
| 45 | | | | | | | | |
| 46 | **Net Depreciation Expense** | | | $ 124,688 | | | | |
| 47 | | - Appendix G2-FORECAST, Sch 36 | | | | | | |
| 48 | Cross Reference | | | - Appendix G2-FORECAST, Sch 21 | | | - Appendix G2-FORECAST, Sch 29 | |

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | Adjustment | 2013 PROJECTED Additions | 2013 PROJECTED Retirements | Balance 12/31/2013 | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **CIAC** | | | | | | |
| 2 | | | | | | | |
| 3 | Distribution Contributions | $ 145,014 | $ - | $ 6,451 | $ - | $ 151,465 | |
| 4 | | | | | | | |
| 5 | Transmission Contributions | 29,058 | - | 2,425 | - | 31,483 | |
| 6 | | | | | | | |
| 7 | Others | 714 | - | - | - | 714 | |
| 8 | | | | | | | |
| 9 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 10 | - Infrastructure/Custom | 10,759 | - | - | - | 10,759 | |
| 11 | | | | | | | |
| 12 | Biomethane | - | - | - | - | - | |
| 13 | | | | | | | |
| 14 | TOTAL Contributions | 185,545 | - | 8,876 | - | 194,421 | - Appendix G2-FORECAST, Sch 28 |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | **Amortization** | | | | | | |
| 19 | | | | | | | |
| 20 | Distribution Contributions | (42,313) | - | (4,283) | - | (46,596) | |
| 21 | | | | | | | |
| 22 | Transmission Contributions | (2,335) | - | (507) | - | (2,842) | |
| 23 | | | | | | | |
| 24 | Others | (97) | - | (97) | - | (194) | |
| 25 | | | | | | | |
| 26 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 27 | - Infrastructure/Custom | (6,398) | - | (1,332) | - | (7,730) | |
| 28 | | | | | | | |
| 29 | Biomethane | - | - | - | - | - | |
| 30 | | | | | | | |
| 31 | TOTAL CIAC Amortization | (51,143) | - | (6,219) | - | (57,362) | - Appendix G2-FORECAST, Sch 28 |
| 32 | | | | | | | |
| 33 | **NET CONTRIBUTIONS** | $ 134,402 | $ - | $ 2,657 | $ - | $ 137,059 | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | Total CIAC Amortization Expense per Line 31 | | | (6,219) | | | |
| 37 | Add: Depreciation Variance Adjustment | | | (280) | | | |
| 38 | **Net Amortization Expense** | | | $ (6,499) | | | - Appendix G2-FORECAST, Sch 20 |
| 39 | | | | | | | |
| 40 | | | | | | | |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2 FORECAST Schedule 44

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Balance 12/31/2013 | Adjustment | 2014 FORECAST Additions | Retirements | Balance 12/31/2014 | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | **CIAC** | | | | | | |
| 2 | | | | | | | |
| 3 | Distribution Contributions | $ 151,465 | $ - | $ 5,619 | $ - | $ 157,084 | |
| 4 | | | | | | | |
| 5 | Transmission Contributions | 31,483 | - | 203 | - | 31,686 | |
| 6 | | | | | | | |
| 7 | Others | 714 | - | - | - | 714 | |
| 8 | | | | | | | |
| 9 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 10 | - Infrastructure/Custom | 10,759 | - | - | (3,768) | 6,991 | |
| 11 | | | | | | | |
| 12 | Biomethane | - | - | - | - | - | |
| 13 | | | | | | | |
| 14 | TOTAL Contributions | 194,421 | - | 5,822 | (3,768) | 196,475 | - Appendix G2-FORECAST, Sch 29 |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | **Amortization** | | | | | | |
| 19 | | | | | | | |
| 20 | Distribution Contributions | (46,596) | - | (4,376) | - | (50,972) | |
| 21 | | | | | | | |
| 22 | Transmission Contributions | (2,842) | - | (528) | - | (3,370) | |
| 23 | | | | | | | |
| 24 | Others | (194) | - | (97) | - | (291) | |
| 25 | | | | | | | |
| 26 | Software Tax Savings - Non-Infrastructure | - | - | - | - | - | |
| 27 | - Infrastructure/Custom | (7,730) | - | (1,319) | 3,768 | (5,281) | |
| 28 | | | | | | | |
| 29 | Biomethane | - | - | - | - | - | |
| 30 | | | | | | | |
| 31 | TOTAL CIAC Amortization | (57,362) | - | (6,320) | 3,768 | (59,914) | - Appendix G2-FORECAST, Sch 29 |
| 32 | | | | | | | |
| 33 | **NET CONTRIBUTIONS** | $ 137,059 | $ - | $ (498) | $ - | $ 136,561 | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | Total CIAC Amortization Expense per Line 31 | | | (6,320) | | | |
| 37 | Less: Depreciation & Amortization transferred to Biomethane BVA | | | - | | | |
| 38 | **Net Amortization Expense** | | | $ (6,320) | | | - Appendix G2-FORECAST, Sch 21 |
| 39 | | | | | | | |
| 40 | | | | | | | |

Evidentiary Update July 16, 2013

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | Opening Bal. Transfer / Adjustment | Gross Additions | Less- Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2013 | Mid-Year Average 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Margin Related Deferral Accounts | | | | | | | | | | |
| 2 | Commodity Cost Reconciliation Account (CCRA) | $ (10,042) | $ - | $ 29,657 | $ (7,414) | $ 22,243 | $ - | $ - | $ - | $ 12,201 | $ 1,079 |
| 3 | Midstream Cost Reconciliation Account (MCRA) | (17,800) | - | 5,507 | (1,377) | 4,130 | - | 8,999 | (2,250) | (6,921) | (12,360) |
| 4 | Revenue Stabilization Adjustment Mechanism (RSAM) | (24,583) | - | (6,666) | 1,667 | (5,000) | - | 11,551 | (2,888) | (20,919) | (22,751) |
| 5 | Interest on CCRA / MCRA / RSAM / Gas Storage | (4,125) | - | (1,179) | 295 | (884) | (10) | 159 | (40) | (4,900) | (4,512) |
| 6 | Revelstoke Propane Cost Deferral Account | (348) | - | 269 | (67) | 202 | - | - | - | (146) | (247) |
| 7 | SCP Mitigation Revenues Variance Account | (4,154) | - | - | - | - | 2,926 | - | - | (1,228) | (2,691) |
| 8 | | | | | | | | | | | |
| 9 | Energy Policy Deferral Accounts | | | | | | | | | | |
| 10 | Energy Efficiency & Conservation (EEC) | 22,698 | - | 13,350 | (3,338) | 10,013 | (3,152) | - | - | 29,559 | 26,128 |
| 11 | NGV Conversion Grants | 37 | - | 15 | (4) | 11 | (28) | - | - | 21 | 29 |
| 12 | Biomethane Program Costs | 324 | - | 200 | (50) | 150 | (172) | - | - | 302 | 313 |
| 13 | On-Bill Financing Pilot Program | - | - | - | - | - | - | - | - | - | - |
| 14 | NGT Incentives | - | - | - | - | - | - | - | - | - | - |
| 15 | Fuelling Stations Variance Account | - | - | - | - | - | - | - | - | - | - |
| 16 | Rate Schedule 16 Cost & Recoveries | - | - | (70) | 18 | (53) | - | - | - | (53) | (26) |
| 17 | | | | | | | | | | | |
| 18 | Non-Controllable Items Deferral Accounts | | | | | | | | | | |
| 19 | Property Tax Deferral | (2,868) | - | (3,150) | 788 | (2,363) | 594 | - | - | (4,637) | (3,752) |
| 20 | Insurance Variance | 45 | - | 93 | (23) | 70 | - | - | - | 115 | 80 |
| 21 | Pension & OPEB Variance | 15,807 | - | 12,607 | - | 12,607 | (3,205) | - | - | 25,209 | 20,508 |
| 22 | BCUC Levies Variance | 449 | - | 923 | (231) | 692 | - | - | - | 1,141 | 795 |
| 23 | Interest Variance | (5,699) | - | (130) | 33 | (98) | 2,600 | - | - | (3,197) | (4,448) |
| 24 | Interest Variance - Funding benefits via Customer Deposits | 834 | - | 60 | (15) | 45 | (309) | - | - | 570 | 702 |
| 25 | Tax Variance Account | 597 | - | 1,274 | (133) | 1,141 | - | - | - | 1,738 | 1,168 |
| 26 | Customer Service Variance Account | (5,548) | - | (10,285) | 2,571 | (7,714) | - | - | - | (13,262) | (9,405) |
| 27 | Pension & OPEB Funding | (171,550) | - | (8,176) | - | (8,176) | - | - | - | (179,726) | (175,638) |
| 28 | US GAAP Pension & OPEB Funded Status | 139,153 | - | (14,471) | - | (14,471) | - | - | - | 124,682 | 131,918 |

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Balance 12/31/2012 | Opening Bal. Transfer / Adjustment | Gross Additions | Less- Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2013 | Mid-Year Average 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Application Costs Deferral Accounts | | | | | | | | | | |
| 2 | 2014-2018 PBR Requirements | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 3 | NGV for Transportation Application | 140 | - | - | - | - | (46) | - | - | 94 | 117 |
| 4 | Long Term Resource Plan Application | - | - | 178 | (45) | 134 | (90) | - | - | 43 | 22 |
| 5 | AES Inquiry Cost | 619 | - | 2 | (1) | 2 | (85) | - | - | 536 | 577 |
| 6 | Generic Cost of Capital Application | - | - | - | - | - | - | - | - | - | - |
| 7 | Amalgamation and Rate Design Application Costs | - | - | - | - | - | - | - | - | - | - |
| 8 | Rate Schedule 16 Application Cost | - | - | - | - | - | - | - | - | - | - |
| 9 | | | | | | | | | | | |
| 10 | Other Deferral Accounts | | | | | | | | | | |
| 11 | 2010-2011 Customer Service O&M and COS | 21,613 | - | - | - | - | (2,807) | - | - | 18,806 | 20,210 |
| 12 | Gas Asset Records Project | (60) | - | 970 | (243) | 728 | (567) | - | - | 100 | 20 |
| 13 | BC OneCall Project | (69) | - | 961 | (240) | 721 | (334) | - | - | 318 | 125 |
| 14 | Gains and Losses on Asset Disposition | 27,090 | - | 5,890 | - | 5,890 | (730) | - | - | 32,250 | 29,670 |
| 15 | Negative Salvage Provision/Cost | (5,965) | - | 14,201 | - | 14,201 | (16,933) | - | - | (8,697) | (7,331) |
| 16 | TESDA Overhead Allocation Variance | - | - | - | - | - | - | - | - | - | - |
| 17 | | | | | | | | | | | |
| 18 | Residual Deferred Accounts | | | | | | | | | | |
| 19 | Depreciation Variance | (1,281) | - | 341 | - | 341 | - | - | - | (940) | (1,111) |
| 20 | SCP Tax Reassessment | (32) | - | - | - | - | - | - | - | (32) | (32) |
| 21 | BFI Costs and Recoveries | 147 | - | - | - | - | - | - | - | 147 | 147 |
| 22 | CNG and LNG Recoveries | (11) | - | - | - | - | - | - | - | (11) | (11) |
| 23 | 2011 CNG and LNG Service Costs and Recoveries | (69) | - | - | - | - | 34 | - | - | (35) | (52) |
| 24 | Olympics Security Costs Deferral | 188 | - | - | - | - | (188) | - | - | - | 94 |
| 25 | IFRS Conversion Costs | 238 | - | - | - | - | (238) | - | - | - | 119 |
| 26 | 2009 ROE & Cost of Capital Application | 496 | - | - | - | - | (168) | - | - | 328 | 412 |
| 27 | 2012-2013 Revenue Requirement Application | 614 | - | - | - | - | (409) | - | - | 205 | 409 |
| 28 | CCE CPCN Application | 150 | - | - | - | - | (56) | - | - | 94 | 122 |
| 29 | Deferred Removal Costs | 2,223 | - | - | - | - | (2,354) | - | - | (131) | 1,046 |
| 30 | US GAAP Conversion Costs | (62) | - | - | - | - | (791) | - | - | (853) | (458) |
| 31 | US GAAP Transitional Costs | 477 | - | - | - | - | 948 | - | - | 1,425 | 951 |
| 32 | Earnings Sharing Mechanism | 84 | - | - | - | - | - | - | - | 84 | 84 |
| 33 | OH&M Recoveries from NGT | - | - | - | - | - | - | - | - | - | - |
| 34 | Tilbury Property Purchase (Subdividable Land) | - | - | - | - | - | - | - | - | - | - |
| 35 | Residual Delivery Rate Riders | - | - | - | - | - | - | - | - | - | - |
| 36 | | | | | | | | | | | |
| 37 | Total Deferred Charges for Rate Base | $ (20,243) | $ - | $ 42,371 | $ (7,809) | $ 34,563 | $ (25,569) | $ 20,709 | $ (5,177) | $ 4,281 | $ (7,981) |
| 38 | | | | | | | | | | | |
| 39 | Cross Reference | | | | | | - Appendix G2-FORECAST, Sch 20 | | | | - Appendix G2-FORECAST, Sch 28 |

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Forecast Balance 12/31/2013 | Opening Bal. Transfer / Adjustment | Gross Additions | Less- Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2014 | Mid-Year Average 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Margin Related Deferral Accounts | | | | | | | | | | |
| 2 | Commodity Cost Reconciliation Account (CCRA) | $ 12,201 | $ - | $ (16,268) | $ 4,067 | $ (12,201) | $ - | $ - | $ - | $ - | $ 6,100 |
| 3 | Midstream Cost Reconciliation Account (MCRA) | (6,921) | - | - | - | - | - | 4,613 | (1,153) | (3,461) | (5,191) |
| 4 | Revenue Stabilization Adjustment Mechanism (RSAM) | (20,919) | - | - | - | - | - | 13,946 | (3,487) | (10,460) | (15,690) |
| 5 | Interest on CCRA / MCRA / RSAM / Gas Storage | (4,900) | - | 1,571 | (393) | 1,178 | 388 | 210 | (53) | (3,178) | (4,039) |
| 6 | Revelstoke Propane Cost Deferral Account | (146) | - | 195 | (49) | 146 | - | - | - | - | (73) |
| 7 | SCP Mitigation Revenues Variance Account | (1,228) | - | - | - | - | 791 | - | - | (437) | (833) |
| 8 | | | | | | | | | | | |
| 9 | Energy Policy Deferral Accounts | | | | | | | | | | |
| 10 | Energy Efficiency & Conservation (EEC) | 29,559 | 7,115 | 13,350 | (3,338) | 10,013 | (3,801) | - | - | 42,885 | 39,779 |
| 11 | NGV Conversion Grants | 21 | - | 15 | (4) | 11 | (13) | - | - | 19 | 20 |
| 12 | Biomethane Program Costs | 302 | - | - | - | - | (302) | - | - | (0) | 151 |
| 13 | On-Bill Financing Pilot Program | - | - | - | - | - | - | - | - | - | - |
| 14 | NGT Incentives | - | 16,303 | 10,528 | (2,632) | 7,896 | (2,420) | - | - | 21,779 | 19,041 |
| 15 | Fuelling Stations Variance Account | - | 246 | 68 | (17) | 51 | (82) | - | - | 215 | 230 |
| 16 | Rate Schedule 16 Cost & Recoveries | (53) | - | - | - | - | 53 | - | - | - | (26) |
| 17 | | | | | | | | | | | |
| 18 | Non-Controllable Items Deferral Accounts | | | | | | | | | | |
| 19 | Property Tax Deferral | (4,637) | - | - | - | - | 1,941 | - | - | (2,695) | (3,666) |
| 20 | Insurance Variance | 115 | - | - | - | - | (115) | - | - | - | 57 |
| 21 | Pension & OPEB Variance | 25,209 | - | - | - | - | (5,039) | - | - | 20,170 | 22,690 |
| 22 | BCUC Levies Variance | 1,141 | - | - | - | - | (1,141) | - | - | - | 571 |
| 23 | Interest Variance | (3,197) | - | - | - | - | 2,680 | - | - | (516) | (1,857) |
| 24 | Interest Variance - Funding benefits via Customer Deposits | 570 | - | - | - | - | (278) | - | - | 293 | 431 |
| 25 | Tax Variance Account | 1,738 | - | - | - | - | (1,738) | - | - | 0 | 869 |
| 26 | Customer Service Variance Account | (13,262) | - | - | - | - | 2,652 | - | - | (10,609) | (11,936) |
| 27 | Pension & OPEB Funding | (179,726) | - | 9,636 | - | 9,636 | - | - | - | (170,090) | (174,908) |
| 28 | US GAAP Pension & OPEB Funded Status | 124,682 | - | (9,300) | - | (9,300) | - | - | - | 115,382 | 120,032 |

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION (Continued)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Forecast Balance 12/31/2013 | Opening Bal. Transfer / Adjustment | Gross Additions | Less-Taxes | Net Additions | Amortization Expense | Recoveries Rider | Recoveries Tax on Rider | Balance 12/31/2014 | Mid-Year Average 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Application Costs Deferral Accounts | | | | | | | | | | |
| 2 | 2014-2018 PBR Requirements | $ - | $ 675 | $ 100 | $ (25) | $ 75 | $ (150) | $ - | $ - | $ 600 | $ 638 |
| 3 | NGV for Transportation Application | 94 | - | - | - | - | (94) | - | - | - | 47 |
| 4 | Long Term Resource Plan Application | 43 | - | 36 | (9) | 27 | (57) | - | - | 13 | 28 |
| 5 | AES Inquiry Cost | 536 | - | - | - | - | (135) | - | - | 400 | 468 |
| 6 | Generic Cost of Capital Application | - | 1,354 | - | - | - | (677) | - | - | 677 | 1,016 |
| 7 | Amalgamation and Rate Design Application Costs | - | 1,535 | - | - | - | (512) | - | - | 1,023 | 1,279 |
| 8 | Rate Schedule 16 Application Cost | - | 77 | - | - | - | (77) | - | - | - | 38 |
| 9 | | | | | | | | | | | |
| 10 | Other Deferral Accounts | | | | | | | | | | |
| 11 | 2010-2011 Customer Service O&M and COS | 18,806 | - | - | - | - | (2,877) | - | - | 15,930 | 17,368 |
| 12 | Gas Asset Records Project | 100 | - | 1,113 | (278) | 834 | (187) | - | - | 748 | 424 |
| 13 | BC OneCall Project | 318 | - | 579 | (145) | 434 | (164) | - | - | 588 | 453 |
| 14 | Gains and Losses on Asset Disposition | 32,250 | - | 5,981 | - | 5,981 | (1,682) | - | - | 36,549 | 34,399 |
| 15 | Negative Salvage Provision/Cost | (8,697) | - | 13,327 | - | 13,327 | (17,252) | - | - | (12,621) | (10,659) |
| 16 | TESDA Overhead Allocation Variance | - | - | - | - | - | - | - | - | - | - |
| 17 | | | | | | | | | | | |
| 18 | Residual Deferred Accounts | | | | | | | | | | |
| 19 | Depreciation Variance | (940) | - | - | - | - | 940 | - | - | - | (470) |
| 20 | SCP Tax Reassessment | (32) | - | - | - | - | 32 | - | - | - | (16) |
| 21 | BFI Costs and Recoveries | 147 | (147) | - | - | - | - | - | - | - | - |
| 22 | CNG and LNG Recoveries | (11) | - | - | - | - | 11 | - | - | - | (6) |
| 23 | 2011 CNG and LNG Service Costs and Recoveries | (35) | - | - | - | - | 35 | - | - | - | (17) |
| 24 | Olympics Security Costs Deferral | - | - | - | - | - | - | - | - | - | - |
| 25 | IFRS Conversion Costs | - | - | - | - | - | - | - | - | - | - |
| 26 | 2009 ROE & Cost of Capital Application | 328 | - | - | - | - | (328) | - | - | - | 164 |
| 27 | 2012-2013 Revenue Requirement Application | 205 | - | - | - | - | (205) | - | - | 0 | 102 |
| 28 | CCE CPCN Application | 94 | - | - | - | - | (94) | - | - | - | 47 |
| 29 | Deferred Removal Costs | (131) | - | - | - | - | 131 | - | - | - | (66) |
| 30 | US GAAP Conversion Costs | (853) | - | - | - | - | 853 | - | - | - | (427) |
| 31 | US GAAP Transitional Costs | 1,425 | - | - | - | - | (1,425) | - | - | - | 713 |
| 32 | Earnings Sharing Mechanism | 84 | (84) | - | - | - | - | - | - | - | - |
| 33 | OH&M Recoveries from NGT | - | (163) | - | - | - | 163 | - | - | - | (81) |
| 34 | Tilbury Property Purchase (Subdividable Land) | - | (164) | - | - | - | 164 | - | - | - | (82) |
| 35 | Residual Delivery Rate Riders | - | (38) | - | - | - | 38 | - | - | - | (19) |
| 36 | | | | | | | | | | | |
| 37 | Total Deferred Charges for Rate Base | $ 4,281 | $ 26,708 | $ 30,930 | $ (2,822) | $ 28,108 | $ (29,970) | $ 18,769 | $ (4,693) | $ 43,204 | $ 37,097 |
| 38 | | | | | | | | | | | |
| 39 | Cross Reference | | | | | | - Appendix G2-FORECAST, Sch 21 | | | | - Appendix G2-FORECAST, Sch 29 |

NEGATIVE SALVAGE CONTINUITY
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Account | Mid-year GPIS for Depreciation | Annual Salvage Rate % | 2013 DEPRECIATION Provision (Cr.) | Adjust-ments | Removal Costs | Proceeds on Disposal | Ending 12/31/2012 | Ending 12/31/2013 |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | |
| 2 | 442-00 Structures & Improvements (Tilbury) | $ 4,960 | 0.36% | $ 18 | $ - | $ - | $ - | $ 18 | $ 36 |
| 3 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 0.40% | 66 | - | - | - | 66 | 132 |
| 4 | 449-00 Local Storage Equipment (Tilbury) | 26,082 | 0.37% | 99 | - | - | - | 94 | 193 |
| 5 | TOTAL MANUFACTURED | 47,541 | | 183 | - | - | - | 178 | 361 |
| 6 | | | | | | | | | |
| 7 | **TRANSMISSION PLANT** | | | | | | | | |
| 8 | 462-00 Compressor Structures | 16,299 | 0.18% | 27 | - | - | - | 27 | 54 |
| 9 | 463-00 Measuring Structures | 5,501 | 0.18% | 10 | - | - | - | 2 | 12 |
| 10 | 464-00 Other Structures & Improvements | 6,042 | 0.14% | 8 | - | - | - | 8 | 16 |
| 11 | 465-00 Mains | 812,797 | 0.14% | 1,175 | - | (1,960) | - | 968 | 183 |
| 12 | 466-00 Compressor Equipment | 112,858 | 0.28% | 333 | - | - | - | 314 | 647 |
| 13 | 467-00 Measuring & Regulating Equipment | 30,184 | 0.18% | 51 | - | - | - | 18 | 69 |
| 14 | 468-00 Communication Structures & Equipment | 346 | 0.96% | 3 | - | - | - | 3 | 6 |
| 15 | TOTAL TRANSMISSION | 984,026 | | 1,607 | - | (1,960) | - | 1,340 | 987 |
| 16 | | | | | | | | | |
| 17 | **DISTRIBUTION PLANT** | | | | | | | | |
| 18 | 472-00 Structures & Improvements | 18,209 | 0.16% | 27 | - | - | - | 27 | 54 |
| 19 | 473-00 Services | 772,401 | 1.24% | 8,982 | - | (8,754) | - | (2,044) | (1,816) |
| 20 | 473-00 Services - LILO | - | 0.00% | - | - | - | - | - | - |
| 21 | 474-00 House Regulators & Meter Installations | 174,801 | 0.75% | 1,188 | - | (2,659) | - | 4,039 | 2,568 |
| 22 | 477-00 Meters/Regulators Installations | 28,546 | 0.75% | 173 | - | - | - | 57 | 230 |
| 23 | 475-00 Mains | 961,958 | 0.33% | 3,107 | - | (828) | - | 1,798 | 4,077 |
| 24 | 475-00 Mains - LILO | - | 0.00% | - | - | - | - | - | - |
| 25 | 476-00 Compressor Equipment | 827 | 11.43% | 165 | - | - | - | 165 | 330 |
| 26 | 477-00 Measuring & Regulating Equipment | 92,370 | 0.52% | 468 | - | - | - | 389 | 857 |
| 27 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | - | - | - |
| 28 | 478-10 Meters | 210,465 | 0.50% | 1,031 | - | - | - | 14 | 1,045 |
| 29 | TOTAL DISTRIBUTION | 2,259,738 | | 15,141 | - | (12,241) | - | 4,445 | 7,345 |
| 30 | | | | | | | | | |
| 31 | **BIO GAS** | | | | | | | | |
| 32 | 475-20 Bio Gas Mains – Private Land | 189 | 0.33% | 1 | - | - | - | - | 1 |
| 33 | 478-30 Bio Gas Meters | 227 | 0.50% | - | - | - | - | - | - |
| 34 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | - | - | - |
| 35 | TOTAL BIO-GAS | 438 | | 2 | - | - | - | 1 | 3 |
| 36 | | | | | | | | | |
| 37 | TOTALS | $ 3,291,742 | | $ 16,933 | $ - | $ (14,201) | $ - | $ 5,964 | $ 8,696 |
| 38 | | | | | | | | | |
| 39 | Cross Reference | - Appendix G2-FORECAST, Sch 33 | | | | | | | |

NEGATIVE SALVAGE CONTINUITY
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Account | GPIS for Depreciation | Annual Salvage Rate % | 2014 DEPRECIATION Provision (Cr.) | Open Bal Transfers | Removal Costs | Proceeds on Disposal | Ending 12/31/2013 | Ending 12/31/2014 |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | **MANUFACTURED GAS / LOCAL STORAGE** | | | | | | | | |
| 2 | 442-00 Structures & Improvements (Tilbury) | $ 4,960 | 0.36% | $ 18 | $ - | $ - | $ - | $ 36 | $ 54 |
| 3 | 443-00 Gas Holders - Storage (Tilbury) | 16,499 | 0.40% | 66 | - | - | - | 132 | 198 |
| 4 | 449-00 Local Storage Equipment (Tilbury) | 27,149 | 0.37% | 100 | - | - | - | 193 | 293 |
| 5 | TOTAL MANUFACTURED | 48,608 | | 184 | - | - | - | 361 | 545 |
| 6 | | | | | | | | | |
| 7 | **TRANSMISSION PLANT** | | | | | | | | |
| 8 | 462-00 Compressor Structures | 16,299 | 0.18% | 29 | - | - | - | 54 | 83 |
| 9 | 463-00 Measuring Structures | 5,490 | 0.18% | 10 | - | - | - | 12 | 22 |
| 10 | 464-00 Other Structures & Improvements | 6,061 | 0.14% | 8 | - | - | - | 16 | 24 |
| 11 | 465-00 Mains | 826,081 | 0.14% | 1,157 | - | - | - | 183 | 1,340 |
| 12 | 466-00 Compressor Equipment | 113,905 | 0.28% | 319 | - | - | - | 647 | 966 |
| 13 | 467-00 Measuring & Regulating Equipment | 30,118 | 0.18% | 54 | - | - | - | 69 | 123 |
| 14 | 468-00 Communication Structures & Equipment | 346 | 0.96% | 3 | - | - | - | 6 | 9 |
| 15 | TOTAL TRANSMISSION | 998,300 | | 1,580 | - | - | - | 987 | 2,567 |
| 16 | | | | | | | | | |
| 17 | **DISTRIBUTION PLANT** | | | | | | | | |
| 18 | 472-00 Structures & Improvements | 18,198 | 0.16% | 29 | - | - | - | 54 | 83 |
| 19 | 473-00 Services | 786,456 | 1.24% | 9,254 | - | (9,532) | - | (1,816) | (2,094) |
| 20 | 473-00 Services - LILO | - | 0.00% | - | - | - | - | - | - |
| 21 | 474-00 House Regulators & Meter Installations | 174,659 | 0.75% | 1,189 | - | (2,894) | - | 2,568 | 863 |
| 22 | 477-00 Meters/Regulators Installations | 38,220 | 0.75% | 287 | - | - | - | 230 | 517 |
| 23 | 475-00 Mains | 976,643 | 0.33% | 3,111 | - | (901) | - | 4,077 | 6,287 |
| 24 | 475-00 Mains - LILO | - | 0.00% | - | - | - | - | - | - |
| 25 | 476-00 Compressor Equipment | 827 | 11.43% | 95 | - | - | - | 330 | 425 |
| 26 | 477-00 Measuring & Regulating Equipment | 96,145 | 0.52% | 500 | - | - | - | 857 | 1,357 |
| 27 | 477-10 Measuring & Regulating Equipment - Byron Creek | 163 | 0.00% | - | - | - | - | - | - |
| 28 | 478-10 Meters | 213,913 | 0.50% | 1,019 | - | - | - | 1,045 | 2,064 |
| 29 | TOTAL DISTRIBUTION | 2,305,224 | | 15,484 | - | (13,327) | - | 7,345 | 9,502 |
| 30 | | | | | | | | | |
| 31 | **BIO GAS** | | | | | | | | |
| 32 | 475-20 Bio Gas Mains – Private Land | 337 | 0.33% | 1 | - | - | - | 1 | 2 |
| 33 | 478-30 Bio Gas Meters | 447 | 0.50% | 2 | - | - | - | - | 2 |
| 34 | 474-10 Bio Gas Reg & Meter Installations | 22 | 0.00% | - | - | - | - | - | - |
| 35 | TOTAL BIO-GAS | 806 | | 3 | - | - | - | 3 | 6 |
| 36 | | | | | | | | | |
| 37 | TOTALS | $ 3,352,938 | | $ 17,251 | $ - | $ (13,327) | $ - | $ 8,696 | $ 12,620 |
| 38 | | | | | | | | | |
| 39 | Cross Reference | - Appendix G2-FORECAST, Sch 36 | | | | | | | |

FORTISBC ENERGY INC. | Evidentiary Update - July 16, 2013 | Appendix G2 FORECAST Schedule 51

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED Existing 2013 Rates | 2013 Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) (Column (5) - Column (3)) | (7) |
| 1 | **Cash Working Capital** | | | | | | |
| 2 | Cash Required for | | | | | | |
| 3 | Operating Expenses | $ 9,202 | $ 7,458 | $ 8,529 | $ 8,529 | $ 1,071 | - Appendix G2-FORECAST, Sch 53 |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | Less - Funds Available: | | | | | | |
| 7 | | | | | | | |
| 8 | Reserve for Bad Debts | (6,282) | (4,588) | (5,760) | (5,760) | (1,172) | |
| 9 | | | | | | | |
| 10 | Withholdings From Employees | (4,819) | (5,163) | (4,359) | (4,359) | 804 | |
| 11 | | | | | | | |
| 12 | Subtotal | (1,899) | (2,293) | (1,590) | (1,590) | 703 | - Appendix G2-FORECAST, Sch 28 |
| 13 | | | | | | | |
| 14 | **Other Working Capital Items** | | | | | | |
| 15 | Construction Advances | (439) | (620) | - | - | 620 | |
| 16 | Transmission Line Pack Gas | 3,924 | 3,566 | 2,846 | 2,846 | (720) | |
| 17 | Gas in Storage | 97,294 | 97,242 | 78,766 | 78,766 | (18,476) | |
| 18 | Inventory - Materials & Supplies | 637 | 1,434 | 1,509 | 1,509 | 75 | |
| 19 | | | | | | | |
| 20 | Subtotal | 101,416 | 101,622 | 83,121 | 83,121 | (18,501) | - Appendix G2-FORECAST, Sch 28 |
| 21 | | | | | | | |
| 22 | Total | $ 99,517 | $ 99,329 | $ 81,531 | $ 81,531 | $ (17,798) | |

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | 2013 PROJECTED | 2014 FORECAST Existing 2013 Rates | 2014 FORECAST 2013 Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | **Cash Working Capital** | | | | | |
| 2 | Cash Required for | | | | | |
| 3 | Operating Expenses | $ 8,529 | $ 9,355 | $ 9,648 | $ 1,119 | - Appendix G2-FORECAST, Sch 53 |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | Less - Funds Available: | | | | | |
| 7 | | | | | | |
| 8 | Reserve for Bad Debts | (5,760) | (5,459) | (5,459) | 301 | |
| 9 | | | | | | |
| 10 | Withholdings From Employees | (4,359) | (4,489) | (4,489) | (130) | |
| 11 | | | | | | |
| 12 | Subtotal | (1,590) | (593) | (300) | 1,290 | - Appendix G2-FORECAST, Sch 29 |
| 13 | | | | | | |
| 14 | **Other Working Capital Items** | | | | | |
| 15 | Construction Advances | - | - | - | - | |
| 16 | Transmission Line Pack Gas | 2,846 | 2,662 | 2,662 | (184) | |
| 17 | Gas in Storage | 78,766 | 74,841 | 74,841 | (3,925) | |
| 18 | Inventory - Materials & Supplies | 1,509 | 1,536 | 1,536 | 27 | |
| 19 | | | | | | |
| 20 | Subtotal | 83,121 | 79,039 | 79,039 | (4,082) | - Appendix G2-FORECAST, Sch 29 |
| 21 | | | | | | |
| 22 | Total | $ 81,531 | $ 78,446 | $ 78,739 | $ (2,792) | |

FORTISBC ENERGY INC.

Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 53

CASH WORKING CAPITAL
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| Line No. | Particulars | 2013 Days | 2013 Expenses | 2013 Cash Working Capital | 2014 Days | 2014 Expenses | 2014 Cash Working Capital | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **CASH WORKING CAPITAL** | | | | | | | |
| 2 | | | | | | | | |
| 3 | Revenue Lag Days | 39.0 | | | 39.0 | | | - Appendix G2-FORECAST, Sch 54 |
| 4 | Expense Lead Days | 35.8 | | | 35.5 | | | - Appendix G2-FORECAST, Sch 55 |
| 5 | | | | | | | | |
| 6 | Net Lead/(Lag) Days | 3.2 | $ 972,803 | $ 8,529 | 3.5 | $ 975,592 | $ 9,355 | - Appendix G2-FORECAST, Sch 51 |
| 7 | | | | | | | | - Appendix G2-FORECAST, Sch 52 |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | **CASH WORKING CAPITAL, REVISED RATES** | | | | | | | |
| 11 | | | | | | | | |
| 12 | Revenue Lag Days | 39.0 | | | 39.0 | | | - Appendix G2-FORECAST, Sch 54 |
| 13 | Expense Lead Days | 35.8 | | | 35.4 | | | - Appendix G2-FORECAST, Sch 55 |
| 14 | | | | | | | | |
| 15 | Net Lead/(Lag) Days | 3.2 | $ 972,803 | $ 8,529 | 3.6 | $ 978,224 | $ 9,648 | - Appendix G2-FORECAST, Sch 51 |
| 16 | | | | | | | | - Appendix G2-FORECAST, Sch 52 |
| 17 | | | | | | | | |
| 18 | | | | | | | | |
| 19 | **CASH WORKING CAPITAL CHANGE** | | | $ - | | | $ 293 | |
| 20 | | | | | | | | |
| 21 | | | | | | | | |
| 22 | | | | | | | | |
| 23 | Cash working capital = Col. 2 x Col. 3 / 365 days | | | | | | | |

CASH WORKING CAPITAL
LAG TIME FROM DATE OF PAYMENT TO RECEIPT OF CASH
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| Line No. | Particulars | 2013 Revenue At 2013 Rates | 2013 Lag Days Service to Collection | 2013 Dollar Days | 2014 Revenue At 2013 Rates | 2014 Lag Days Service to Collection | 2014 Dollar Days | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **REVENUE** | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Service Revenue | | | | | | | |
| 4 | Residential and Commercial | $ 1,000,861 | 38.3 | $ 38,376,423 | $ 991,092 | 38.3 | $ 38,002,583 | - Appendix G2-FORECAST, Sch 10 |
| 5 | Industrials & Others: Rates 4, 5, 7, 23, 25 and 27 | 75,123 | 45.1 | 3,386,837 | 76,908 | 45.1 | 3,467,510 | |
| 6 | NGV Fuel - Stations | 461 | 41.7 | 19,233 | 461 | 41.7 | 19,233 | |
| 7 | | | | | | | | |
| 8 | Rates 16, 22, Burrard, FEVI (Oth Rev), SCP (Oth Rev) | 57,299 | 42.8 | 2,453,599 | 55,448 | 42.7 | 2,368,079 | |
| 9 | | | | | | | | |
| 10 | Total Gas Sales | 1,133,745 | 39.0 | 44,236,092 | 1,123,909 | 39.0 | 43,857,405 | |
| 11 | Other Revenues | | | | | | | |
| 12 | Late Payment Charges | 2,109 | 38.3 | 80,767 | 2,089 | 38.3 | 79,993 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 13 | Returned Cheque Charges | 79 | 38.5 | 3,041 | 79 | 38.5 | 3,041 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 14 | Connection Charges | 2,622 | 38.3 | 100,411 | 2,636 | 38.3 | 100,970 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 15 | Other Utility Income | 132 | 35.4 | 4,670 | 342 | 41.1 | 14,049 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 16 | | | | | | | | |
| 17 | | | | | | | | |
| 18 | Total Revenue | $ 1,138,687 | 39.0 | $ 44,424,981 | $ 1,129,055 | 39.0 | $ 44,055,458 | |
| 19 | | | | | | | | |
| 20 | | | | | | | | |
| 21 | **REVENUE, REVISED RATES** | | | | | | | |
| 22 | | | | | | | | |
| 23 | Gas Sales and Transportation Service Revenue | | | | | | | |
| 24 | Residential and Commercial | $ 1,000,861 | 38.3 | $ 38,376,423 | $ 999,385 | 38.3 | $ 38,320,610 | - Appendix G2-FORECAST, Sch 10 |
| 25 | Industrials & Others: Rates 4, 5, 7, 23, 25 and 27 | 75,123 | 45.1 | 3,386,837 | 77,996 | 45.1 | 3,516,644 | |
| 26 | NGV Fuel - Stations | 461 | 41.7 | 19,233 | 465 | 41.7 | 19,399 | |
| 27 | | | | | | | | |
| 28 | Rates 16, 22, Burrard, FEVI (Oth Rev), SCP (Oth Rev) | 57,299 | 42.8 | 2,453,599 | 55,857 | 42.7 | 2,386,432 | |
| 29 | | | | | | | | |
| 30 | Total Gas Sales | 1,133,745 | 39.0 | 44,236,092 | 1,133,703 | 39.0 | 44,243,085 | |
| 31 | Other Revenues | | | | | | | |
| 32 | Late Payment Charges | 2,109 | 38.3 | 80,767 | 2,089 | 38.3 | 79,993 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 33 | Returned Cheque Charges | 79 | 38.5 | 3,041 | 79 | 38.5 | 3,041 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 34 | Connection Charges | 2,622 | 38.3 | 100,411 | 2,636 | 38.3 | 100,970 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 35 | Other Utility Income | 132 | 35.4 | 4,670 | 342 | 41.1 | 14,049 | - Appendix G2-FORECAST, Sch 12 - 13 |
| 36 | | | | | | | | |
| 37 | | | | | | | | |
| 38 | Total Revenue | $ 1,138,687 | 39.0 | $ 44,424,981 | $ 1,138,849 | 39.0 | $ 44,441,138 | |

CASH WORKING CAPITAL
LEAD TIME IN PAYMENT OF EXPENSES
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| | | | 2013 | | | 2014 | | |
|---|---|---|---|---|---|---|---|---|
| Line No. | Particulars | | Amount | Lead Days Expense to Payment | Dollar Days | Amount | Lead Days Expense to Payment | Dollar Days | Cross Reference |
| | (1) | | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | **EXPENSES** | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | Operating And Maintenance | | | | | | | | - Appendix G2-FORECAST, Sch 3 |
| 4 | Expenses | | $ 198,578 | 25.5 | $ 5,063,739 | $ 206,343 | 25.5 | $ 5,261,747 | - Appendix G2-FORECAST, Sch 4 |
| 5 | Gas Purchases (excl Royalty Credits) | | 505,954 | 40.2 | 20,339,351 | 495,810 | 40.2 | 19,931,562 | |
| 6 | | | | | | | | | |
| 7 | Taxes Other Than Income | | | | | | | | - Appendix G2-FORECAST, Sch 18 |
| 8 | Property Taxes | | 48,089 | 2.0 | 96,178 | 48,797 | 2.0 | 97,594 | - Appendix G2-FORECAST, Sch 19 |
| 9 | Franchise Fees | | 8,048 | 420.3 | 3,382,574 | 7,927 | 420.3 | 3,331,718 | |
| 10 | Carbon Tax | | 169,869 | 29.1 | 4,943,177 | 169,837 | 29.1 | 4,942,263 | |
| 11 | HST - Net | * | 6,565 | 38.8 | 254,735 | | | - | |
| 12 | PST Component of HST (REC) | * | (2,326) | 33.8 | (78,624) | | | - | |
| 13 | GST - Net | ** | 7,266 | 38.8 | 281,926 | 9,605 | 38.8 | 372,689 | |
| 14 | PST - Net | ** | 3,252 | 37.1 | 120,641 | 4,067 | 37.1 | 150,869 | |
| 15 | Income Tax | | 27,508 | 15.2 | 418,122 | 33,205 | 15.2 | 504,716 | - Appendix G2-FORECAST, Sch 22 |
| 16 | | | | | | | | | - Appendix G2-FORECAST, Sch 23 |
| 17 | Total Expenses | | $ 972,803 | 35.8 | $ 34,821,819 | $ 975,591 | 35.5 | $ 34,593,158 | |
| 18 | | | | | | | | | |
| 19 | | | | | | | | | |
| 20 | **EXPENSES, REVISED RATES** | | | | | | | | |
| 21 | | | | | | | | | |
| 22 | Operating And Maintenance | | | | | | | | - Appendix G2-FORECAST, Sch 3 |
| 23 | Expenses | | $ 198,578 | 25.5 | $ 5,063,739 | $ 206,343 | 25.5 | $ 5,261,747 | - Appendix G2-FORECAST, Sch 4 |
| 24 | Gas Purchases (excl Royalty Credits) | | 505,954 | 40.2 | 20,339,351 | 495,810 | 40.2 | 19,931,562 | |
| 25 | | | | | | | | | |
| 26 | Taxes Other Than Income | | | | | | | | - Appendix G2-FORECAST, Sch 18 |
| 27 | Property Taxes | | 48,089 | 2.0 | 96,178 | 48,797 | 2.0 | 97,594 | - Appendix G2-FORECAST, Sch 19 |
| 28 | Franchise Fees | | 8,048 | 420.3 | 3,382,574 | 7,999 | 420.3 | 3,361,980 | |
| 29 | Carbon Tax | | 169,869 | 29.1 | 4,943,177 | 169,837 | 29.1 | 4,942,263 | |
| 30 | HST - Net | * | 6,565 | 38.8 | 254,735 | | | - | |
| 31 | PST Component of HST (REC) | * | (2,326) | 33.8 | (78,624) | | | - | |
| 31 | GST - Net | ** | 7,266 | 38.8 | 281,926 | 9,689 | 38.8 | 375,928 | |
| 32 | PST - Net | ** | 3,252 | 37.1 | 120,641 | 4,096 | 37.1 | 151,973 | |
| 33 | Income Tax | | 27,508 | 15.2 | 418,122 | 35,653 | 15.2 | 541,926 | - Appendix G2-FORECAST, Sch 22 |
| 34 | | | | | | | | | - Appendix G2-FORECAST, Sch 23 |
| 35 | Total Expenses | | $ 972,803 | 35.8 | $ 34,821,819 | $ 978,224 | 35.4 | $ 34,664,973 | |
| 36 | | | | | | | | | |

37 * January to March 2013 is computed at 25% of 2013 Approved cash outflows.
38 ** April to December 2013 is computed at 75% of 2013 Projected cash outflows.

DEFERRED INCOME TAX LIABILITY / ASSET
FOR THE YEARS ENDING DECEMBER 31, 2013 TO 2014
($000s)

| Line No. | Particulars | 2012 ACTUAL | 2013 APPROVED | 2013 PROJECTED | 2014 FORECAST | Cross Reference |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | Total DIT Liability- After Tax | (210,925) | (215,501) | (216,512) | (216,224) | |
| 2 | | | | | | |
| 3 | Tax Gross Up | (70,308) | (71,834) | (72,171) | (72,075) | |
| 4 | | | | | | |
| 5 | DIT Liability/Asset - End of Year | (281,233) | (287,335) | (288,683) | (288,298) | |
| 6 | | | | | | |
| 7 | DIT Liability/Asset - Opening Balance | (282,624) | (277,382) | (281,233) | (288,683) | |
| 8 | | | | | | |
| 9 | DIT Liability/Asset - Mid Year | (281,929) | (282,359) | (284,958) | (288,491) | |
| 10 | | | | | | |
| 11 | Cross Reference | | | - Appendix G2-FORECAST, Sch 28 | | |
| 12 | | | | | - Appendix G2-FORECAST, Sch 29 | |
| 13 | | | | | | |
| 14 | Note: * Excludes Land, Software CIAC, and WIP. | | | | | |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2013
($000s)

| Line No. | Particulars | Capitalization Amount | | % | Average Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,576,778 | 58.35% | 6.87% | 4.01% | $ 108,279 | - Appendix G2-FORECAST, Sch 59 |
| 3 | Unfunded Debt | | 85,180 | 3.15% | 3.50% | 0.11% | 2,981 | |
| 4 | Common Equity | | 1,040,412 | 38.50% | 9.09% | 3.50% | 94,572 | |
| 5 | | | | | | | | |
| 6 | | | $ 2,702,370 | 100.00% | | 7.62% | $ 205,832 | - Appendix G2-FORECAST, Sch 28 |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | 2013 REVISED RATES - PROJECTED | | | | | | | |
| 11 | Long-Term Debt | | $ 1,576,778 | 58.35% | 6.87% | 4.01% | $ 108,279 | - Appendix G2-FORECAST, Sch 59 |
| 12 | Unfunded Debt | $ 85,180 | | | | | | |
| 13 | Adjustment, Revised Rates | - | 85,180 | 3.15% | 3.50% | 0.11% | 2,981 | |
| 14 | Common Equity | | 1,040,412 | 38.50% | 9.09% | 3.50% | 94,572 | |
| 15 | | | | | | | | - Appendix G2-FORECAST, Sch 3 |
| 16 | | | $ 2,702,370 | 100.00% | | 7.62% | $ 205,832 | - Appendix G2-FORECAST, Sch 28 |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013

Appendix G2
FORECAST
Schedule 58

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | -------- Capitalization -------- | Amount | % | Average Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2014 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,569,054 | 56.21% | 6.84% | 3.84% | $ 107,269 | - Appendix G2-FORECAST, Sch 60 |
| 3 | Unfunded Debt | | 147,760 | 5.29% | 1.75% | 0.09% | 2,586 | |
| 4 | Common Equity | | 1,074,753 | 38.50% | 8.07% | 3.11% | 86,707 | |
| 5 | | | | | | | | |
| 6 | | | $ 2,791,567 | 100.00% | | 7.04% | $ 196,563 | - Appendix G2-FORECAST, Sch 29 |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | 2014 REVISED RATES | | | | | | | |
| 11 | Long-Term Debt | | $ 1,569,054 | 56.20% | 6.84% | 3.84% | $ 107,269 | - Appendix G2-FORECAST, Sch 60 |
| 12 | Unfunded Debt | $ 147,760 | | | | | | |
| 13 | Adjustment, Revised Rates | 180 | 147,940 | 5.30% | 1.75% | 0.09% | 2,589 | |
| 14 | Common Equity | | 1,074,866 | 38.50% | 8.75% | 3.37% | 94,051 | |
| 15 | | | | | | | | - Appendix G2-FORECAST, Sch 4 |
| 16 | | | $ 2,791,860 | 100.00% | | 7.30% | $ 203,909 | - Appendix G2-FORECAST, Sch 29 |

Evidentiary Update July 16, 2013

FORTISBC ENERGY INC. G-44-12 (May 1, 2012) Appendix G2

FORECAST

Schedule 59

EMBEDDED COST OF LONG-TERM DEBT (per BCUC Approved RRA)

FOR THE YEAR ENDING DECEMBER 31, 2013 *** APPROVED ***

($000s)

| Line No. | Particulars | Issue Date | Maturity Date | Coupon Rate | Principal Amount of Issue | Issue Expense | Net Proceeds of Issue | Effective Interest Cost | Average Principal Outstanding | Annual Cost |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | Series A Purchase Money Mortgage | 3-Dec-1990 | 30-Sep-2015 | 11.800% | $ 58,943 | $ 855 | $ 74,100 * | 12.054% | $ 74,955 | $ 9,035 |
| 2 | Series B Purchase Money Mortgage | 30-Nov-1991 | 30-Nov-2016 | 10.300% | 157,274 | 2,228 | 155,882 ** | 10.461% | 158,110 | 16,540 |
| 3 | | | | | | | | | | |
| 4 | Medium Term Note - Series 11 | 21-Sep-1999 | 21-Sep-2029 | 6.950% | 150,000 | 2,290 | 147,710 | 7.073% | 150,000 | 10,610 |
| 5 | 2004 Long Term Debt Issue - Series 18 | 29-Apr-2004 | 1-May-2034 | 6.500% | 150,000 | 1,915 | 148,085 | 6.598% | 150,000 | 9,897 |
| 6 | 2005 Long Term Debt Issue - Series 19 | 25-Feb-2005 | 25-Feb-2035 | 5.900% | 150,000 | 1,663 | 148,337 | 5.980% | 150,000 | 8,970 |
| 7 | 2006 Long Term Debt Issue - Series 21 | 25-Sep-2006 | 25-Sep-2036 | 5.550% | 120,000 | 784 | 119,216 | 5.595% | 120,000 | 6,714 |
| 8 | 2007 Medium Term Debt Issue - Series 22 | 2-Oct-2007 | 2-Oct-2037 | 6.000% | 250,000 | 2,303 | 247,697 | 6.067% | 250,000 | 15,168 |
| 9 | 2008 Medium Term Debt Issue - Series 23 | 13-May-2008 | 13-May-2038 | 5.800% | 250,000 | 2,412 | 247,588 | 5.869% | 250,000 | 14,673 |
| 10 | 2009 Med.Term Debt Issue- Series 24 | 24-Feb-2009 | 24-Feb-2039 | 6.550% | 100,000 | 1,000 | 99,000 | 6.627% | 100,000 | 6,627 |
| 11 | | | | | | | | | | |
| 12 | 2011 Medium Term Debt Issue - Series 25 | 1-Oct-2011 | 1-Oct-2021 | 4.500% | 100,000 | 1,000 | 99,000 | 4.626% | 100,000 | 4,626 |
| 13 | | | | | | | | | | |
| 14 | LILO Obligations - Kelowna | | | | | | | 6.445% | 21,892 | 1,411 |
| 15 | LILO Obligations - Nelson | | | | | | | 7.872% | 3,519 | 277 |
| 16 | LILO Obligations - Vernon | | | | | | | 9.153% | 10,466 | 958 |
| 17 | LILO Obligations - Prince George | | | | | | | 8.067% | 27,085 | 2,185 |
| 18 | LILO Obligations - Creston | | | | | | | 7.218% | 2,577 | 186 |
| 19 | | | | | | | | | | |
| 20 | Vehicle Lease Obligation | | | | | | | 5.685% | 13,510 | 768 |
| 21 | | | | | | | | | | |
| 22 | Sub-Total | | | | | | | | $ 1,582,114 | $ 108,645 |
| 23 | Less: Fort Nelson Division Portion of Long Term Debt | | | | | | | | 5,336 | 366 |
| 24 | Total | | | | | | | | $ 1,576,778 | $ 108,279 |
| 25 | | | | | | | | | | |
| 26 | *Includes adjustment of $16,012 for BC Hydro Premium (Series A). | | | | | | | | Average Embedded Cost | 6.87% |
| 27 | **Includes adjustment of $836 for BC Hydro Premium (Series B). | | | | | | | | | |
| 28 | Cross Reference | | | | | | | | - Appendix G2-FORECAST, Sch 57 | |

Evidentiary Update July 16, 2013

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2 FORECAST Schedule 60

EMBEDDED COST OF LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Line No. | Particulars | Issue Date | Maturity Date | Coupon Rate | Principal Amount of Issue | Issue Expense | Net Proceeds of Issue | | Effective Interest Cost | Average Principal Outstanding | Annual Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | | (8) | (9) | (10) |
| 1 | Series A Purchase Money Mortgage | 3-Dec-1990 | 30-Sep-2015 | 11.800% | $ 58,943 | $ 855 | $ 74,100 | * | 12.054% | $ 74,955 | $ 9,035 |
| 2 | Series B Purchase Money Mortgage | 30-Nov-1991 | 30-Nov-2016 | 10.300% | 157,274 | 2,228 | 158,758 | ** | 10.461% | 160,986 | 16,841 |
| 3 | | | | | | | | | | | |
| 4 | Medium Term Note - Series 11 | 21-Sep-1999 | 21-Sep-2029 | 6.950% | 150,000 | 2,290 | 147,710 | | 7.073% | 150,000 | 10,610 |
| 5 | 2004 Long Term Debt Issue - Series 18 | 29-Apr-2004 | 1-May-2034 | 6.500% | 150,000 | 1,915 | 148,085 | | 6.598% | 150,000 | 9,897 |
| 6 | 2005 Long Term Debt Issue - Series 19 | 25-Feb-2005 | 25-Feb-2035 | 5.900% | 150,000 | 1,663 | 148,337 | | 5.980% | 150,000 | 8,970 |
| 7 | 2006 Long Term Debt Issue - Series 21 | 25-Sep-2006 | 25-Sep-2036 | 5.550% | 120,000 | 784 | 119,216 | | 5.595% | 120,000 | 6,714 |
| 8 | 2007 Medium Term Debt Issue - Series 22 | 2-Oct-2007 | 2-Oct-2037 | 6.000% | 250,000 | 2,303 | 247,697 | | 6.067% | 250,000 | 15,168 |
| 9 | 2008 Medium Term Debt Issue - Series 23 | 13-May-2008 | 13-May-2038 | 5.800% | 250,000 | 2,412 | 247,588 | | 5.869% | 250,000 | 14,673 |
| 10 | 2009 Med.Term Debt Issue- Series 24 | 24-Feb-2009 | 24-Feb-2039 | 6.550% | 100,000 | 1,234 | 98,766 | | 6.645% | 100,000 | 6,645 |
| 11 | 2011 Medium Term Debt Issue - Series 25 | 9-Dec-2011 | 9-Dec-2041 | 4.250% | 100,000 | 1,410 | 98,590 | | 4.334% | 100,000 | 4,334 |
| 12 | | | | | | | | | | | |
| 13 | LILO Obligations - Kelowna | | | | | | | | 6.469% | 20,963 | 1,356 |
| 14 | LILO Obligations - Nelson | | | | | | | | 7.983% | 3,382 | 270 |
| 15 | LILO Obligations - Vernon | | | | | | | | 9.276% | 10,037 | 931 |
| 16 | LILO Obligations - Prince George | | | | | | | | 8.182% | 26,057 | 2,132 |
| 17 | LILO Obligations - Creston | | | | | | | | 7.330% | 2,483 | 182 |
| 18 | | | | | | | | | | | |
| 19 | Vehicle Lease Obligation | | | | | | | | 2.281% | 11,006 | 251 |
| 20 | | | | | | | | | | | |
| 21 | Sub-Total | | | | | | | | | $ 1,579,869 | $ 108,009 |
| 22 | Less: Fort Nelson Division Portion of Long Term Debt | | | | | | | | | 5,335 | 365 |
| 23 | Less: NGT Class of Service Portion of Long Term Debt | | | | | | | | | 5,480 | 375 |
| 24 | Total | | | | | | | | | $ 1,569,054 | $ 107,269 |
| 25 | | | | | | | | | | | |
| 26 | *Includes adjustment of $16,012 for BC Hydro Premium (Series A). | | | | | | | | | Average Embedded Cost | 6.84% |
| 27 | **Includes adjustment of $3,712 for BC Hydro Premium (Series B). | | | | | | | | | | |
| 28 | Cross Reference | | | | | | | | | - Appendix G2-FORECAST, Sch 58 | |

CALCULATION OF AMORTIZATION OF RSAM (RIDER 5)
FOR THE YEAR ENDING DECEMBER 31, 2014
($000s)

| Particulars | 2014 Volumes (TJ) | 2014 Amortization ($000s) | 2014 Amortization of RSAM Unit Rider ($/GJ) |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| **RSAM (Rider 5) Calculation** | | | |
| | | | |
| Schedule 1 - Residential | 69,511.7 | | ($0.118) |
| Schedule 2 - Small Commercial | 24,246.8 | | ($0.118) |
| Schedule 3 - Large Commercial | 17,253.0 | | ($0.118) |
| Schedule 23 - Large Commercial Transportation | 8,721.3 | | ($0.118) |
| | | | |
| | 119,732.8 | ($14,156) (1) | |

Note 1: RSAM Rider Change

In 2013, FortisBC Energy forecasts that there will be approximately $-5 million (net-of-tax) of RSAM additions. After offsetting the 2013 RSAM Rider recovery, the RSAM account including interest is now projected to be a credit balance of $-21.2 million on a net-of-tax basis by the end of 2013. The RSAM balance is to be amortized over two years. Accordingly, the net-of-tax RSAM balance to be amortized in 2014 is a credit of $-10.6 million. On a pre-tax basis, this amounts to $14.2 million or a refund to customers of $0.118/GJ in 2014, which is a $0.019 increase from the existing charge of ($0.099)/GJ.

2014 Net-Of-Tax Amortization = 1/2 of Projected December 31, 2013 RSAM Balance
= 1/2 * ($-20,919 RSAM + $-320 RSAM Interest)
= 1/2 * $-21,239
= $-10,620 Net-of-tax amortization

2014 Pre-Tax Amortization = Net-of-tax amortization / (1 - tax rate)
= $-10,620 / (1 - 25%)
= $-14,156 Pre-tax amortization

| Line No. | Particulars | 2014 ($ Millions) | | 2015 Incremental ($ Millions) | | 2015 Cumulative ($ Millions) | | 2016 Incremental ($ Millions) | | 2016 Cumulative ($ Millions) | | 2017 Incremental ($ Millions) | | 2017 Cumulative ($ Millions) | | 2018 Incremental ($ Millions) | | 2018 Cumulative ($ Millions) | | Cross Reference |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) |
| 1 | Volume/Revenue Related | | | | | | | | | | | | | | | | | | | |
| 2 | Customer Growth and Use Rates | 0.3 | | (5.9) | | (5.6) | | (6.2) | | (11.8) | | (5.9) | | (17.7) | | (3.1) | | (20.7) | | |
| 3 | Change in Other Revenue | 1.5 | 1.8 | (0.4) | (6.3) | 1.1 | (4.5) | (0.2) | (6.4) | 0.9 | (10.9) | (0.2) | (6.0) | 0.7 | (17.0) | (0.0) | (3.1) | 0.7 | (20.1) | |
| 4 | | | | | | | | | | | | | | | | | | | | |
| 5 | O&M Changes | | | | | | | | | | | | | | | | | | | |
| 6 | Gross O&M Increases | 3.9 | | 5.8 | | 9.8 | | 6.7 | | 16.4 | | 6.9 | | 23.3 | | 8.6 | | 31.9 | | |
| 7 | Less: Capitalized Overhead | (0.6) | 3.4 | (0.8) | 5.0 | (1.4) | 8.4 | (0.9) | 5.7 | (2.3) | 14.1 | (1.0) | 5.9 | (3.3) | 20.0 | (1.2) | 7.4 | (4.5) | 27.4 | |
| 8 | | | | | | | | | | | | | | | | | | | | |
| 9 | Depreciation Expense | | | | | | | | | | | | | | | | | | | |
| 10 | Change in Depreciation Rates | (0.2) | | 1.8 | | 1.6 | | 1.3 | | 2.8 | | (0.2) | | 2.6 | | 0.1 | | 2.7 | | |
| 11 | Tax Expense Impact of Depreciation Changes | 0.3 | | 2.1 | | 2.4 | | 2.0 | | 4.4 | | 1.3 | | 5.7 | | 1.6 | | 7.3 | | |
| 12 | Depreciation from Net Additions | 1.1 | 1.1 | 4.5 | 8.4 | 5.6 | 9.6 | 4.7 | 8.0 | 10.3 | 17.6 | 4.2 | 5.3 | 14.5 | 22.9 | 4.7 | 6.4 | 19.2 | 29.3 | |
| 13 | | | | | | | | | | | | | | | | | | | | |
| 14 | Amortization Expense | | | | | | | | | | | | | | | | | | | |
| 15 | CIAC | 0.2 | | 0.3 | | 0.5 | | 0.0 | | 0.5 | | 0.2 | | 0.7 | | 0.2 | | 0.9 | | |
| 16 | Deferral Accounts | 4.4 | 4.6 | (0.4) | (0.1) | 4.0 | 4.4 | 3.7 | 3.7 | 7.6 | 8.1 | 2.4 | 2.6 | 10.0 | 10.7 | 1.9 | 2.1 | 11.9 | 12.8 | |
| 17 | | | | | | | | | | | | | | | | | | | | |
| 18 | Other | | | | | | | | | | | | | | | | | | | |
| 19 | Property and Other Taxes | (2.4) | | 0.5 | | (1.9) | | 1.3 | | (0.6) | | 1.0 | | 0.4 | | 1.1 | | 1.5 | | |
| 20 | Other (NSP Provision) | - | | - | | - | | - | | - | | - | | - | | - | | - | | |
| 21 | Income Tax Rate Change | - | | - | | - | | - | | - | | - | | - | | - | | - | | |
| 22 | Other Income Tax Changes | 3.3 | | (0.8) | | 2.6 | | 0.1 | | 2.7 | | 0.9 | | 3.6 | | 0.7 | | 4.3 | | |
| 23 | Financing Rate Changes | (3.0) | | (0.4) | | (3.4) | | (2.9) | | (6.3) | | (8.0) | | (14.3) | | (0.8) | | (15.1) | | |
| 24 | Financing Changes | 0.2 | | 1.2 | | 1.4 | | 0.9 | | 2.4 | | 4.1 | | 6.5 | | 3.8 | | 10.3 | | |
| 25 | Rate Base Growth | 0.8 | (1.1) | 2.1 | 2.6 | 2.9 | 1.5 | 1.7 | 1.2 | 4.6 | 2.7 | 1.2 | (0.9) | 5.8 | 1.8 | 0.9 | 5.8 | 6.7 | 7.6 | |
| 26 | | | | | | | | | | | | | | | | | | | | |
| 27 | **Revenue Deficiency (Surplus)** | | **9.8** | | | | **19.4** | | | | **31.6** | | | | **38.5** | | | | **57.1** | |
| 28 | | | - Appendix G2-FORECAST, Sch 1 | | | | | | | | | | | | | | | | | |
| 29 | | | - Appendix G2-FORECAST, Sch 2 | | | | - Appendix G2-FORECAST, Sch 63 | | | | - Appendix G2-FORECAST, Sch 68 | | | | - Appendix G2-FORECAST, Sch 73 | | | | - Appendix G2-FORECAST, Sch 78 | |

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Non-Bypass Sales | 2015 Non-Bypass Transportation | 2015 Bypass and Special Rates | 2015 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,105,773 | $ 1,012,978 | $ 84,954 | $ 11,524 | $ 1,109,456 | $ 3,683 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party | | | | | | | |
| 7 | Revenue | 18,138 | - | - | 18,149 | 18,149 | 11 | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,123,911 | 1,012,978 | 84,954 | 29,673 | 1,127,605 | 3,694 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (495,810) | (493,062) | (253) | (249) | (493,564) | 2,246 | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 628,101 | $ 519,916 | $ 84,701 | $ 29,424 | $ 634,041 | $ 5,940 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 9,794 | $ 16,693 | $ 2,720 | $ - | **$ 19,413** | $ 9,619 | - Appendix G2-FORECAST, Sch 62 |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 1.56% | 3.21% | 3.21% | 0.00% | 3.06% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 0.87% | 1.65% | 3.20% | 0.00% | 1.72% | | |
| 20 | | | | | | | | |

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Existing 2013 Rates | 2015 Revised Revenue | 2015 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 114,000 | 114,615 | - | 114,615 | 615 | |
| 3 | Transportation | 98,337 | 99,529 | - | 99,529 | 1,192 | |
| 4 | | 212,337 | 214,144 | - | 214,144 | 1,807 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $8.944 | $8.838 | $0.000 | $8.984 | $0.040 | |
| 8 | Transportation | $0.976 | $0.969 | $0.000 | $0.997 | $0.021 | |
| 9 | Average | $5.254 | $5.181 | $0.000 | $5.272 | $0.018 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,011,185 | $ 1,012,978 | $ - | $ 1,012,978 | $ 1,793 | |
| 13 | - Increase / (Decrease) | 8,438 | - | 16,692 | 16,692 | 8,254 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 94,587 | 96,479 | - | 96,479 | 1,892 | |
| 16 | - Increase / (Decrease) | 1,356 | | 2,721 | 2,721 | 1,365 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,115,566 | 1,109,457 | 19,413 | 1,128,870 | 13,304 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 495,810 | 493,564 | - | 493,564 | (2,246) | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 619,756 | 615,893 | 19,413 | 635,306 | 15,550 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 206,343 | 211,354 | - | 211,354 | 5,011 | |
| 25 | Property and Sundry Taxes | 48,797 | 49,335 | - | 49,335 | 538 | |
| 26 | Depreciation and Amortization | 148,338 | 154,525 | - | 154,525 | 6,187 | |
| 27 | Other Operating Revenue | (23,284) | (23,679) | - | (23,679) | (395) | |
| 28 | Sub-total | 380,194 | 391,535 | - | 391,535 | 11,341 | |
| 29 | Utility Income Before Income Taxes | 239,562 | 224,358 | 19,413 | 243,771 | 4,209 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 35,653 | 32,142 | 4,852 | 36,994 | 1,341 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 203,909 | $ 192,216 | $ 14,561 | $ 206,777 | $ 2,868 | - Appendix G2-FORECAST, Sch 67 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,791,860 | $ 2,852,452 | $ 321 | $ 2,852,773 | $ 60,913 | - Appendix G2-FORECAST, Sch 66 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.30% | 6.74% | | 7.25% | -0.06% | - Appendix G2-FORECAST, Sch 67 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Existing 2013 Rates | 2015 Revised Revenue | 2015 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 203,909 | $ 192,216 | $ 14,561 | $ 206,777 | $ 2,868 | - Appendix G2-FORECAST, Sch 64 |
| 3 | Deduct - Interest on Debt | (109,858) | (110,669) | (5) | (110,674) | (816) | - Appendix G2-FORECAST, Sch 67 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 12,909 | 14,878 | - | 14,878 | 1,969 | |
| 5 | Accounting Income After Tax | $ 106,960 | 96,425 | 14,556 | $ 110,981 | 4,021 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 142,613 | $ 128,567 | $ 19,408 | $ 147,975 | $ 5,362 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 35,653 | $ 32,142 | $ 4,852 | $ 36,994 | $ 1,341 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 35,653 | $ 32,142 | $ 4,852 | $ 36,994 | $ 1,341 | - Appendix G2-FORECAST, Sch 64 |
| 17 | | | | | | | |

FORTISBC ENERGY INC. | Evidentiary Update - July 16, 2013 | Appendix G2 FORECAST Schedule 66

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | 2014 FORECAST | 2015 Existing 2013 Rates | 2015 Adjustments | 2015 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 3,872,209 | $ 4,015,080 | $ - | $ 4,015,080 | $ 142,871 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,015,080 | 4,162,739 | - | 4,162,739 | 147,659 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,105,422) | $ (1,206,474) | $ - | $ (1,206,474) | $ (101,052) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,206,474) | (1,317,933) | - | (1,317,933) | (111,459) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (194,421) | $ (196,475) | $ - | $ (196,475) | $ (2,054) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (196,475) | (200,580) | - | (200,580) | (4,105) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 57,362 | $ 59,914 | $ - | $ 59,914 | $ 2,552 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 59,914 | 64,212 | - | 64,212 | 4,298 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,650,887 | $ 2,690,242 | $ - | $ 2,690,242 | $ 39,355 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 37,097 | 56,513 | - | 56,513 | 19,416 | |
| 22 | Cash Working Capital | (300) | (310) | 321 | 11 | 311 | |
| 23 | Other Working Capital | 79,039 | 80,704 | - | 80,704 | 1,665 | |
| 24 | Deferred Income Taxes Regulatory Asset | 288,491 | 287,865 | - | 287,865 | (626) | |
| 25 | Deferred Income Taxes Regulatory Liability | (288,491) | (287,865) | - | (287,865) | 626 | |
| 26 | LILO Benefit | (983) | (817) | - | (817) | 166 | |
| 27 | **Utility Rate Base** | $ 2,791,860 | $ 2,852,452 | $ 321 | $ 2,852,773 | $ 60,913 | - Appendix G2-FORECAST, Sch 67 |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2015
($000s)

| Line No. | Particulars | Capitalization Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2015 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,564,754 | 54.86% | 6.77% | 3.71% | | |
| 3 | Unfunded Debt | | 189,504 | 6.64% | 2.50% | 0.17% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,098,194 | 38.50% | 7.43% | 2.86% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,852,452 | 100.00% | | 6.74% | | - Appendix G2-FORECAST, Sch 66 |
| 8 | | | | | | | | |
| 9 | 2015 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,564,754 | 54.85% | 6.77% | 3.71% | $ 105,931 | |
| 11 | Unfunded Debt | $ 189,504 | | | | | | |
| 12 | Adjustment, Revised Rates | 197 | 189,701 | 6.65% | 2.50% | 0.17% | 4,743 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,098,318 | 38.50% | 8.75% | 3.37% | 96,103 | |
| 15 | | | | | | | | - Appendix G2-FORECAST, Sch 64 |
| 16 | | | $ 2,852,773 | 100.00% | | 7.25% | $ 206,777 | - Appendix G2-FORECAST, Sch 66 |
| 17 | | | | | | | | |
| 18 | 2014 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,569,054 | 56.20% | 6.84% | 3.84% | $ 107,269 | |
| 20 | Unfunded Debt | $ 147,760 | | | | | | |
| 21 | Adjustment, Revised Rates | 180 | 147,940 | 5.30% | 1.75% | 0.09% | 2,589 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,074,866 | 38.50% | 8.75% | 3.37% | 94,051 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,791,860 | 100.00% | | 7.30% | $ 203,909 | |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2014 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ (4,300) | -1.35% | -0.07% | -0.13% | $ (1,338) | |
| 29 | Unfunded Debt | $ 41,744 | | | | | | |
| 30 | Adjustment, Revised Rates | 17 | 41,761 | 1.35% | 0.75% | 0.08% | 2,154 | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 23,452 | 0.00% | 0.00% | 0.00% | 2,052 | |
| 33 | | | | | | | | |
| 34 | | | $ 60,913 | 0.00% | | -0.05% | $ 2,868 | |

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

| Line No. | Particulars | 2015 FORECAST | 2016 Non-Bypass Sales | 2016 Non-Bypass Transportation | 2016 Bypass and Special Rates | 2016 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,109,456 | $ 1,020,295 | $ 86,841 | $ 11,524 | $ 1,118,660 | $ 9,204 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party | | | | | | | |
| 7 | Revenue | 18,149 | - | - | 18,160 | 18,160 | 11 | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,127,605 | 1,020,295 | 86,841 | 29,684 | 1,136,820 | 9,215 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (493,564) | (496,071) | (255) | (252) | (496,578) | (3,014) | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 634,041 | $ 524,224 | $ 86,586 | $ 29,432 | $ 640,242 | $ 6,201 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 19,413 | $ 27,104 | $ 4,477 | $ - | **$ 31,581** | $ 12,168 | - Appendix G2-FORECAST, Sch 62 |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 3.06% | 5.17% | 5.17% | 0.00% | 4.93% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 1.72% | 2.66% | 5.16% | 0.00% | 2.78% | | |
| 20 | | | | | | | | |

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

| Line No. | Particulars (1) | 2015 FORECAST (2) | 2016 Existing 2013 Rates (3) | 2016 Revised Revenue (4) | 2016 Total (5) | Change (6) | Cross Reference (7) |
|---|---|---|---|---|---|---|---|
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 114,615 | 115,272 | - | 115,272 | 657 | |
| 3 | Transportation | 99,529 | 100,461 | - | 100,461 | 932 | |
| 4 | | 214,144 | 215,733 | - | 215,733 | 1,589 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $8.984 | $8.851 | $0.000 | $9.086 | $0.102 | |
| 8 | Transportation | $0.997 | $0.979 | $0.000 | $1.024 | $0.027 | |
| 9 | Average | $5.272 | $5.185 | $0.000 | $5.332 | $0.060 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,012,978 | $ 1,020,295 | $ - | $ 1,020,295 | $ 7,317 | |
| 13 | - Increase / (Decrease) | 16,692 | - | 27,105 | 27,105 | 10,413 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 96,479 | 98,365 | - | 98,365 | 1,886 | |
| 16 | - Increase / (Decrease) | 2,721 | | 4,476 | 4,476 | 1,755 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,128,870 | 1,118,660 | 31,581 | 1,150,241 | 21,371 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 493,564 | 496,578 | - | 496,578 | 3,014 | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 635,306 | 622,082 | 31,581 | 653,663 | 18,357 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 211,354 | 217,101 | - | 217,101 | 5,747 | |
| 25 | Property and Sundry Taxes | 49,335 | 50,614 | - | 50,614 | 1,279 | |
| 26 | Depreciation and Amortization | 154,525 | 164,226 | - | 164,226 | 9,701 | |
| 27 | Other Operating Revenue | (23,679) | (23,928) | - | (23,928) | (249) | |
| 28 | Sub-total | 391,535 | 408,013 | - | 408,013 | 16,478 | |
| 29 | Utility Income Before Income Taxes | 243,771 | 214,069 | 31,581 | 245,650 | 1,879 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 36,994 | 31,188 | 7,895 | 39,083 | 2,089 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 206,777 | $ 182,881 | $ 23,686 | $ 206,567 | $ (210) | - Appendix G2-FORECAST, Sch 72 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,852,773 | $ 2,904,187 | $ 89 | $ 2,904,276 | $ 51,503 | - Appendix G2-FORECAST, Sch 71 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.25% | 6.30% | | 7.11% | -0.14% | - Appendix G2-FORECAST, Sch 72 |

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

| Line No. | Particulars | 2015 FORECAST | 2016 Existing 2013 Rates | 2016 Revised Revenue | 2016 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 206,777 | $ 182,881 | $ 23,686 | $ 206,567 | $ (210) | - Appendix G2-FORECAST, Sch 69 |
| 3 | Deduct - Interest on Debt | (110,674) | (108,728) | (1) | (108,729) | 1,945 | - Appendix G2-FORECAST, Sch 72 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 14,878 | 19,410 | - | 19,410 | 4,532 | |
| 5 | Accounting Income After Tax | $ 110,981 | 93,563 | 23,685 | $ 117,248 | 6,267 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 147,975 | $ 124,751 | $ 31,580 | $ 156,331 | $ 8,356 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 36,994 | $ 31,188 | $ 7,895 | $ 39,083 | $ 2,089 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 36,994 | $ 31,188 | $ 7,895 | $ 39,083 | $ 2,089 | - Appendix G2-FORECAST, Sch 69 |
| 17 | | | | | | | |

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

| Line No. | Particulars | 2015 FORECAST | 2016 Existing 2013 Rates | 2016 Adjustments | 2016 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 4,015,080 | $ 4,162,739 | $ - | $ 4,162,739 | $ 147,659 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,162,739 | 4,293,323 | - | 4,293,323 | 130,584 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,206,474) | $ (1,317,933) | $ - | $ (1,317,933) | $ (111,459) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,317,933) | (1,418,267) | - | (1,418,267) | (100,334) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (196,475) | $ (200,580) | $ - | $ (200,580) | $ (4,105) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (200,580) | (203,865) | - | (203,865) | (3,285) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 59,914 | $ 64,212 | $ - | $ 64,212 | $ 4,298 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 64,212 | 67,641 | - | 67,641 | 3,429 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,690,242 | $ 2,723,635 | $ - | $ 2,723,635 | $ 33,394 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 56,513 | 70,040 | - | 70,040 | 13,527 | |
| 22 | Cash Working Capital | 11 | 384 | 89 | 473 | 462 | |
| 23 | Other Working Capital | 80,704 | 84,659 | - | 84,659 | 3,955 | |
| 24 | Deferred Income Taxes Regulatory Asset | 287,865 | 286,758 | - | 286,758 | (1,107) | |
| 25 | Deferred Income Taxes Regulatory Liability | (287,865) | (286,758) | - | (286,758) | 1,107 | |
| 26 | LILO Benefit | (817) | (651) | - | (651) | 166 | |
| 27 | **Utility Rate Base** | $ 2,852,773 | $ 2,904,187 | $ 89 | $ 2,904,276 | $ 51,504 | - Appendix G2-FORECAST, Sch 72 |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2

FORECAST

RETURN ON CAPITAL Schedule 72

FOR THE YEAR ENDING DECEMBER 31, 2016

($000s)

| Line No. | Particulars | -------- Capitalization -------- Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2016 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,561,564 | 53.77% | 6.50% | 3.50% | | |
| 3 | Unfunded Debt | | 224,511 | 7.73% | 3.25% | 0.25% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,118,112 | 38.50% | 6.63% | 2.55% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,904,187 | 100.00% | | 6.30% | | - Appendix G2-FORECAST, Sch 71 |
| 8 | | | | | | | | |
| 9 | 2016 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,561,564 | 53.77% | 6.50% | 3.50% | $ 101,431 | |
| 11 | Unfunded Debt | $ 224,511 | | | | | | |
| 12 | Adjustment, Revised Rates | 55 | 224,566 | 7.73% | 3.25% | 0.25% | 7,298 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,118,146 | 38.50% | 8.75% | 3.37% | 97,838 | |
| 15 | | | | | | | | - Appendix G2-FORECAST, Sch 69 |
| 16 | | | $ 2,904,276 | 100.00% | | 7.11% | $ 206,567 | - Appendix G2-FORECAST, Sch 71 |
| 17 | | | | | | | | |
| 18 | 2015 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,564,754 | 54.85% | 6.77% | 3.71% | $ 105,931 | |
| 20 | Unfunded Debt | $ 189,504 | | | | | | |
| 21 | Adjustment, Revised Rates | 197 | 189,701 | 6.65% | 2.50% | 0.17% | 4,743 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,098,318 | 38.50% | 8.75% | 3.37% | 96,103 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,852,773 | 100.00% | | 7.25% | $ 206,777 | - Appendix G2-FORECAST, Sch 67 |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2015 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ (3,190) | -1.08% | -0.27% | -0.21% | $ (4,500) | |
| 29 | Unfunded Debt | $ 35,007 | | | | | | |
| 30 | Adjustment, Revised Rates | (142) | 34,865 | 1.08% | 0.75% | 0.08% | 2,555 | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 19,828 | 0.00% | 0.00% | 0.00% | 1,735 | |
| 33 | | | | | | | | |
| 34 | | | $ 51,503 | 0.00% | | -0.13% | $ (210) | |

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Non-Bypass Sales | 2017 Non-Bypass Transportation | 2017 Bypass and Special Rates | 2017 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,118,660 | $ 1,027,456 | $ 88,741 | $ 11,525 | $ 1,127,722 | $ 9,062 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party | | | | | | | |
| 7 | Revenue | 18,160 | - | - | 18,159 | 18,159 | (1) | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,136,820 | 1,027,456 | 88,741 | 29,684 | 1,145,881 | 9,061 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (496,578) | (499,263) | (259) | (253) | (499,775) | (3,197) | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 640,242 | $ 528,193 | $ 88,482 | $ 29,431 | $ 646,106 | $ 5,864 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 31,581 | $ 32,936 | $ 5,517 | $ - | **$ 38,453** | $ 6,872 | - Appendix G2-FORECAST, Sch 62 |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 4.93% | 6.24% | 6.24% | 0.00% | 5.95% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 2.78% | 3.21% | 6.22% | 0.00% | 3.36% | | |
| 20 | | | | | | | | |

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UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Existing 2013 Rates | 2017 Revised Revenue | 2017 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 115,272 | 115,877 | - | 115,877 | 605 | |
| 3 | Transportation | 100,461 | 101,468 | - | 101,468 | 1,007 | |
| 4 | | 215,733 | 217,345 | - | 217,345 | 1,612 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $9.086 | $8.867 | $0.000 | $9.151 | $0.065 | |
| 8 | Transportation | $1.024 | $0.988 | $0.000 | $1.043 | $0.019 | |
| 9 | Average | $5.332 | $5.189 | $0.000 | $5.366 | $0.034 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,020,295 | $ 1,027,456 | $ - | $ 1,027,456 | $ 7,161 | |
| 13 | - Increase / (Decrease) | 27,105 | - | 32,936 | 32,936 | 5,831 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 98,365 | 100,266 | - | 100,266 | 1,901 | |
| 16 | - Increase / (Decrease) | 4,476 | | 5,517 | 5,517 | 1,041 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,150,241 | 1,127,722 | 38,453 | 1,166,175 | 15,934 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 496,578 | 499,775 | - | 499,775 | 3,197 | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 653,663 | 627,947 | 38,453 | 666,400 | 12,737 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 217,101 | 223,010 | - | 223,010 | 5,909 | |
| 25 | Property and Sundry Taxes | 50,614 | 51,598 | - | 51,598 | 984 | |
| 26 | Depreciation and Amortization | 164,226 | 170,780 | - | 170,780 | 6,554 | |
| 27 | Other Operating Revenue | (23,928) | (24,089) | - | (24,089) | (161) | |
| 28 | Sub-total | 408,013 | 421,299 | - | 421,299 | 13,286 | |
| 29 | Utility Income Before Income Taxes | 245,650 | 206,648 | 38,453 | 245,101 | (549) | |
| 30 | | | | | | | |
| 31 | Income Taxes | 39,083 | 31,697 | 9,611 | 41,308 | 2,225 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 206,567 | $ 174,951 | $ 28,842 | $ 203,793 | $ (2,774) | - Appendix G2-FORECAST, Sch 77 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,904,276 | $ 2,938,282 | $ 385 | $ 2,938,667 | $ 34,391 | - Appendix G2-FORECAST, Sch 76 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 7.11% | 5.95% | | 6.93% | -0.18% | - Appendix G2-FORECAST, Sch 77 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Existing 2013 Rates | 2017 Revised Revenue | 2017 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 206,567 | $ 174,951 | $ 28,842 | $ 203,793 | $ (2,774) | - Appendix G2-FORECAST, Sch 74 |
| 3 | Deduct - Interest on Debt | (108,729) | (104,788) | (9) | (104,797) | 3,932 | - Appendix G2-FORECAST, Sch 77 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 19,410 | 24,928 | - | 24,928 | 5,518 | |
| 5 | Accounting Income After Tax | $ 117,248 | 95,091 | 28,833 | $ 123,924 | 6,676 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 156,331 | $ 126,788 | $ 38,444 | $ 165,232 | $ 8,901 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 39,083 | $ 31,697 | $ 9,611 | $ 41,308 | $ 2,225 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 39,083 | $ 31,697 | $ 9,611 | $ 41,308 | $ 2,225 | - Appendix G2-FORECAST, Sch 74 |
| 17 | | | | | | | |

FORTISBC ENERGY INC. Evidentiary Update - July 16, 2013 Appendix G2

FORECAST

UTILITY RATE BASE Schedule 76

FOR THE YEAR ENDING DECEMBER 31, 2017

($000s)

| Line No. | Particulars | 2016 FORECAST | 2017 Existing 2013 Rates | 2017 Adjustments | 2017 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 4,162,739 | $ 4,293,323 | $ - | $ 4,293,323 | $ 130,584 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,293,323 | 4,439,339 | - | 4,439,339 | 146,016 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,317,933) | $ (1,418,267) | $ - | $ (1,418,267) | $ (100,334) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,418,267) | (1,532,891) | - | (1,532,891) | (114,624) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (200,580) | $ (203,865) | $ - | $ (203,865) | $ (3,285) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (203,865) | (206,768) | - | (206,768) | (2,903) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 64,212 | $ 67,641 | $ - | $ 67,641 | $ 3,429 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 67,641 | 70,538 | - | 70,538 | 2,897 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,723,635 | $ 2,754,525 | $ - | $ 2,754,525 | $ 30,890 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 70,040 | 67,262 | - | 67,262 | (2,778) | |
| 22 | Cash Working Capital | 473 | 349 | 385 | 734 | 261 | |
| 23 | Other Working Capital | 84,659 | 90,511 | - | 90,511 | 5,852 | |
| 24 | Deferred Income Taxes Regulatory Asset | 286,758 | 285,204 | - | 285,204 | (1,554) | |
| 25 | Deferred Income Taxes Regulatory Liability | (286,758) | (285,204) | - | (285,204) | 1,554 | |
| 26 | LILO Benefit | (651) | (485) | - | (485) | 166 | |
| 27 | **Utility Rate Base** | $ 2,904,276 | $ 2,938,282 | $ 385 | $ 2,938,667 | $ 34,391 | - Appendix G2-FORECAST, Sch 77 |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2017
($000s)

| Line No. | Particulars | -------- Capitalization -------- Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2017 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,658,636 | 56.45% | 5.98% | 3.38% | | |
| 3 | Unfunded Debt | | 148,407 | 5.05% | 3.75% | 0.19% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,131,239 | 38.50% | 6.20% | 2.38% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,938,282 | 100.00% | | 5.95% | | - Appendix G2-FORECAST, Sch 76 |
| 8 | | | | | | | | |
| 9 | 2017 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,658,636 | 56.44% | 5.98% | 3.38% | $ 99,223 | |
| 11 | Unfunded Debt | $ 148,407 | | | | | | |
| 12 | Adjustment, Revised Rates | 237 | 148,644 | 5.06% | 3.75% | 0.19% | 5,574 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,131,387 | 38.50% | 8.75% | 3.37% | 98,996 | |
| 15 | | | | | | | | - Appendix G2-FORECAST, Sch 74 |
| 16 | | | $ 2,938,667 | 100.00% | | 6.93% | $ 203,793 | - Appendix G2-FORECAST, Sch 76 |
| 17 | | | | | | | | |
| 18 | 2016 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,561,564 | 53.77% | 6.50% | 3.50% | $ 101,431 | |
| 20 | Unfunded Debt | $ 224,511 | | | | | | |
| 21 | Adjustment, Revised Rates | 55 | 224,566 | 7.73% | 3.25% | 0.25% | 7,298 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,118,146 | 38.50% | 8.75% | 3.37% | 97,838 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,904,276 | 100.00% | | 7.11% | $ 206,567 | - Appendix G2-FORECAST, Sch 72 |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2016 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ 97,072 | 2.67% | -0.52% | -0.12% | $ (2,208) | |
| 29 | Unfunded Debt | $ (76,104) | | | | | | |
| 30 | Adjustment, Revised Rates | 182 | (75,922) | -2.67% | 0.50% | -0.06% | (1,724) | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 13,241 | 0.00% | 0.00% | 0.00% | 1,158 | |
| 33 | | | | | | | | |
| 34 | | | $ 34,391 | 0.00% | | -0.18% | $ (2,774) | |

SUMMARY OF RATE CHANGE REQUIRED
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | 2017 FORECAST | 2018 Non-Bypass Sales | 2018 Non-Bypass Transportation | 2018 Bypass and Special Rates | 2018 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | RATE CHANGE REQUIRED | | | | | | | |
| 2 | | | | | | | | |
| 3 | Gas Sales and Transportation Revenue, | | | | | | | |
| 4 | At Prior Year's Rates | $ 1,127,722 | $ 1,029,607 | $ 90,657 | $ 11,525 | $ 1,131,789 | $ 4,067 | |
| 5 | | | | | | | | |
| 6 | Add - Other Revenue Related to SCP Third Party | | | | | | | |
| 7 | Revenue | 18,159 | - | - | 18,159 | 18,159 | - | |
| 8 | | | | | | | | |
| 9 | Total Revenue | 1,145,881 | 1,029,607 | 90,657 | 29,684 | 1,149,948 | 4,067 | |
| 10 | | | | | | | | |
| 11 | Less - Cost of Gas | (499,775) | (500,263) | (262) | (255) | (500,780) | (1,005) | |
| 12 | | | | | | | | |
| 13 | Gross Margin | $ 646,106 | $ 529,344 | $ 90,395 | $ 29,429 | $ 649,168 | $ 3,062 | |
| 14 | | | | | | | | |
| 15 | Revenue Deficiency (Surplus) | $ 38,453 | $ 48,788 | $ 8,332 | $ - | **$ 57,120** | $ 18,667 | - Appendix G2-FORECAST, Sch 62 |
| 16 | | | | | | | | |
| 17 | Revenue Deficiency (Surplus) as a % of Gross Margin | 5.95% | 9.22% | 9.22% | 0.00% | 8.80% | | |
| 18 | | | | | | | | |
| 19 | Revenue Deficiency (Surplus) as a % of Total Revenue | 3.36% | 4.74% | 9.19% | 0.00% | 4.97% | | |
| 20 | | | | | | | | |

UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | 2017 FORECAST | 2018 Existing 2013 Rates | 2018 Revised Revenue | 2018 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | ENERGY VOLUMES (TJ) | | | | | | |
| 2 | Sales | 115,877 | 116,042 | - | 116,042 | 165 | |
| 3 | Transportation | 101,468 | 102,470 | - | 102,470 | 1,002 | |
| 4 | | 217,345 | 218,512 | - | 218,512 | 1,167 | |
| 5 | | | | | | | |
| 6 | Average Rate per GJ | | | | | | |
| 7 | Sales | $9.151 | $8.873 | $0.000 | $9.293 | $0.142 | |
| 8 | Transportation | $1.043 | $0.997 | $0.000 | $1.079 | $0.036 | |
| 9 | Average | $5.366 | $5.180 | $0.000 | $5.441 | $0.075 | |
| 10 | | | | | | | |
| 11 | UTILITY REVENUE | | | | | | |
| 12 | Sales - Existing Rates | $ 1,027,456 | $ 1,029,607 | $ - | $ 1,029,607 | $ 2,151 | |
| 13 | - Increase / (Decrease) | 32,936 | - | 48,788 | 48,788 | 15,852 | |
| 14 | RSAM Revenue | | | | | - | |
| 15 | Transportation - Existing Rates | 100,266 | 102,182 | - | 102,182 | 1,916 | |
| 16 | - Increase / (Decrease) | 5,517 | | 8,332 | 8,332 | 2,815 | |
| 17 | | | | | | | |
| 18 | **Total Revenue** | 1,166,175 | 1,131,789 | 57,120 | 1,188,909 | 22,734 | |
| 19 | | | | | | | |
| 20 | Cost of Gas Sold (Including Gas Lost) | 499,775 | 500,780 | - | 500,780 | 1,005 | |
| 21 | | | | | | | |
| 22 | **Gross Margin** | 666,400 | 631,009 | 57,120 | 688,129 | 21,729 | |
| 23 | | | | | | | |
| 24 | Operation and Maintenance | 223,010 | 230,400 | - | 230,400 | 7,390 | |
| 25 | Property and Sundry Taxes | 51,598 | 52,691 | - | 52,691 | 1,093 | |
| 26 | Depreciation and Amortization | 170,780 | 177,705 | - | 177,705 | 6,925 | |
| 27 | Other Operating Revenue | (24,089) | (24,126) | - | (24,126) | (37) | |
| 28 | Sub-total | 421,299 | 436,670 | - | 436,670 | 15,371 | |
| 29 | Utility Income Before Income Taxes | 245,101 | 194,339 | 57,120 | 251,459 | 6,358 | |
| 30 | | | | | | | |
| 31 | Income Taxes | 41,308 | 29,371 | 14,277 | 43,648 | 2,340 | |
| 32 | | | | | | | |
| 33 | **EARNED RETURN** | $ 203,793 | $ 164,968 | $ 42,843 | $ 207,811 | $ 4,018 | - Appendix G2-FORECAST, Sch 82 |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | **UTILITY RATE BASE** | $ 2,938,667 | $ 2,966,221 | $ 467 | $ 2,966,688 | $ 28,021 | - Appendix G2-FORECAST, Sch 81 |
| 37 | | | | | | | |
| 38 | **RATE OF RETURN ON UTILITY RATE BASE** | 6.93% | 5.56% | | 7.00% | 0.07% | - Appendix G2-FORECAST, Sch 82 |

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | 2017 FORECAST | 2018 Existing 2013 Rates | 2018 Revised Revenue | 2018 Total | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CALCULATION OF INCOME TAXES | | | | | | |
| 2 | EARNED RETURN | $ 203,793 | $ 164,968 | $ 42,843 | $ 207,811 | $ 4,018 | - Appendix G2-FORECAST, Sch 79 |
| 3 | Deduct - Interest on Debt | (104,797) | (107,858) | (13) | (107,871) | (3,074) | - Appendix G2-FORECAST, Sch 82 |
| 4 | Add (Deduct) - Permanent & Timing Differences | 24,928 | 31,004 | - | 31,004 | 6,076 | |
| 5 | Accounting Income After Tax | $ 123,924 | 88,114 | 42,830 | $ 130,944 | 7,020 | |
| 6 | | | | | | | |
| 7 | Current Income Tax Rate | 25.00% | 25.00% | 25.00% | 25.00% | 0.00% | |
| 8 | 1 - Current Income Tax Rate | 75.00% | 75.00% | 75.00% | 75.00% | 0.00% | |
| 9 | | | | | | | |
| 10 | Taxable Income | $ 165,232 | $ 117,485 | $ 57,107 | $ 174,592 | $ 9,360 | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Income Tax - Current | $ 41,308 | $ 29,371 | $ 14,277 | $ 43,648 | $ 2,340 | |
| 14 | Previous Year Adjustment | - | - | - | - | - | |
| 15 | | | | | | | |
| 16 | **Total Income Tax** | $ 41,308 | $ 29,371 | $ 14,277 | $ 43,648 | $ 2,340 | - Appendix G2-FORECAST, Sch 79 |
| 17 | | | | | | | |

UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | 2017 FORECAST | 2018 Existing 2013 Rates | 2018 Adjustments | 2018 Revised Rates | Change | Cross Reference |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Gas Plant in Service, Beginning | $ 4,293,323 | $ 4,439,339 | $ - | $ 4,439,339 | $ 146,016 | |
| 2 | Opening Balance Adjustment | | - | - | - | - | |
| 3 | Gas Plant in Service, Ending | 4,439,339 | 4,595,203 | - | 4,595,203 | 155,864 | |
| 4 | | | | | | | |
| 5 | Accumulated Depreciation Beginning - Plant | $ (1,418,267) | $ (1,532,891) | $ - | $ (1,532,891) | $ (114,624) | |
| 6 | Opening Balance Adjustment | | - | - | - | - | |
| 7 | Accumulated Depreciation Ending - Plant | (1,532,891) | (1,659,396) | - | (1,659,396) | (126,505) | |
| 8 | | | | | | | |
| 9 | CIAC, Beginning | $ (203,865) | $ (206,768) | $ - | $ (206,768) | $ (2,903) | |
| 10 | Opening Balance Adjustment | | - | - | - | - | |
| 11 | CIAC, Ending | (206,768) | (212,973) | - | (212,973) | (6,205) | |
| 12 | | | | | | | |
| 13 | Accumulated Amortization Beginning - CIAC | $ 67,641 | $ 70,538 | $ - | $ 70,538 | $ 2,897 | |
| 14 | Opening Balance Adjustment | | - | - | - | - | |
| 15 | Accumulated Amortization Ending - CIAC | 70,538 | 76,539 | - | 76,539 | 6,001 | |
| 16 | | | | | | | |
| 17 | Net Plant in Service, Mid-Year | $ 2,754,525 | $ 2,784,796 | $ - | $ 2,784,796 | $ 30,271 | |
| 18 | | | | | | | |
| 19 | Adjustment to 13-Month Average | - | - | - | - | - | |
| 20 | Work in Progress, No AFUDC | 26,120 | 26,120 | - | 26,120 | - | |
| 21 | Unamortized Deferred Charges | 67,262 | 58,422 | - | 58,422 | (8,840) | |
| 22 | Cash Working Capital | 734 | 521 | 467 | 988 | 254 | |
| 23 | Other Working Capital | 90,511 | 96,690 | - | 96,690 | 6,179 | |
| 24 | Deferred Income Taxes Regulatory Asset | 285,204 | 282,818 | - | 282,818 | (2,386) | |
| 25 | Deferred Income Taxes Regulatory Liability | (285,204) | (282,818) | - | (282,818) | 2,386 | |
| 26 | LILO Benefit | (485) | (328) | - | (328) | 157 | |
| 27 | **Utility Rate Base** | $ 2,938,667 | $ 2,966,221 | $ 467 | $ 2,966,688 | $ 28,021 | - Appendix G2-FORECAST, Sch 82 |

RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2018
($000s)

| Line No. | Particulars | -------- Capitalization -------- Amount | | % | Embedded Cost | Cost Component | Earned Return | Cross Reference |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | 2018 AT 2013 RATES | | | | | | | |
| 2 | Long-Term Debt | | $ 1,757,053 | 59.24% | 5.96% | 3.53% | | |
| 3 | Unfunded Debt | | 67,173 | 2.26% | 4.75% | 0.11% | | |
| 4 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | | |
| 5 | Common Equity | | 1,141,995 | 38.50% | 5.00% | 1.92% | | |
| 6 | | | | | | | | |
| 7 | | | $ 2,966,221 | 100.00% | | 5.56% | | - Appendix G2-FORECAST, Sch 81 |
| 8 | | | | | | | | |
| 9 | 2018 REVISED RATES | | | | | | | |
| 10 | Long-Term Debt | | $ 1,757,053 | 59.23% | 5.96% | 3.53% | $ 104,667 | |
| 11 | Unfunded Debt | $ 67,173 | | | | | | |
| 12 | Adjustment, Revised Rates | 287 | 67,460 | 2.27% | 4.75% | 0.11% | 3,204 | |
| 13 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 14 | Common Equity | | 1,142,175 | 38.50% | 8.75% | 3.37% | 99,940 | |
| 15 | | | | | | | | - Appendix G2-FORECAST, Sch 79 |
| 16 | | | $ 2,966,688 | 100.00% | | 7.00% | $ 207,811 | - Appendix G2-FORECAST, Sch 81 |
| 17 | | | | | | | | |
| 18 | 2017 REVISED RATES | | | | | | | |
| 19 | Long-Term Debt | | $ 1,658,636 | 56.44% | 5.98% | 3.38% | $ 99,223 | |
| 20 | Unfunded Debt | $ 148,407 | | | | | | |
| 21 | Adjustment, Revised Rates | 237 | 148,644 | 5.06% | 3.75% | 0.19% | 5,574 | |
| 22 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 23 | Common Equity | | 1,131,387 | 38.50% | 8.75% | 3.37% | 98,996 | |
| 24 | | | | | | | | |
| 25 | | | $ 2,938,667 | 100.00% | | 6.93% | $ 203,793 | - Appendix G2-FORECAST, Sch 77 |
| 26 | | | | | | | | |
| 27 | CHANGE FROM 2017 REVISED RATES | | | | | | | |
| 28 | Long-Term Debt | | $ 98,417 | 2.79% | -0.02% | 0.15% | $ 5,444 | |
| 29 | Unfunded Debt | $ (81,234) | | | | | | |
| 30 | Adjustment, Revised Rates | 50 | (81,184) | -2.79% | 1.00% | -0.08% | (2,370) | |
| 31 | Preference Shares | | - | 0.00% | 0.00% | 0.00% | - | |
| 32 | Common Equity | | 10,788 | 0.00% | 0.00% | 0.00% | 944 | |
| 33 | | | | | | | | |
| 34 | | | $ 28,021 | 0.00% | | 0.07% | $ 4,018 | |

# Appendix H

# NATURAL GAS FOR TRANSPORTATION

# Natural Gas for Transportation

**June 2013**

Evidentiary Update July 16, 2013

# Table of Contents

# 1. INTRODUCTION

The following appendix will provide details on FEI's Natural Gas for Transportation (NGT) program.

FEI's NGT program consists of the provision of compressed natural gas (CNG) or liquefied natural gas (LNG) for the purpose of providing a suitable vehicle fuel for transportation applications. Traditional utility services are focused on delivery of low pressure natural gas to customer locations. This service does not provide the fuel to the customer in a form that is useable for transportation applications. To provide a useable CNG or LNG service, the traditional utility service offering must be supplemented, either by FEI or by other parties, by providing a fueling station service to provide a complete service that is useable by the customer.

FEI's approved General Terms and Conditions (GT&C) 12B set out the terms on which FEI can own and operate such stations. GT&C 12B apply to the "installing and maintaining a CNG fueling station, including, but not limited to, the compression, gas dryer/dehydrator, high pressure storage, dispensing equipment; and dispensing of compressed natural gas". For LNG assets, GTC 12B apply to "the installing and maintaining of LNG fueling station, including, but not limited to, the storage, vaporizer, pump, dispensing equipment; and dispensing of liquefied natural gas."

In addition, FEI may also provide fueling station services under the provisions of the Greenhouse Gas Reduction (Clean Energy Act) Regulation (the GGRR) issued May 14, 2012 by the government of British Columbia. This regulation enables public utilities to make expenditures of up to $12 million to own and operate CNG fueling stations and infrastructures and make expenditures of up to $30.5 million to own and operate LNG fueling stations and infrastructure.

This appendix is organized as follows:

| Section | Section Title | Purpose |
|---|---|---|
| 1 | Introduction | Section 1 speaks to the regulation enabling the expansion of the NGT market and the regulatory history of FEI's NGT program |
| 2 | CNG and LNG Classes of Service | Section 2 demonstrates FEI's compliance with the Commission recommendation to segregate the NGT Fueling station service from traditional gas business |
| 3 | CNG and LNG Supply | Section 3 outlines FEI's ability to supply Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG) |
| 4 | Forecast Demand | Section 4 builds on the market enabling incentives, to forecast expected vehicle additions and ultimately LNG and CNG demand |
| 5 | NGT Fueling Station and Capital Requirements Forecast | Section 5 identifies the fueling stations required to fill the vehicles that are contributing to the CNG and LNG demand |

| Section | Section Title | Purpose |
|---|---|---|
| 6 | Cost of Service for NGT | Section 6 summarizes the cost of service for these stations and the net delivery rate reduction benefits to traditional natural gas ratepayers |
| 7 | Conclusion | Section 7 describes how FEI's role in the continued development of the NGT market in B.C. will provide benefits to all natural gas ratepayer customers and will assist the Province in achieving its greenhouse gas reduction initiatives |

## 1.1 *REGULATORY HISTORY*

### 1.1.1 Initiation of the NGT Program

On December 1, 2010, FEI filed an Application for Approval of GT&Cs for CNG and LNG Service. The proposed section 12B of FEI's GT&C was designed to facilitate the development of both CNG and LNG refueling stations on the FEI distribution system that would be owned and operated by FEI. The Commission approved revised GT&C 12B in Order G-14-12 dated February 7, 2012.

In 2011 and 2012 FEI filed applications with the BCUC for CNG and LNG service under GT&C 12B. The Commission has approved CNG service to Waste Management,[1] to the general public from FEI's Surrey Operations Centre,[2] and to BFI Canada.[3] In 2012, the Commission issued interim approval under GT&C 12B for FEI to own, construct and operate a refueling station for Vedder Transport Ltd.[4]

### 1.1.2 GGRR Incentive Funding

On May 14, 2012, the government of British Columbia enacted the Greenhouse Gas Reduction (Clean Energy Act) Regulation (the GGRR) that enables public utilities to:

1. Provide grants or zero-interest loans (and related expenditures) of up to $62 million in total for the purchase of eligible natural gas vehicles operating in British Columbia;
2. Make expenditures of up to $12 million to own and operate CNG fueling stations and infrastructures; and
3. Make expenditures of up to $30.5 million to own and operate LNG fueling stations and infrastructure.

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1 Order G-128-11, dated July 19, 2011.
2 Order G-165-11A, dated September 26, 2011.
3 Order C-6-12, dated April 30, 2012 and Order G-78-13, dated May 14, 2013.
4 Order C-11-12.

The rate treatment of these expenditures was approved for FEI in BCUC Order G-161-12 on October 29, 2012. Order G-161-12 approved the NGT Incentives Account to capture costs related to Prescribed Undertaking 1: Vehicle Incentives or Zero Interest Loans. Order G-161-12 also approved the Fueling Stations Variance Account to capture costs related to Prescribed Undertaking 2: CNG Stations and Prescribed Undertaking 3: LNG Stations. The Order approved the recovery of the balances in these accounts from all non-bypass natural gas customers.

On April 11, 2013, the BCUC issued Order G-56-13 which addressed non-grant related issues with respect to the GGRR. On the same date the Commission also issued its Reasons for Decision for Order G-161-12 and Order G-56-13. The Reasons for Decision provided a number of directives with respect to Prescribed Undertakings 1 and 2. Amongst other items, Order G-56-13 states: "The Commission Panel agrees and confirms the Commission's role does not include reviewing whether FEI ought to have negotiated different terms and conditions for these agreements with NGT customers."

FEI subsequently received approval for the rate treatment of "Phase 3" GGRR Incentives of $5.6 million in BCUC Order G-67-13 dated April 30, 2013.[5] The BCUC determined that the most fair and reasonable treatment is to include these expenditures as part of the $62 million funding limit established for Prescribed Undertaking 1 under the GGRR. As a result, FEI is not permitted to spend more than $56.4 million in any further funding in this area.

Following the GGRR announcement in May 2012, FEI launched its first round of funding for vehicles. Section 4 of this appendix summarizes the incentive awards and status for FEI's NGT incentive program. The next round of funding for CNG vehicles began in April of 2013.

The rates and rate design related to each new fueling station agreement will be submitted in separate applications to the BCUC for review and approval.

FEI filed its Application for Approval to Amend Rate Schedule 16 on a Permanent Basis (Rate Schedule 16 Amendment Application) on September 24, 2012 and received a decision via BCUC Order G-88-13, on June 4, 2013. This proceeding is related to LNG supply from FEI's LNG facilities for recipients of grants under the GGRR.

**Deleted:** Pursuant to the Rate Schedule 16 decision, Order G-88-13 received on June 4, 2013, FEI will provide an evidentiary update to this application once the decision has been fully evaluated.

### 1.1.3 The AES Inquiry Report

On December 27, 2012, the BCUC issued its Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Inquiry Report). The AES Inquiry Report has implications for FEI's CNG-LNG Service offering and the use of GT&Cs 12B.

[5] As per the directives in Order G-67-13, FEI will transfer the $5.6 million for the 2010-2011 Incentives from the NGV Incentives deferral account approved by Order G-44-12 to the NGT Incentives Account approved by Order G-161-12. The NGV Incentives deferral account will be closed subsequent to the transfer.

Among other items within the AES Inquiry Report, the Commission has found the following key items with respect to CNG and LNG Services (at p. 52):

- *"CNG/LNG Fueling Stations are not extensions of the distribution system;*
- *CNG/LNG fuelling infrastructure has no natural monopoly characteristics;*
- *It is not in public interest to provide FEI with a competitive advantage in this industry by allowing FEI to subsidize the costs of service with existing ratepayer funds;*
- *FEI must provide CNG/LNG Service without using any potential economic leverage it has as a public utility; and*
- *GHG emission reductions provide a justification for FEI's proposed NGV programs, [but] FEI's ratepayers must be insulated, to the greatest extent possible, from the costs and risks of the program."*

The AES Inquiry Report directed (at pages 53 and 62) that any "CNG [and LNG] activities undertaken as Prescribed Undertakings, are to be structured as a Separate Class of Service with the costs to be recovered from the traditional gas utility ratepayers, to the prescribed limit." The AES Inquiry Report states that there is no CPCN requirement for CNG-LNG services undertaken within as prescribed undertakings.[6]

The AES Inquiry Report recommends that the FEU undertake CNG and LNG activities outside the prescribed undertakings in a non-regulated business.

With respect to the approved existing CNG fueling stations, the AES Inquiry Report states (at page 54):

> *"The Panel notes that the BFI CNG station is ordered to be in a Separate Class of Service. The Waste Management CNG Station was approved within the existing natural gas class of service, subject to the conditions contained in its approval. While the Panel believes it would be appropriate to have the Waste Management CNG Station within the CNG Class of Service, this report is a forward looking document and does not apply to previous decisions, unless specific issues were referred to this Inquiry. The Panel does not see this report as directing any change to the BFI or Waste Management Decisions".*

[6] AES Inquiry Report, at pages 55, 62, 63.

While no direction was provided with respect to the existing Vedder LNG station, as discussed below, subject to any further direction to the Commission, FEI has determined that the Vedder station will also be in a separate class of service.

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## 2. CNG AND LNG FUELING STATION CLASSES OF SERVICE

Based on previous Commission decisions and the directives and recommendations of the AES Inquiry Report, FEI has determined that four NGT classes of service are required to account for CNG and LNG stations constructed in compliance with either the GGRR requirements or GT&C 12B.

The need for four separate classes of services arises from two orders in particular:

- BCUC Order C-6-12 regarding the BFI CPCN, item 3 of which directed FEI to establish two new classes of service, one for CNG Service and one for LNG Service, and
- The AES Inquiry Report (Order G-201-12) which determined that "CNG activities done under the Prescribed Undertaking should be structured as a separate Class of Service with the costs to be recovered from the traditional gas utility ratepayers, to the prescribed limit."

FEI has therefore reclassified its existing and forecasted CNG and LNG stations into four classes of service. The four classes of service include:

1. Non-GGRR CNG Stations
2. Non-GGRR LNG Stations
3. GGRR CNG Stations
4. GGRR LNG Stations

These classes of service will not have an impact on FEI's traditional natural gas rate payers' revenue requirement within this application unless otherwise specified in this appendix and only up to the prescribed limit within the GGRR.

Table H-1 below identifies in which class of service the current and forecast CNG and LNG stations will be classified.

**Table H-1: CNG and LNG Station Class of Service**

| Station | Class of Service | Related Order or Report | Characteristics |
|---|---|---|---|
| **Waste Management** | Non-GGRR CNG | G-128-11 | CNG Service, Application submitted consistent with GT&C 12B |
| **BFI** | Non-GGRR CNG | C-6-12 | CNG Service, Application submitted consistent with GT&C 12B |
| **Vedder Transport (Permanent LNG Station)** | Non-GGRR LNG | C-11-12 | LNG Service, Application submitted consistent with GT&C 12B |
| **Surrey & Burnaby[7] Operations CNG Pumps** | Non-GGRR CNG | G-165-11A[8] | CNG Service |
| **Kelowna School District** | Non-GGRR CNG | N/A | CNG Service, Application will be submitted consistent with GT&C 12B |
| **Forecast GGRR CNG Stations** | GGRR CNG | G-161-12<br>G-56-13 | CNG Service, Applications to be submitted consistent with GGRR |
| **Forecast GGRR LNG Stations** | GGRR LNG | G-161-12<br>G-56-13 | LNG Service, Applications to be submitted consistent with GGRR |

For the Kelowna School District fueling station project, fueling station expenditures were incurred in 2009 and 2011 and prior to the establishment of the GGRR and the initiation of the AES Inquiry. On May 1, 2012 the BCUC issued Letter L-29-12 which clarified the CPCN threshold and regulatory process for the Kelowna School District project. Letter L-29-12 states:

> *"The Commission Panel notes that the construction of the Kelowna SD CNG fuelling station was completed in 2011 and FEI has been providing CNG fuelling service since September 1, 2011. The lack of express exclusion from a CPCN requirement for the Kelowna SD in Order G-9-12 was due to FEI's delay in seeking approval for the revised GT&C 12B and the corresponding delay in filing a service agreement with the Kelowna SD. The Commission Panel believes that the Kelowna SD project has the potential of undergoing a more routine regulatory review and that no public interest will be served by compelling the Kelowna SD project to undergo a CPCN review."*

[7] The Burnaby Operation's CNG Pump is for company use only and does not have a dispensing rate in place at this time.

[8] Order G-165-11A is only applicable to Surrey Operations Centre Pump.

The letter emphasizes that the process for the Kelowna School District project (and others prior to the decision in the AES Inquiry) are *ad hoc*. Given the direction in letter L-29-12, FEI intends to apply under GT&Cs 12B for the Kelowna School District fueling station project.

The primary difference between the Non-GGRR and GGRR stations is that the GGRR allows FEI to recover costs of the GGRR stations from traditional natural gas utility ratepayers up to the prescribed limit, whereas FEI does not have this allowance for its Non-GGRR stations.

While the GGRR allows for recovery of costs from traditional natural gas ratepayers, FEI expects to recover the cost of service for fueling stations from NGT customers through station rates. The recovery of costs under the GGRR with respect to traditional natural gas ratepayers is only applicable for any shortfalls in cost of service recoveries from NGT customers.

Having four distinct classes of service will enable FEI to:

- Eliminate non-essential deferral accounts related to Non-GGRR stations;
- Account for costs related to Non-GGRR stations to ensure no cross-subsidization occurs; and
- Account for costs related to GGRR stations to ensure only costs up to the prescribed limit, less recoveries from NGT customers from fueling station rates, are recovered from traditional Natural Gas ratepayers.

Accordingly, the cost of service for each of the NGT fueling station classes of service has been removed from the traditional natural gas ratepayer revenue requirement financial schedules within this Application unless otherwise approved and identified within this appendix. Revenues from traditional tariffs that are utilized to provide the broader NGT service to customers, for example delivery tariffs for CNG customers, are however, included in the revenue requirement financial schedules within this Application to the benefits of traditional natural gas ratepayers.

FEI intends to pursue CNG/LNG activities under Prescribed Undertakings 2 and 3 of the GGRR, which authorizes expenditure limits for CNG and LNG of $12.0 and $30.5 million respectively, over the period of the prescribed undertaking. Although no CPCN approvals will be required for these expenditures and stations, FEI will still file for approval of the customer rate with the BCUC. The terms and conditions of GGRR fueling station agreements are generally limited by the following term:

> *"At least 80% of the energy provided at each station during the undertaking period is provided to one or more persons under a take-or-pay agreement with a minimum term of 5 years".*[9]

On May 13, 2013 FEI submitted its first application for rate approval under the GGRR in the form of an agreement with Smithrite Disposal Ltd. for CNG fueling station service. The agreement negotiated with Smithrite meets to the parameters under the GGRR. This application is presently before the Commission.

# 3. CNG AND LNG SUPPLY

## 3.1 *LNG SUPPLY*

The supply of LNG within BC is limited to the FEI's Tilbury LNG facility and FEVI's Mt. Hayes LNG facility. In order to provide LNG supply to recipients of grants under the GGRR, FEI filed its Rate Schedule 16 Amendment Application to amend the existing Rate Schedule 16 Pilot Program to a permanent rate offering. Among the various approvals sought in the Rate Schedule 16 Amendment Application was an increase to the volume of LNG that would be available from Tilbury and Mt. Hayes from the current pilot cap of 1,040 GJ/d to 42,000 GJ/wk (6,000 GJ/d) (3,200 GJ/d from Tilbury and 2,800 GJ/d from Mt. Hayes). The Commission issued Order G-88-13 on June 4, 2013, which amended Rate Schedule 16, but denied several of FEI's requests.

**Deleted:** FEI will provide an evidentiary update to this application once Order G-88-13 and the accompanying decision has been fully evaluated.

## 3.2 *CNG SUPPLY*

Over the past few years, FEI has constructed two CNG fueling stations in BC. FEI has fueling station agreements with BFI and Waste Management which conform to GT&C 12B. The Waste Management agreement was developed based on previously proposed GT&Cs, and was accepted "on an exception basis only".

Presently, CNG customers under FEI Tariff Supplements J-1 and J-2 in FEI's approved GT&C 12B generate delivery revenues under Rate Schedule 25.[10] Revenues collected under Rate Schedule 25 include a fixed monthly charge, delivery and demand charge. Revenues generated by CNG customers positively impact delivery margin, which is a benefit to all natural gas for distribution customers by reducing the pressure on delivery margin rate increases.

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[9] Greenhouse Gas Reduction (Clean Energy) Regulation, Prescribed Undertaking 2, paragraph 2(c) and 3(c)

[10] Rate Schedule 25 is FEI's General Firm Service used to serve larger volume customers who use gas for more than space heating and generally has a higher load factor than residential and commercial customers due to their consumption patterns.

# 4. FORECAST DEMAND FOR NGT

This section provides forecasts related to GGRR expenditures expected to be awarded over the remaining prescribed undertaking period, natural gas vehicle additions, and overall CNG and LNG demand for transportation.

The forecasts provided in this section differ from the forecasts presented in the original GGRR Application, which was filed with the Commission on August 21, 2012. The forecasts presented in this section contain actual data up to and including March 2013 as FEI has newer information regarding vehicle additions and actual consumption to date. Additionally, recent BCUC decisions that have impacted the NGT program have also been considered in the forecasts presented below.

## 4.1 *RECENT BCUC DECISIONS AND IMPACTS ON FORECASTS*

The forecasts presented in Sections 4 and 5 related to GGRR expenditures, vehicle additions and gas demand additions have all been revised down in direct response to some recent BCUC decisions impacting the NGT market.

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Specifically, pursuant to Order G-88-13, the BCUC made a number of determinations on FEI's Rate Schedule 16 Amendment Application that have directly impacted forecasts of GGRR LNG expenditures and demand forecasts.

For instance, the following BCUC determinations are expected to adversely impact the NGT market for LNG in BC:

- Setting of the delivery charge for LNG deliveries under Rate Schedule 16 at $6.50/GJ, which is 53% higher than what FEI requested in the Amendment Application of $4.25/GJ;
- Daily balancing of LNG deliveries out of Mt. Hayes and Tilbury as opposed to the proposed weekly balancing requirement, which would have been administratively and operationally efficient;
- Removing the 'pilot' nomenclature, but not making the tariff permanent with an expiry date of 2020; and
- No permitted firm storage capacity or ability to shift storage volumes between Mt. Hayes and Tilbury facilities in order to optimize deliveries.

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The 53% increase in the delivery charge has resulted in a number of potential and prospective customers who were considering contracting under Rate Schedule 16 to either delay adoption of LNG, cancel adoption plans altogether or to significantly reduce vehicle additions from initial forecasts.

Specifically, BC Ferries has indicated to FEI that their plan to retrofit the Queen of Capilano ferry to LNG power in 2014 is no longer economically viable. In addition, a number of trucking fleet operators have indicated plans to reduce the number of LNG Class 8 tractors that they will apply for under FEI's NGT Vehicle Incentive Program.

These developments are likely to have a number of implications on the following:

- Reducing GGRR expenditures under Prescribed Undertaking 1, likely below the vehicle incentive limit of $62 million by the end of the Prescribed Undertaking Period of March 31, 2017;
- Reducing GGRR expenditures for LNG fueling stations under Prescribed Undertaking 3, likely below the limit of $26.25 million;
- Limiting the potential for furthering the Province of BC's clean energy initiatives of reducing greenhouse gas emissions and carbon intensity through the adoption of natural gas as a transportation fuel; and
- Limiting the effectiveness of the Provincial Government's clean energy initiatives (e.g. Clean Energy Act).

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Overall, the price increase and regulatory uncertainty with respect to rates and charges has affected market confidence in LNG supply, which is expected to limit the market potential of LNG adoption as a transportation fuel.

Forecast vehicle and gas demand additions related to CNG have also been revised down in response to the recent BCUC decision on FEI's overhead and marketing (OH&M) charge. Per BCUC Order G-78-13 on May 14, 2013, the BCUC set the OH&M charge at $0.52/GJ, which is 86% higher than the OH&M charge that was initially proposed by FEI of $0.28/GJ. Although not to the same extent as LNG customers, some CNG customers have expressed concern with the decision to amend rates that were negotiated into existing contracts. The perception that rates can be changed on existing contracts communicates to market participants that there is uncertainty with costs. This uncertainty impacts potential customers' ability to adopt or increase the number of vehicles they already own.

## 4.2 *FORECAST GGRR EXPENDITURES*

In 2012, GGRR funding rewards at 75 percent of the funding level were delayed to 2013 and thus no GGRR expenditures were made in 2012.[11] The table below provides a forecast of GGRR expenditures over the remaining prescribed undertaking period for FEI only. The table illustrates the GGRR expenditure when the vehicle contribution agreements were signed and not when the cash was disbursed. These GGRR expenditures will be tracked and accounted for in a separate NGT Incentives deferral account.

[11] In 2010 and 2011 Demonstration Period, FEI awarded $5.573 million for purchasing NGVs. The determination on the treatment of these expenditures was approved in BCUC Order G-67-13 on April 30, 2013.

**Table H-2: FEI Forecast GGRR Expenditures ($000s)**

| Incentive Forecast (2013 update for FEI) | pre-2013 | 2013F | 2014F | 2015F | 2016F | 2017F |
|---|---|---|---|---|---|---|
| GGRR Phase 3 Incentives | $ 5,573 | | | | | |
| Round 1 & 2 | | $ 13,371 | | | | |
| Total Vehicle Incentives | $ 5,573 | $ 13,371 | $ 6,178 | $ 4,498 | $ 1,979 | $ - |
| Marine | $ - | $ - | $ 2,500 | $ 2,500 | $ 2,000 | $ - |
| Admin, Education, Safety Training | $ 430 | $ 2,020 | $ 1,850 | $ 1,550 | $ 1,250 | $ - |
| Total | $ 6,003 | $ 15,391 | $ 10,528 | $ 8,548 | $ 5,229 | $ - |
| Cumulative | $ 6,003 | $ 21,395 | $ 31,923 | $ 40,471 | $ 45,701 | $ 45,701 |

## 4.3 FORECAST VEHICLE ADDITIONS

Using assumptions regarding the average price differential between a diesel fueled vehicle and natural gas fueled vehicle, FEI has forecasted the number of vehicle additions by year based on the expected GGRR incentives from Table H-3. Table H-3 below illustrates the number of vehicles that are expected to be operational in that particualr year and not when the GGRR incentive call was issued. Generally speaking, there is a time lag between when the contribution agreements are executed and when the vehicles are actually put into operation. For instance, FEI issued a 2013 call for CNG vehicle incentives and expects vehicles to be in operation partly in 2014 and partly in 2015. From the 2013 CNG call, FEI has applied reasonable assumptions based on the best information it has from the applicants to estimate their in-operation date. Going forward, FEI expects more vehicles to be in operation in that year in which the funding is issued and has incorporated a certain percentage to each year to develop this forecast.

The table below provides a forecast of vehicle additions by type over the remaining prescribed undertaking period.

**Table H-3: Forecast Vehicle Additions (FEI Only)**

| Vehicle Additions (FEI) | 2013F | 2014F | 2015F | 2016F | 2017F | Total for Period |
|---|---|---|---|---|---|---|
| Vocational trucks | 36 | 33 | 103 | 84 | 68 | 324 |
| Buses | 2 | - | 47 | 10 | 4 | 63 |
| Class 8 tractors | 31 | 12 | 66 | 72 | 60 | 241 |
| Marine | - | - | 1 | 1 | 1 | 3 |
| Total NGT Fleet | 69 | 45 | 217 | 167 | 133 | 631 |

## 4.4 FORECAST GAS DEMAND FROM NGT

The table below provides a forecast of NGT demand volumes to the end of the prescribed undertaking period of the GGRR based on the expected number of vehicle additions as presented in the table above.

**Table H-4: FEI Natural Gas Demand (GJ/Year) Forecast for NGT**

| Load Addition (Cumulative) | 2013F | 2014F | 2015F | 2016F | 2017F |
|---|---|---|---|---|---|
| Vocational trucks (CNG) | 109,000 | 142,000 | 245,000 | 329,000 | 397,000 |
| Buses (CNG) | 13,000 | 13,000 | 60,400 | 70,400 | 74,400 |
| Class 8 tractors (LNG) | 302,000 | 356,000 | 653,000 | 977,000 | 1,247,000 |
| Marine (LNG) | - | - | 150,000 | 300,000 | 450,000 |
| Total NGT Fleet | 424,000 | 511,000 | 1,108,400 | 1,676,400 | 2,168,400 |

For LNG demand, the maximum volume that can be offered under the RS16 tariff approved by Order G-88-13 is approximately 2.2 petajoules (PJ) per year (or, 6,000 GJ/day). The Commission Panel approved a maximum quantity of LNG for sale under RS16 of 3,200 GJ per day from Tilbury and approved a maximum quantity of LNG for sale under RS16 of 2,800 GJs per day from Mt. Hayes, once the tanker truck loading facility is constructed. These are hard caps applicable to each facility and cannot be combined.

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The addition of LNG marine vessels and LNG heavy duty Class 8 trucks will be the largest contributors to overall LNG demand for FEI in the long run. The current forecast is that under the approved daily supply caps or 6,000 GJ/day, there will be sufficient supply to serve LNG demand under Rate Schedule 16 through the Prescribed Undertaking period.

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The BCUC decision regarding FEI's Rate Schedule 16 Amendment Application has resulted in a downward revision in FEI's LNG demand forecasts. Specifically, setting the delivery charge to $6.50/GJ, which is 53% higher than the initially proposed charge of $4.25/GJ, has resulted in some customers significantly altering their plans to adopt LNG into their fleet operations.

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## 5. NGT FUELING STATIONS & CAPITAL REQUIREMENTS FORECAST

Based on the forecasted volume of natural gas demand for CNG and LNG and the expenditure of vehicle incentives as permitted under the GGRR, FEI has forecasted the number of fueling stations for both CNG and LNG that it will need to construct in the table below.

**Table H-5: NGT Fueling Stations Forecast Built by FEI**

| FEI Station Additions | 2013F | 2014F | 2015F | 2016F | 2017F |
|---|---|---|---|---|---|
| Vocational Trucks | 1 | 1 | 1 | 1 | 1 |
| Buses | 0 | 0 | 1 | 0 | 1 |
| Class 8 Tractors | 0 | 0 | 1 | 1 | 1 |
| Mobile LNG | 3 | 1 | 0 | 0 | 0 |
| Total Stations | 4 | 2 | 3 | 2 | 3 |

The numbers presented in the table above assume that all expenditures for vehicle incentives under the GGRR are awarded to qualifying customers over the prescribed undertaking period and that FEI will construct half of the CNG fueling stations required to serve CNG demand.

The other half of the required CNG fueling stations are assumed to be built by independent third parties. FEI believes that this is a reasonable assumption and therefore provides a conservative forecast of the number of CNG fueling stations that it will construct.

Based on FEI's past experience with respect to total capital requirements to build fueling stations (LNG and CNG), the figures presented in the table below assume a total capital charge for each type of fueling application:

- Vocational Trucks (CNG) - $1.0 million
- Buses (CNG) - $1.5 million
- Class 8 Tractors (LNG) - $2.5 million
- Mobile LNG - $0.75 million

Based on the forecasted station capital requirements listed above and the anticipated addition of NGT fueling stations as described in Table H-5, FEI forecasts to spend the amounts described in Table H-6 on CNG and LNG fueling stations after 2013.[12] For vocational trucks and buses (CNG stations), FEI is assuming that it will construct half of the fueling stations required to serve demand for these two segments of the NGT market.

**Table H-6: NGT Fueling Station Capital Requirements Forecast ($ millions)**

| Fueling Station Expenditures ($ millions) | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|---|
| Vocational Trucks | $ 1.40 | $ 1.00 | $ 1.00 | $ 1.00 | $ 1.00 | $ - |
| Buses | $ - | $ - | $ 1.50 | $ - | $ 1.50 | $ - |
| Class 8 Tractors | $ - | $ - | $ 2.50 | $ 2.50 | $ 2.50 | $ - |
| Mobile LNG | $ 2.25 | $ 0.75 | $ - | $ - | $ - | $ - |
| Total Capital | $ 3.65 | $ 1.75 | $ 5.00 | $ 3.50 | $ 5.00 | $ - |

## 5.1 *OPERATIONS AND MAINTENANCE (O&M)*

O&M expenses related to the operation of the GGRR CNG and LNG fueling stations are recovered directly from the customer of that fueling station through the rates for those customers.

[12] 2013 CNG station capital requirement of $1.4 million is a projection based on discussions with potential CNG customer.

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Drawing on FEI's experience in constructing natural gas fueling stations, the forecast O&M expenses for each type of application are as follows.

**Table H-7: Forecast Annual Fueling Station O&M**

| Fueling Application | O&M per Year per Station ($) |
|---|---|
| Vocational trucks | $ 50,000 |
| Buses | $ 70,000 |
| Class 8 Tractor | $ 80,000 |
| Mobile LNG | $ 90,000 |

Table H-8 provides a forecast of O&M expenses related to the forecasted number of NGT GGRR fueling stations that FEI expects to construct over the next five years. The figures presented in the table below add O&M expenses for stations that will be constructed in subsequent years and are adjusted for expected in-service dates, thus the figures presented are a cumulative total of O&M dollars that will be expended over the next five years.

**Table H-8: NGT GGRR Fueling Station O&M Forecast**

| Annual Station O&M ($ thousands) | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|---|
| Vocational Trucks | $ 19 | $ 102 | $ 155 | $ 210 | $ 265 | $ 270 |
| Buses | $ - | $ - | $ 51 | $ 52 | $ 104 | $ 106 |
| Class 8 Tractors | $ - | $ - | $ 81 | $ 164 | $ 248 | $ 253 |
| Mobile LNG | $ 107 | $ 366 | $ 374 | $ 381 | $ 389 | $ 397 |
| Total O&M | $ 126 | $ 468 | $ 661 | $ 807 | $ 1,006 | $ 1,027 |

## 5.2 *OVERHEAD AND MARKETING (OH&M) CHARGE*

BCUC Order G-128-11, dated July 19, 2011 directed FEI to include an overhead and marketing (OH&M) charge that would be recovered from NGT station customers through each customer's station fueling rate. On May 14, 2013, BCUC issued Order G-78-13 directing FEI to charge NGT customers $0.52 per GJ as the OH&M rate.

The forecast OH&M collected from each of the station customers is accounted for as an Other Revenue credit in the Natural Gas Class of Service.

The OH&M recovery over the 2014 – 2018 period is expected to total approximately $1.9 million. This represents a $400 thousand net benefit flowing to traditional natural gas

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ratepayers when compared to the forecast expense of $1.5 million[13]. Table H-9 below shows the forecast OH&M expense and recovery from NGT customers based on the $0.52 per GJ charge. The OH&M recoveries will continue over the term of each station contract and FEI expects that, as NGT demand increases, recoveries will surpass expenses for a net benefit to FEI's core customers as shown in Table H5-5 for years starting in 2016.

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**Table H-9: OH&M Forecast Recovery**

| OH&M Recovery ($000) | Forecast 2014 | Forecast 2015 | Forecast 2016 | Forecast 2017 | Forecast 2018 | Forecast Total |
|---|---|---|---|---|---|---|
| Forecast OH&M | 371 | 390 | 379 | 378 | - | **1,518** |
| O&M Recovery | (189) | (297) | (406) | (511) | (522) | **(1,925)** |
| **Total Deficiency (Surplus) Collecte** | **182** | **93** | **(27)** | **(133)** | **(522)** | **(407)** |

**Deleted:** In FEI's view, the total OH&M recoveries far exceed the amount of actual O&M costs embedded in the natural gas class of service, and at the current rate represents a cross subsidization from the NGT classes of service. ¶
Order G-44-12 dated April 12, 2012 regarding the FEU's 2012-13 RRA approved overhead, marketing, business development and customer education related to natural gas vehicle (NGV) services of $569 and $601 for years 2012 and 2013, respectively. If FEI were to use those amounts and escalate the labour component by 2.5 percent per year, the $0.52 per GJ OH&M rate recovered from the NGT classes of service still results in a cross subsidization from the NGT class to natural gas distribution customers of approximately $1.5 million in total from 2012 through 2018, with the cross subsidization beginning in 2015. Table H-10 shows the approved amounts, forecast and the cross subsidization that is forecast to occur.¶

FEI has included the OH&M charge as a component of the fueling station rate for the following stations:

- BFI
- Vedder Transport
- Kelowna School District proposed station
- All forecast GGRR CNG Stations
- All forecast GGRR LNG Stations

FEI notes that with reference to the OH&M charge, BFI Order G-78-13 was not applied retroactively and, therefore, OH&M is not recovered from Waste Management or the Surrey or Burnaby pumps.

# 6. COST OF SERVICE FOR NGT

## 6.1 *GGRR CNG AND LNG CLASSES OF SERVICE*

FEI has used a cost of service model to calculate a forecast cost of service for the GGRR CNG and LNG classes of service. The GGRR CNG class of service schedules are attached to this

[13] BFI CPCN Order G-150-12 Compliance Filing, Table 3, years 2014 to 2017

appendix as Schedules 1 through 9; the GGRR LNG Class of Service schedules are Schedules 10 through 18 and include the following schedules:

- Cost of Service
- O&M and Property Tax
- Income Tax
- Capital Cost Allowance (CCA)
- Rate Base
- Capital Spending
- Gross Plant in Service
- Accumulated Depreciation
- Deferred Charges

FEI has used forecasted capital additions provided in Table H-6, derived from the GGRR Vehicle Incentives and supporting stations from Table H-5 of this document. The forecast O&M is also derived from the station additions and is shown in Table H-8 of this document. FEI has included a forecast of property taxes based on the municipality in which the station is located, if known, and an average property tax rate of the existing stations if unknown. Incremental insurance costs of approximately $1 thousand per station are also included. For financing costs (debt and equity), the NGT classes assume the same capital structure as the FEI Natural Gas for Distribution class.

Deferrals Schedule (9 & 18) reflects a negative salvage provision which is calculated to collect the forecasted cost to remove the station assets at the end of their depreciable lives.

### 6.1.1 Fueling Station Variance Account Forecast Additions

Prescribed Undertaking 2 of the GGRR authorizes expenditure limits for CNG and LNG of $12.0 million and $30.5 million respectively, over the Undertaking period.

Costs and recoveries for CNG and LNG stations pursued under the prescribed undertakings are recoverable from traditional utility ratepayers as required by the GGRR. The Fueling Station Variance Account (FSVA) was established pursuant to Order G-161-12 whereby the account would capture "the total revenue surplus or deficiency pertaining to fueling station facility costs that have not been forecast in rates, as well as the administration and application costs…"

FEI has forecast Administration and Marketing additions to the FSVA pursuant to Order G-161-12. This forecast is representative of the prescribed limits of $240 thousand and $250 thousand for CNG and LNG stations respectively prorated evenly over regulation years 2013 through 2017.

An annual Deficiency / (Surplus) is calculated and will also be included as an addition to the FSVA deferral account. The Deficiency / (Surplus) reflects the under / (over) collection of the cost of service in any given year and is calculated by subtracting the revenue collected from the levelized contract rate of each station from the forecast cost of service for the class. Table H-11 shows the gross additions to the FSVA for 2014 through 2018. The 2014 addition is included on Schedule 49, line 16 of the Financial Schedules.

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**Table H-11: FSVA Gross Addition Forecast**

| ($000) | Forecast 2014 | Forecast 2015 | Forecast 2016 | Forecast 2017 | Forecast 2018 |
|---|---|---|---|---|---|
| FSVA Account Gross Additions | 68 | 160 | 133 | 139 | (79) |

For each station constructed over the term of the GGRR, a station rate is calculated so that, over the life of the contract, the revenue collected equals the cost of service so that the designed net impact to traditional natural gas rate payers is zero.

In addition, an excess (of contract demand) fueling rate is also calculated for volumes sold in excess of contract demand. The excess recoveries collected will credit the FSVA and be returned to traditional natural gas rate payers through amortization of the FSVA.

The FSVA provides a mechanism to capture all GGRR fueling stations variances (surplus) and deficiencies including Administration and Marketing costs specific to these stations. FEI has endeavoured to forecast additions to the FSVA within this appendix. However, as has been approved, all deficiencies and surpluses will be accounted for in the FSVA and amortized into core customers' rates over three years.

## 6.2 *NON-GGRR CNG AND LNG CLASSES OF SERVICE*

Pursuant to the BFI Decision and the AES Inquiry Report, FEI is accounting for its existing CNG and LNG stations in the Non-GGRR CNG and LNG classes of service. FEI was directed to account for BFI in this manner and although not directed to, FEI believes that it is appropriate to account for its other Non-GGRR stations in the spirit of both the BFI Decision and AES Inquiry Report.

FEI has five stations that are included in the Non-GGRR CNG and LNG Classes of Service:

1. Waste Management
2. BFI

3. Vedder Transport
4. Surrey Operations CNG Pump
5. Burnaby Operations CNG Pump

Each of the Waste Management, BFI and Vedder stations have contracted rates in place for both the contract demand (take-or-pay) and an excess fueling rate for volumes sold in excess of contract demand.

Burnaby Operation's CNG Pump is for company use only and does not have a dispensing rate in place at this time. For the purposes of setting rates within this application, the Burnaby operations pump assets and annual Operation and Maintenance expenses have been removed from the Natural Gas for Distribution class of service and included in the Non-GGRR CNG Class of service. However, since the Burnaby operations pump is used by FEI Fleet servicing non-bypass ratepayers exclusively, the cost of service of this pump will show as a debit in the Application, Section C2 - Other Revenues and as a recovery in the NGT Class of Service.

Surrey Operation's CNG Pump has a rate in place pursuant to BCUC Order G-165-11A through Rate Schedule 6P and sells CNG under this Rate Schedule. The rate schedule includes a rate for the compression service. Commencing January 1, 2014 FEI will account for this recovery in the Non-GGRR CNG Class of Service as an offset to the cost of service for this pump. A portion of the recoveries come from CNG sales to the public and a portion from CNG sales to FEI's fleet servicing Core ratepayers. The recovery from FEI fleet will show as a debit in the Application, Section C2 - Other Revenues.

Accounting for these five stations in separate Non-GGRR classes of service allows FEI to capture all costs and recoveries related to these assets and will ensure that these costs and recoveries are not borne by traditional natural gas ratepayers. Since these stations are separated from the natural gas class of service, the disposition of the existing deferral accounts which reside in the natural gas class of service related to these fuelling stations is addressed below.

### 6.2.1 BFI Costs and Recoveries

In accordance with Commission Orders C-6-12 and G-150-12, FEI is to include all other amounts paid by BFI for volumes in excess of the 'take or pay' commitment in a new rate base deferral account separate from the deferral account approved in the Waste Management Decision. The deferral account is to capture incremental CNG Service recoveries received from actual volumes purchased in excess of minimum take or pay commitments, with the disposition to be determined at a future date.

BFI is in a class of service for which natural gas ratepayers are not accountable. BFI has a station refuelling rate contracted for seven years. Therefore, it is no longer necessary to accumulate a deficiency or surplus in this deferral since all deficiencies or surpluses related to

BFI will be accounted for in the Non-GGRR CNG Class of Service and be to the account of the shareholder and not FEI's traditional natural gas ratepayers.

Consequently, to eliminate any impact the balance of this deferral may have on traditional natural gas ratepayers, FEI is requesting to transfer the balance of this account to the Non-GGRR CNG Class of Service and will expense it there effective January 1, 2014.

### 6.2.2 CNG & LNG Service Recoveries

The CNG & LNG Service Recoveries account, approved by Order G-128-11, captures the incremental CNG and LNG fueling station recoveries received from fueling station volumes in excess of the minimum contract demand. The concept of this account was to capture any excess station capital and O&M recoveries and amortize them back into core customers' rates.

Since the Non-GGRR CNG and LNG classes of service do not impact core customer rates, effective January 1, 2014, FEI will no longer accumulate excess station recoveries from the Waste Management and Vedder stations within this account. Please refer to Section D4-4.4.4 which includes a discussion on the amortization of the December 31, 2013 balance.

## 6.3 NGT REVENUE, COST OF GAS AND DELIVERY MARGIN FORECAST

The NGT classes of service are designed to categorize fueling station assets into separate classes so as to minimize or otherwise control the impact that these stations costs and recoveries have on the traditional natural gas ratepayer. However, the associated sale of natural gas via CNG or LNG through these station assets remains a component of the traditional natural gas ratepayer's revenue.

Currently, FEI delivers CNG and LNG through the GGRR and non-GGRR stations using Rate Schedules 6P, 25 and 16. FEI has used the forecast volumes from this appendix to calculate revenue, cost of gas and delivery margin at existing rates.

**Deleted:** It should be noted that the Rate Schedule 16 impacts to revenues, gas costs and delivery margins are interim and awaiting a decision on the Rate Schedule 16 Amendment Application.

The following three tables identify, by the three rate schedules listed above, the forecast of gas (CNG and LNG) volumes sold, associated delivery margin, cost of gas (if the rate schedule is a not a transportation rate) and revenue.

**Table H-12: Volume, Delivery Margin Cost of Gas and Revenue forecast for Rate Schedule 6P NGT Customers[15]**

| Volume, Revenue, Margin under RS 6P | 2014F | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|
| Surrey Operation Pump (GJ) | 4,725 | 4,725 | 4,725 | 4,725 | 4,725 |
| Total Delivery Margin ($) | $ 18,654 | $ 18,654 | $ 18,654 | $ 18,654 | $ 18,654 |
| Total Cost of Gas ($) | $ 15,971 | $ 15,971 | $ 15,971 | $ 15,971 | $ 15,971 |
| Total Revenue ($) | $ 34,625 | $ 34,625 | $ 34,625 | $ 34,625 | $ 34,625 |

**Table H-13: Volume, Delivery Margin and Revenue forecast for Rate Schedule 25 NGT Customers[16]**

| Volume, Revenue, Margin under RS 25 | 2014F | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|
| CNG Service Volume (GJ) | | | | | |
| Waste Management (Contract Demand) | 18,996 | 18,996 | 18,996 | 18,996 | 18,996 |
| BFI (Contract Demand) | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Kelowna School District | 4,665 | 4,665 | 4,665 | 4,665 | 4,665 |
| City of Surrey | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| All Other GGRR | 70,339 | 220,739 | 314,739 | 386,739 | 386,739 |
| Total Volume (GJ) | 155,000 | 305,400 | 399,400 | 471,400 | 471,400 |
| Total Revenue/Delivery Margin ($) | $ 111,910 | $ 220,499 | $ 288,367 | $ 340,351 | $ 340,351 |

**Table H-14: Volume, Delivery Margin, Cost of Gas and Revenue Forecast for Rate Schedule 16 Customers[17]**

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| Volume, Revenue, Margin under RS 16 | 2014F | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|
| LNG Service Volume (GJ) | | | | | |
| Vedder Transport (Contract Demand) | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 |
| All Other GGRR | 196,000 | 643,000 | 1,117,000 | 1,537,000 | 1,537,000 |
| Total Volume | 356,000 | 803,000 | 1,277,000 | 1,697,000 | 1,697,000 |
| Total Delivery Margin ($) | $2,314,000 | $ 5,219,500 | $ 8,300,500 | $11,030,500 | $11,030,500 |
| Total Cost of Gas ($) | $1,399,976 | $ 3,404,948 | $ 5,749,664 | $ 8,081,815 | $ 8,496,417 |
| Total Revenue ($) | $3,713,976 | $ 8,624,448 | $14,050,164 | $19,112,315 | $19,526,917 |

The volume, delivery margins, cost of gas and revenues are components within the traditional natural gas financial schedules within this Application and are part of the overall natural gas revenue requirement.

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[15] Volume represents the contract volume for existing stations and GGRR forecast volumes for proposed stations whereas Table H-4 represents all GGRR and Non-GGRR volume (contract and excess of contract demand).
[16] Ibid.
[17] Ibid.

## 6.4 SUMMARY OF COSTS AND BENEFITS

Table H-15 shows the forecast cost of service and benefits that the incentives under the GGRR are expected to produce based on past decisions and forecast spending.

**Table H-15: Summary of NGT Costs and Benefits for Core Ratepayers**

| ($000) | 2014F | 2015F | 2016F | 2017F | 2018F | Total |
|---|---|---|---|---|---|---|
| NGT Incentives and FSVA Cost of Service | 4,961 | 6,197 | 6,898 | 6,664 | 6,418 | 31,139 |
| OH&M Recoveries | (189) | (297) | (406) | (511) | (522) | (1,925) |
| Delivery Margin Contributions | (2,445) | (5,459) | (8,608) | (11,390) | (11,390) | (39,290) |
| **Net (Benefit) / Cost to Core** | **2,328** | **442** | **(2,116)** | **(5,236)** | **(5,493)** | **(10,076)** |

As discussed in Section 6.1.1 above, the FSVA Additions are designed to have zero impact on core customers over time and NGT Vehicle Incentives have a maximum expenditure limit of $62 million, whereas OH&M Recoveries and Delivery Margin Contributions are expected to continue for many years into the future.

# 7. CONCLUSION

Since the initial CNG/LNG Application in late 2010, FEI has made progress in contracting with NGT customers for fueling station service. In light of Order G-88-13 dated June 4, 2013 regarding FEI's Rate Schedule 16 Amendment Application, LNG adoption as a transport fuel is expected to be much lower than initially forecast. While adoption has been slowed due to regulatory uncertainty and other factors, FEI has forecast uptake, albeit lower than forecasts presented in Exhibit B-1, in its NGT offerings going forward.

Pursuant to the Commission's decisions regarding accounting for CNG and LNG station, FEI has established separate classes of service for existing CNG and LNG stations. For FEI traditional natural gas ratepayers, with the exception of the GGRR fuelling stations as permitted by AES Inquiry Report and Order G-161-12, these separate classes of service prevent cross-subsidization between the different classes of service.

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**Deleted:** FEI is evaluating these forecasts in light of Order G-88-13 dated June 4, 2013 regarding FEI's Rate Schedule 16 Amendment Application and will update the information in this Appendix as required in an evidentiary update.

# Appendix J

# DRAFT FORM OF ORDER

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VANCOUVER, BC V6Z 2N3 CANADA
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**BRITISH COLUMBIA UTILITIES COMMISSION**

**ORDER NUMBER**

TELEPHONE: (604) 660-4700
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**DRAFT ORDER**

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

and

An Application by FortisBC Energy Inc.
For Approval of a Multi-Year Performance Based Ratemaking Plan for the years 2014 through 2018

**BEFORE:** D.M. Morton, Panel Chair/Commissioner (Date)
D.A. Cote, Commissioner
N.E. MacMurchy, Commissioner

**ORDER**

**WHEREAS:**

A. On June 10, 2013, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission for approval of a proposed multi-year performance based ratemaking plan (PBR Plan) for the years 2014 through 2018, and for approval of permanent natural gas delivery rates effective January 1, 2014, pursuant to sections 59 to 61 and 89 of the Utilities Commission Act (the Act);

B. On July 16, 2013, FEI filed an Evidentiary Update (Exhibit B-6);

C. FEI seeks, among other things, approval, pursuant to sections 59 to 61 of the Act, of a permanent natural gas delivery rate increase of 1.0 percent as compared to 2013 delivery rates, effective January 1, 2014;

D. FEI further seeks approval of the Rate Stabilization Adjustment Mechanism (RSAM) rider for applicable rate classes for 2014 as set out in the Application;

E. FEI seeks, among other things, approvals including: allocation of costs for corporate and shared services; discontinuation, continuation, and creation of deferral accounts and the amortization and disposition of balances in deferral accounts;

F. FEI, FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. (together, the FEU) seek acceptance pursuant to section 44.2 of the Act for Energy Efficiency and Conservation (EEC) expenditures; and

G. The Commission has reviewed the Application and concludes that the requested changes as outlined in the Application should be approved.

**NOW THEREFORE** the Commission orders as follows:

1. Pursuant to sections 59 to 61 of the Utilities Commission Act (the Act), the following approvals are granted for FEI:

    a. Approval of the PBR mechanisms set out in Section B of this Application for setting delivery rates for the years 2014-2018.

    b. Approval of permanent delivery rates for all non-bypass customers effective January 1, 2014, representing an increase of 1.0 percent as compared to 2013 delivery rates. The increase is to be applied to the delivery charge and the basic charge will remain at 2013 levels.

    c. Approval of the RSAM rider for customers served under FEI Rate Schedules 1, 1B, 1S, 1X, 2, 2U, 2X, 3, 3U, 3X and 23 effective January 1, 2014 of ($0.118)/GJ as set out in Section E Schedule 63 of the Application.

    d. Approval of the continuation of the debiting of the MCRA and crediting of the delivery margin revenue in the amount of $3.6 million per year for 2014 through 2018 as set out in Section C2.3 of the Application.

    e. Approval of the allocation of costs for corporate services between FortisBC Holdings Inc. and FEI, as reflected in the Corporate Services Agreements between FortisBC Energy Holdings Inc. and FEI, as described in section D3.6 of the Application.

    f. Approval of the allocation of costs for shared services between FEI and FEVI, as described in section D3.6 of the Application, subject to FEVI receiving regulatory approval for the allocation in its next RRA filing.

    g. Approval of the allocation of costs for shared services between FEI and FEW, as described in section D3.6 of the Application, subject to FEW receiving regulatory approval for the allocation in its next RRA filing.

    h. Approval of the discontinuance, modification, and creation of deferral accounts, and the amortization and disposition of balances of deferral accounts, all as set out in section D4, Appendices F-4 and F-5 to the Application and summarized in the following table.

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| **New Account** | 2014 - 2018 PBR Application Costs | FEI | Section D4.1.1; amortization period of 5 years commencing January 1, 2014 |
| | TESDA Overhead Allocation Variance | FEI | Section D4.1.2; disposition of account will be addressed in 2014 Annual Review |
| **Amortization Period Change - New or Modified** | Midstream Cost Reconciliation Account | FEI | Section D4.2.1; change from 3 year amortization period to 2 year amortization period, commencing January 1, 2014 |
| | Revenue Stabilization Adjustment Mechanism | FEI | Section D4.2.2; change from 3 year amortization period to 2 year amortization period, commencing January 1, 2014 |
| | Pension and OPEB Variance | FEI | Section D4.2.4; change from 3 year amortization period to a 12 year amortization period (EARSL), commencing January 1, 2014 |
| | Customer Service Variance Account | FEI | Section D4.2.5; 5 year amortization period, commencing January 1, 2014 |
| **Other** | Energy Efficiency and Conservation | FEU | Section D4.2.6<br>The continuation of the FEI EEC Incentive non-rate base deferral account attracting AFUDC, approved by Commission Order G-44-12, to capture the actual as spent costs above the amount forecast in rates, up to the approved funding envelope, for 2014 through 2018, and to transfer the FEI portion of the balance to the FEI EEC rate base deferral account in the following year and recover the amount transferred over a ten year period beginning the year in which the balance is transferred. Additionally, FEI is seeking to transfer the FEI portion of the balance in this deferral as at December 31, 2013 to the FEI rate base EEC deferral account and to amortize the amounts in rates over 10 years beginning in 2014 |
| | Biomethane Program Costs | FEI | Section D4.2.7; inclusion of application costs related to the FEI Biomethane Post Implementation Report |
| | Generic Cost of Capital Application Costs | FEI | Section D4.2.8; amortization period of 2 years commencing January 1, 2014 |
| | Amalgamation and Rate Design Application Costs | FEI | Section D4.2.9; transfer FEI’s portion of the balance to rate base January 1, 2014, amortization of 3 years commencing January 1, 2014 |

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| | Residual Delivery Rate Riders | FEI | Section D4.2.10; inclusion of new residual balances for Rate Riders 3, 4 and 8 |
| | On-Bill Financing Pilot Program | FEI | Section D4.3.1; transfer the balance of this account as at December 31, 2014 to rate base on January 1, 2015 and continue to recover the balance from OBF pilot program customers over approximately a ten year period until the account is fully recovered. |
| **Discontinuance** | Southern Crossing Pipeline Tax Reassessment | FEI | Section D4.4.2; amortization period of 1 year commencing January 1, 2014 and then discontinuance of this account effective January 1, 2015 |
| | Tilbury Property Purchase (Subdividable Land) | FEI | Section D4.4.3; amortization period of 1 year commencing January 1, 2014 and then discontinuance of this account effective January 1, 2016 |
| | CNG and LNG Recoveries | FEI | Section D4.4.4; discontinuation of this account effective January 1, 2015 |
| | BFI Costs and Recoveries | FEI | Section D4.4.5; discontinuation of this account effective January 1, 2014 |
| | Overhead and Marketing Recoveries from NGT Class of Service | FEI | Section D4.4.6; 1 year amortization period, commencing January 1, 2014; discontinuation of this account effective January 1, 2016 |
| | RS 16 Application Costs | FEI | Section D4.4.7; discontinuation of this account effective January 1, 2016 |
| | RS 16 Costs and Recoveries | FEI | Section D4.4.8; 1 year amortization period, commencing January 1, 2014; discontinuation of this account effective January 1, 2016 |
| | NGV for Transportation Application | FEI | Section D4.4.9; discontinuation of this account effective January 1, 2016 |
| | 2011 CNG and LNG Service Costs and Recoveries | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | Olympic Security Costs | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | IFRS Implementation Costs | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | 2009 ROE and Cost of Capital Application | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |

| Type Of Change | Account | Company | Reference |
|---|---|---|---|
| | 2010-2011 Revenue Requirement Application | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | 2012-2013 Revenue Requirement Application | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | CCE CPCN Application | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | Deferred Removal Costs | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | US GAAP Conversion Costs | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | US GAAP Transitional Costs | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2015 |
| | Mark to Market - Customer Care Enhancement Project | FEI | Section D4.4.10; discontinuation of this account effective January 1, 2014 |

i. Approval of changes to the following accounting policies to be used in the determination of rates for FEI, effective January 1, 2014:

   i. Modification to the approved Lead Lag days with the removal of the HST lead days and the insertion of GST and PST lead days as set out in Section D3.2 of the Application.

   ii. Inclusion of the retiree portion of pension and OPEB expenses in benefit loadings for O&M and capital as set out in Section D3.1 of the Application.

   iii. Capitalization of the annual software costs paid to vendors in support of upgrade capability as set out in Section D3.1 of the Application.

   iv. Depreciation of assets to commence January 1 of the year following when they are placed into service as set out in Section D3.3 of the Application.

   v. A depreciation rate of 12.5 percent for asset class 484 Vehicles as set out in Section D3.1 of the Application.

   vi. Approval to discontinue the reconciliation of US GAAP to Canadian GAAP in future BCUC Annual Reports as set out in Section D3.1 of the Application.

2. With respect to Energy Efficiency and Conservation (EEC) expenditures, the Commission orders as follows:

a. Pursuant to section 44.2(a) of the Act, the Commission accepts the following EEC expenditure schedules for the FEU to be spent on the EEC program areas described in Appendix I of the Application: Up to $34.353 million for 2014, $37.30 million for 2015, $37.358 million for 2016, $37.664 million for 2017, and $38.982 million for 2018.

b. The Commission approves the continuation of the EEC framework as previously approved by the Commission, with the following changes:

   i. Approval of the administration by a neutral third party of EEC funds provided to projects with a third party thermal energy component.

   ii. Approval of the incorporation of spillover effects and the attribution of the benefit of savings from the introduction of codes and standards on a program-by-program basis, for the purpose of reporting on cost effectiveness in the EEC Annual Report pursuant to section 43 of the Act.

   iii. Approval for the FEU to transfer funds within a program area to a new program without prior Commission approval, provided that the new program is in accordance with the DSM Regulation, EEC principles, existing benefit/cost test requirements, and has not been previously rejected by the Commission.

**DATED** at the City of Vancouver, In the Province of British Columbia, this day of <MONTH>, 2013.

BY ORDER