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February 5, 2015

Via Email
Original via Mail

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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Energy Inc. (FEI)

Application for 2015 and 2016 Revenue Requirements and Rates for the Fort Nelson Service Area (the Application)

Response to the British Columbia Utilities Commission (BCUC or the Commission) Information Request (IR) No. 1

On December 3, 2014, FEI filed the Application as referenced above. In accordance with Commission Order G-192-14 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCUC IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

FortisBC Energy Inc. (FEI or the Company) Application for 2015 and 2016 Revenue Requirements and Rates for the Fort Nelson Service Area (FEFN) (the Application)	Submission Date: February 5, 2015
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A. INTRODUCTION

1.0 Reference: 2014 PROJECTED RESULTS

1.1 How many months of actual data are the 2014 Projected results based on?

Response:

FEI endeavoured to use the best available information for the 2014 Projection and, as such, the number of months of actuals varies depending on the type of data. The 2014 Projection was based on 6 months of actual data (ending June 30, 2014), except for deferred charges, capital expenditures and plant additions for which the projections were based on 8 months of actual data (ending August 31, 2014).

As described in the response to BCUC IR 1.1.2, the capital expenditures, and correspondingly the plant additions, as well as O&M and deferred charges have now been updated to reflect 2014 preliminary actuals as included in Attachment 1.2 to the response to BCUC IR 1.1.2.

1.2 Does FortisBC Energy Inc. – Fort Nelson service area (FEFN) anticipate that it will file an evidentiary update during the course of this proceeding?

Response:

No, FEI does not anticipate filing an evidentiary update during the course of this proceeding.

To provide the Commission with comparative information to assist in determining the reasonableness of FEI's forecasts for 2015 and 2016, FEI has provided 2014 preliminary actual O&M and capital expenditure information in the responses to BCUC IR 1.15.1 and 1.16.1. In addition, FEI has also updated the deferred charges to reflect preliminary actual data and has included this information, along with the preliminary 2014 O&M and capital expenditure and plant balance update, in a complete set of revised financial schedules included as Attachment 1.2 below.

Further, FEI has made two revisions to the forecast for 2015 and 2016 as summarized below:

1. Property Tax Expense (CEC IR 1.11.1)

As explained in CEC IR 1.11.1, a new distribution line assessment folio created by BC Assessment in 2014 was inadvertently omitted from the 2014 through 2016 data. The

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inclusion of this folio results in an increase to the forecast for property tax expense of approximately \$21 thousand in both 2015 and 2016.

2. O&M Update- Shared Services Allocation (BCUC IR 1.15.1)

As explained in BCUC IR 1.15.1, the shared services allocation changed based on revisions to the average number of customers, an update to capture the impact of the changes as filed in the FEI Evidentiary Update in its Annual Review and a revision to include Environment, Health and Safety (EH&S) O&M costs in the O&M allocation base due to those costs no longer being included as Distribution costs. These changes result in an increase to the forecast gross O&M expense of approximately \$7 thousand in 2015 and \$4 thousand in 2016.

The combined impact of the update to reflect O&M, capital and deferred charge preliminary actual 2014 information and the two revisions noted above, is a minor total change to forecast revenue deficiencies and proposed changes to the delivery component of the rate as summarized in the table below.

	2015	2016	Total	Reference
Revenue Deficiency (\$ thousand)				
Filed (Exhibit B-1)	473	153	626	Section 9, Schedule 2 & 3, Column 6, Line 13
Revised (Attachment 1.2)	496	121	617	Attachment 1.2, Schedule 2 & 3, Column 6, Line 13
Change	<u>23</u>	<u>(32)</u>	<u>(9)</u>	
Proposed Delivery Component Rate Change				
Filed (Exhibit B-1)	24.26%	7.58%	31.84%	Section 9, Schedule 2 & 3, Column 6, Line 15
Revised (Attachment 1.2)	25.44%	5.94%	31.38%	Attachment 1.2, Schedule 2 & 3, Column 6, Line 15
Change	<u>1.18%</u>	<u>-1.64%</u>	<u>-0.46%</u>	

Please refer to Attachment 1.2 which contains the revised financial schedules and a revised Draft Order reflecting these revisions.

1.2.1 If yes, when does FEFN anticipate this filing will occur?

Response:

Please refer to the response to BCUC IR 1.1.2.

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2.0 Reference: SUMMARY

Exhibit B-1, Section 1.1, p. 3

Muskwa River Crossing Project

On page 3 of the Application, FEFN states: "The approximate impact of the Muskwa River Crossing Project is approximately \$365 thousand of the total 2015 revenue deficiency of \$473 thousand."

2.1 Please indicate in percentage delivery rate terms how much of the 2015 delivery rate increase of 24.26 percent is attributable to the Muskwa River Crossing Project.

Response:

The Muskwa River Crossing Project causes an approximate 18.72 percent (\$365 thousand / \$1,950 thousand delivery margin) increase in the delivery component of the rate in 2015. This is just over 77 percent of the total 24.26 percent delivery rate increase.

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3.0 Reference: REVENUE REQUIREMENTS AND RATES

Exhibit B-1, Section 2.2, Figure 2-1, p. 8

Revenue deficiency components

On page 8 of the Application, FEFN states: "FEFN is forecasting a total revenue deficiency of \$473 thousand in 2015...and an additional \$153 thousand in 2016."

Further, on page 8 of the Application, Figure 2-1 displays the dollar values of the following revenue deficiency components: (i) Customer Additions and Use Rate Changes; (ii) Depreciation & Amortization; (iii) Taxes & Other Impacts; (iv) Rate Base Growth & Financing Rates; and (v) Operations & Maintenance Changes.

3.1 Utilizing the same categories as shown in Figure 2-1 of the Application as listed above, please provide the percentage delivery rate impact of each of the revenue deficiency components for 2015 and 2016.

Response:

The percentage impact on the delivery component of the rate for each of the revenue deficiency items listed above for 2015 and 2016 is summarized in the tables below. Delivery component and gross margin amounts are in \$ thousands.

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2015		
	Deficiency Components	% Delivery Rate Impact
Customer Additions and Use Rate Changes	25	1.28%
Taxes & Other Impacts	(57)	-2.92%
Operations & Maintenance Changes	83	4.26%
Depreciation & Amortization	182	9.33%
Rate Base Growth & Financing Rates	<u>240</u>	12.31%
Total Revenue Deficiency	<u>473</u>	24.26%

2016		
	Deficiency Components	% Delivery Rate Impact
Customer Additions and Use Rate Changes	(16)	-0.82%
Taxes & Other Impacts	(31)	-1.55%
Operations & Maintenance Changes	21	1.03%
Depreciation & Amortization	157	7.91%
Rate Base Growth & Financing Rates	<u>22</u>	1.02%
Total Revenue Deficiency	<u>153</u>	7.58%

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3 The table below shows the approximate percentage impact on the delivery component of the
 4 rate of each of the revenue deficiency items included in the updated financial schedules
 5 provided in the response to BCUC IR 1.1.2.

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2015		
	Deficiency Components	% Delivery Rate Impact
Customer Additions and Use Rate Changes	25	1.28%
Taxes & Other Impacts	(15)	-0.77%
Operations & Maintenance Changes	90	4.62%
Depreciation & Amortization	185	9.49%
Rate Base Growth & Financing Rates	<u>211</u>	10.82%
Total Revenue Deficiency	496	25.44%

2016		
	Deficiency Components	% Delivery Rate Impact
Customer Additions and Use Rate Changes	(16)	-0.82%
Taxes & Other Impacts	(31)	-1.57%
Operations & Maintenance Changes	18	0.88%
Depreciation & Amortization	128	6.43%
Rate Base Growth & Financing Rates	<u>22</u>	1.03%
Total Revenue Deficiency	121	5.94%

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B. GAS SALES AND DEMAND, AND OTHER REVENUE

4.0 Reference: GAS SALES AND DEMAND, AND OTHER REVENUE

Exhibit B-1, Sections 3.2-3.4, pp. 12–19

Demand forecast data

4.1 Please use the template below to produce four tables, both in hard copy and in the form of a functional excel spreadsheet, to provide information for each year from 2009 to 2016 for:

- (i) Annual Customer Additions
- (ii) Year-end Customer Account Totals
- (iii) Average use per customer (GJ/year)
- (iv) Total energy demand (TJ)

	Column 1	Column 2	Column 3	Column 12	Column 13	Column 14	Column 15
Line 1		2009		...		2014		2015	2016
Line 2	Customer Class	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast
Line 3	Rate Schedule 1								
Line 4	Rate Schedule 2.1								
Line 5	Rate Schedule 2.2								
Line 6	Rate Schedule 25								
Line 7	Total								

Response:

The four tables below provide information for each year from 2009 to 2016 for year-end customer account totals (Accounts), annual customer additions (Account Additions), average use per customer (UPC) in GJs/year and total energy demand (Energy) in TJs. For comparability and in accordance with forecasting practice, the Energy (TJs) table shows normalized energy. To respond to BCOAPO IR 1.4.1, FEFN has also included a table called Actual Energy (TJs) showing actual (non-normalized) energy for the requested years.

At the time this response was prepared 2014 actuals were not yet available. Please refer to Attachment 4.1 for the fully functional Excel spreadsheet.



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Accounts	2009		2010		2011		2012		2013		2014	2015	2016
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
RATE 1 - Residential	1,925	1,943	1,937	1,945	1,955	1,955	1,947	1,960	1,959	1,973	1,971	1,984	1,997
RATE 2.1 - Small Commercial	412	414	421	420	447	422	443	443	446	454	457	468	479
RATE 2.2 - Large Commercial	28	28	28	28	31	28	31	28	31	28	32	33	34
RATE 25 - General Firm Transportation	2	1	2	2	2	2	2	2	2	2	2	2	2
Total	2,367	2,386	2,388	2,395	2,435	2,407	2,423	2,433	2,438	2,457	2,462	2,487	2,512

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Account Additions	2009		2010		2011		2012		2013		2014	2015	2016
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual*	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
RATE 1 - Residential	-	9	12	10	18	10	8	11	12	13	12	13	13
RATE 2.1 - Small Commercial	(2)	3	9	3	26	2	4	11	3	11	11	11	11
RATE 2.2 - Large Commercial	-	-	-	-	3	-	-	-	-	-	1	1	1
RATE 25 - General Firm Transportation	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Total	(4)	12	21	13	47	12	12	22	15	24	24	25	25
* includes an adjustment for the SAP project of 16 R1 additions and 8 R2.1 additions													

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UPC (GJs)	2009		2010		2011		2012		2013		2014	2015	2016
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
RATE 1 - Residential	138	140	141	136	138	133	139	140	139	140	138	136	135
RATE 2.1 - Small Commercial	464	474	468	435	476	435	465	466	460	465	463	453	443
RATE 2.2 - Large Commercial	3,371	3,157	3,388	3,385	3,326	3,385	3,228	3,609	3,555	3,726	3,487	3,535	3,584
RATE 25 - General Firm Transportation	34,491	213,925	27,498	35,787	25,677	29,246	27,916	27,498	30,378	27,498	24,000	27,916	27,916
Rate 1, Rate 2.1 and Rate 2.2 are Weather Normalized. Rate 25 is not Weather Normalized.													

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Energy (TJs)	2009		2010		2011		2012		2013		2014	2015	2016
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
RATE 1 - Residential	266	270	271	263	268	259	269	273	270	274	271	269	268
RATE 2.1 - Small Commercial	191	195	194	182	206	183	205	203	204	208	209	208	209
RATE 2.2 - Large Commercial	94	88	95	95	97	95	100	101	110	104	110	116	121
RATE 25 - General Firm Transportation	71	214	54	72	49	58	59	55	60	55	67	56	56
Total Energy	623	768	614	611	619	595	633	633	644	642	656	648	653
Rate 1, Rate 2.1 and Rate 2.2 are Weather Normalized. Rate 25 is not Weather Normalized.													

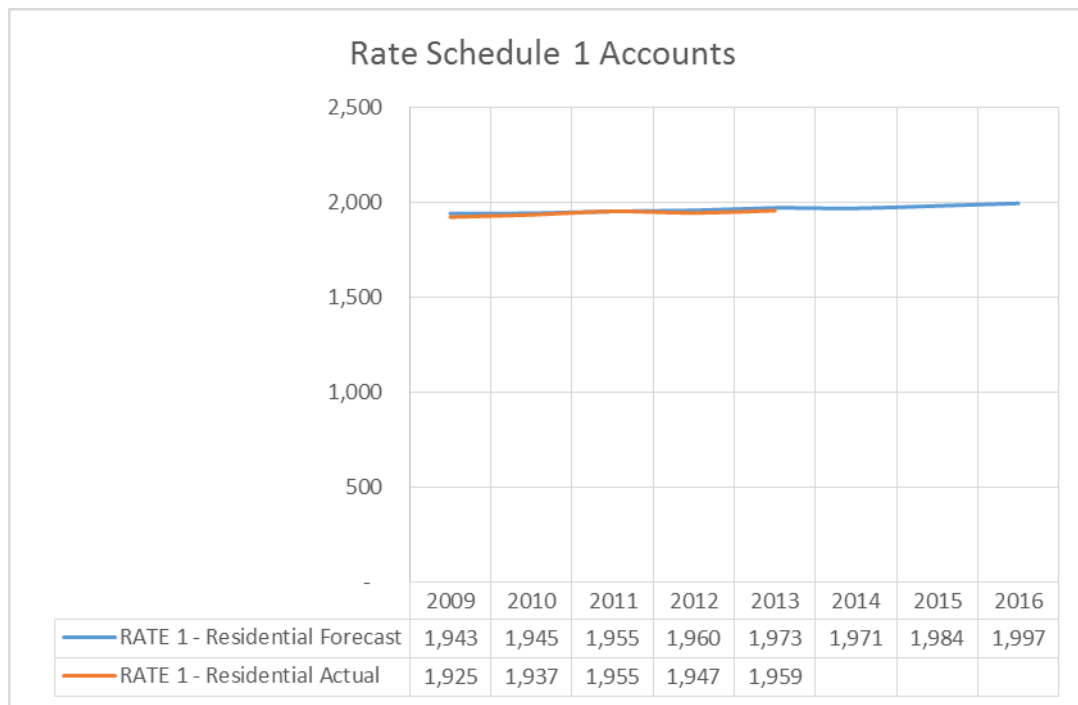
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Actual Energy (TJs)	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual
RATE 1 - Residential	283	251	269	253	268
RATE 2.1 - Small Commercial	199	180	208	195	203
RATE 2.2 - Large Commercial	93	92	96	84	112
RATE 25 - General Firm Transportation	71	54	49	59	60
Total Energy	646	577	622	591	643

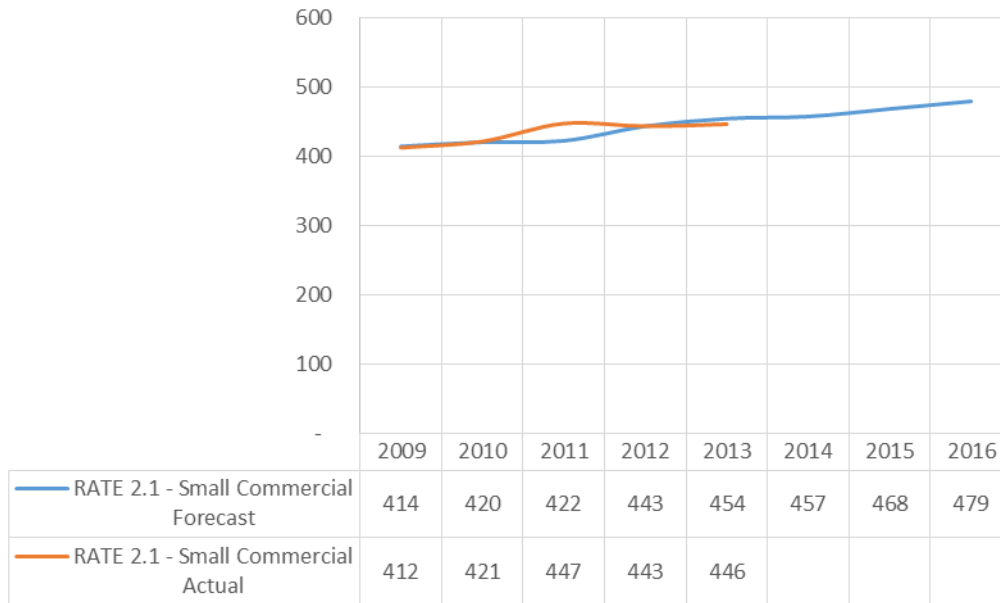
4.1.1 For each table, please provide a chart (similar to the Figures shown in Section 3 of the Application) representing the data provided. For each chart, please distinguish the actual historical data from forecasted/projected values.

Response:



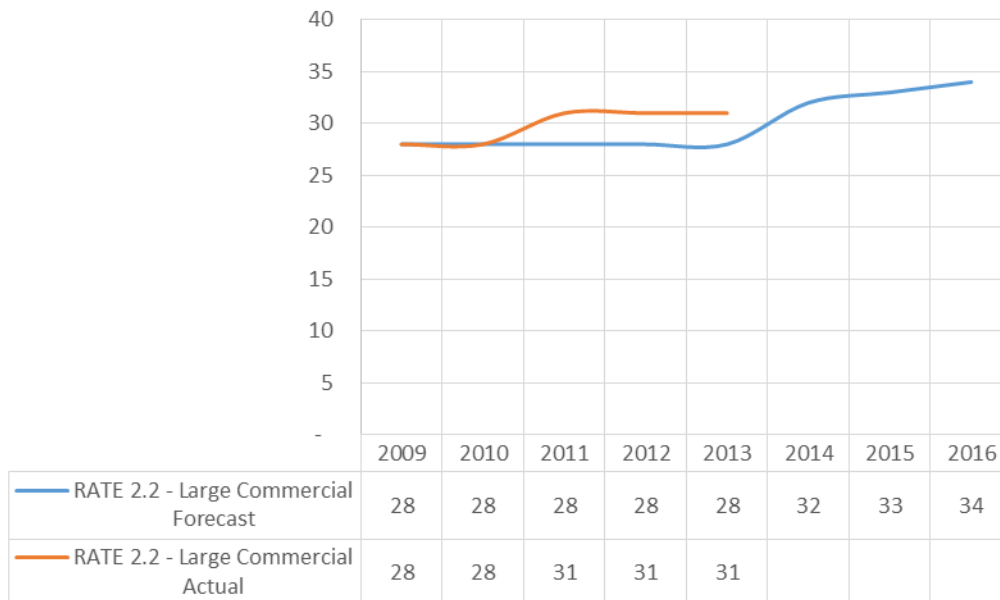
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Rate Schedule 2.1 Accounts



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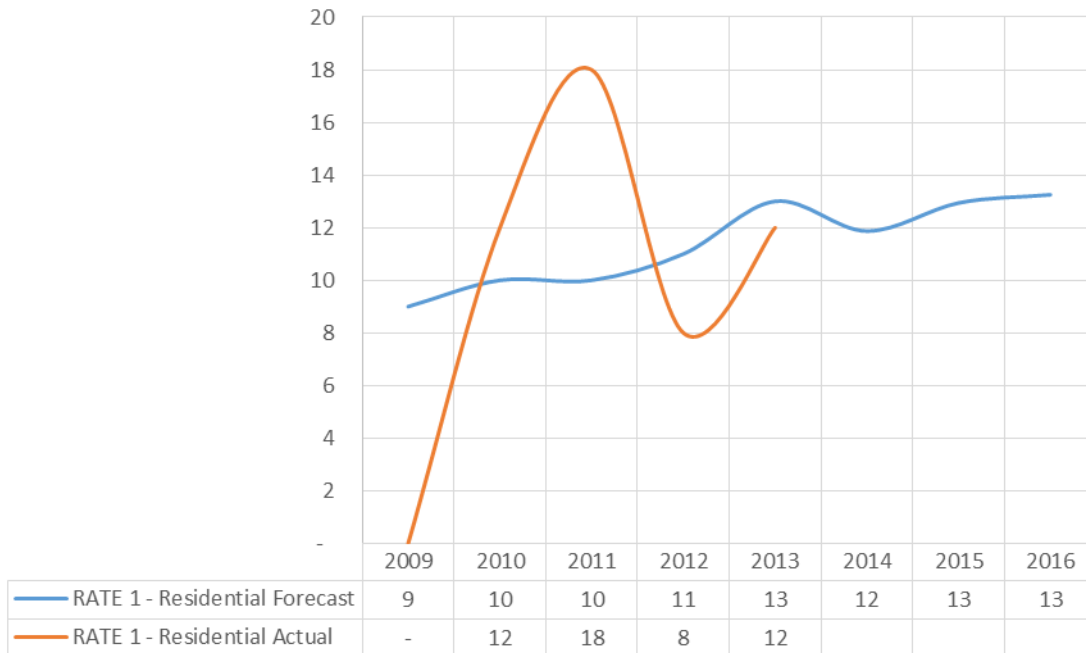
Rate Schedule 2.2 Accounts



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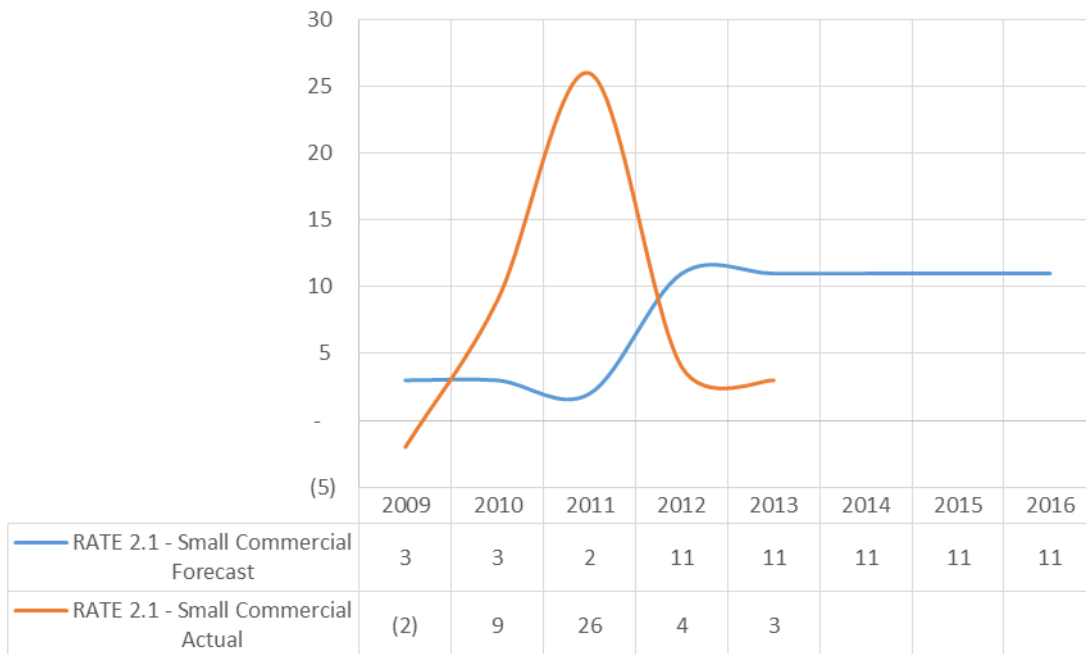
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Rate Schedule 1 Account Additions



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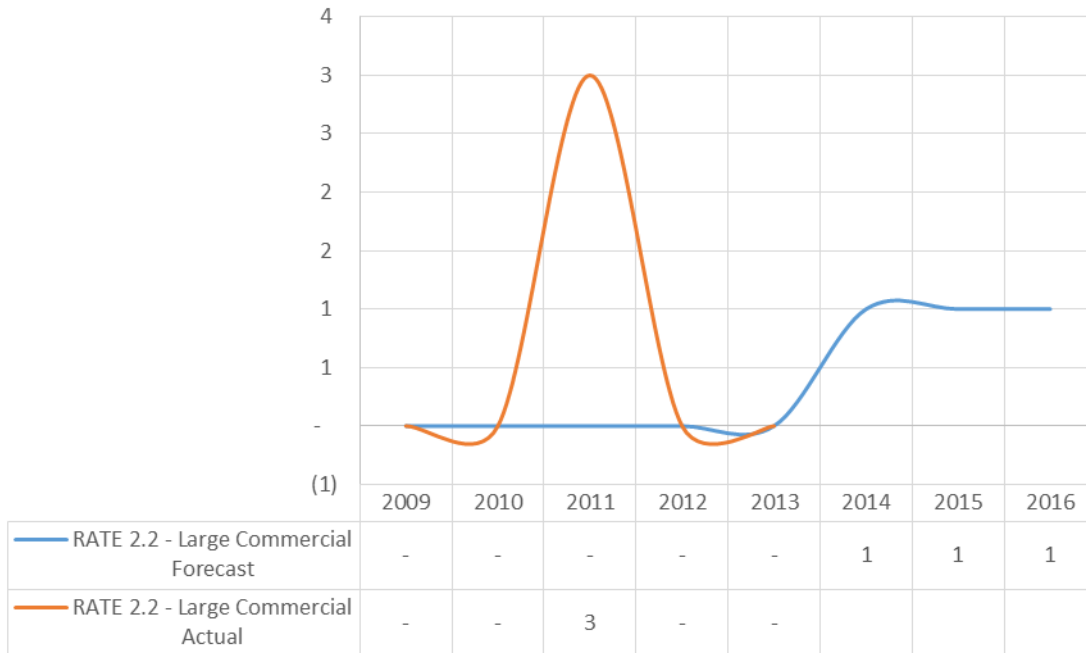
Rate Schedule 2.1 Account Additions



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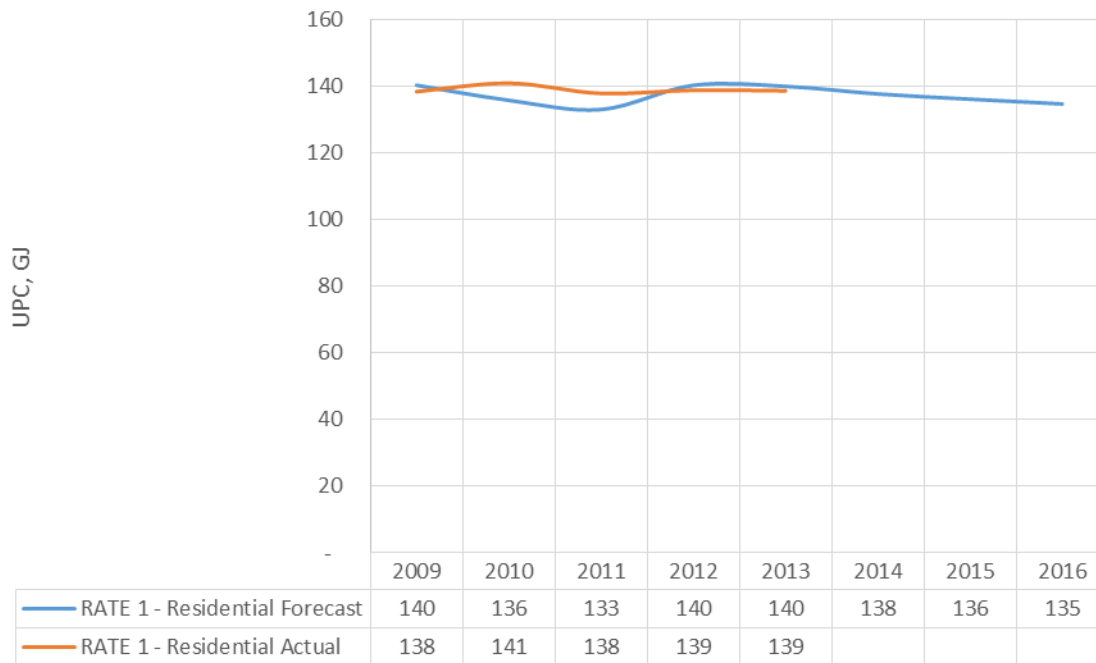
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Rate Schedule 2.2 Account Additions



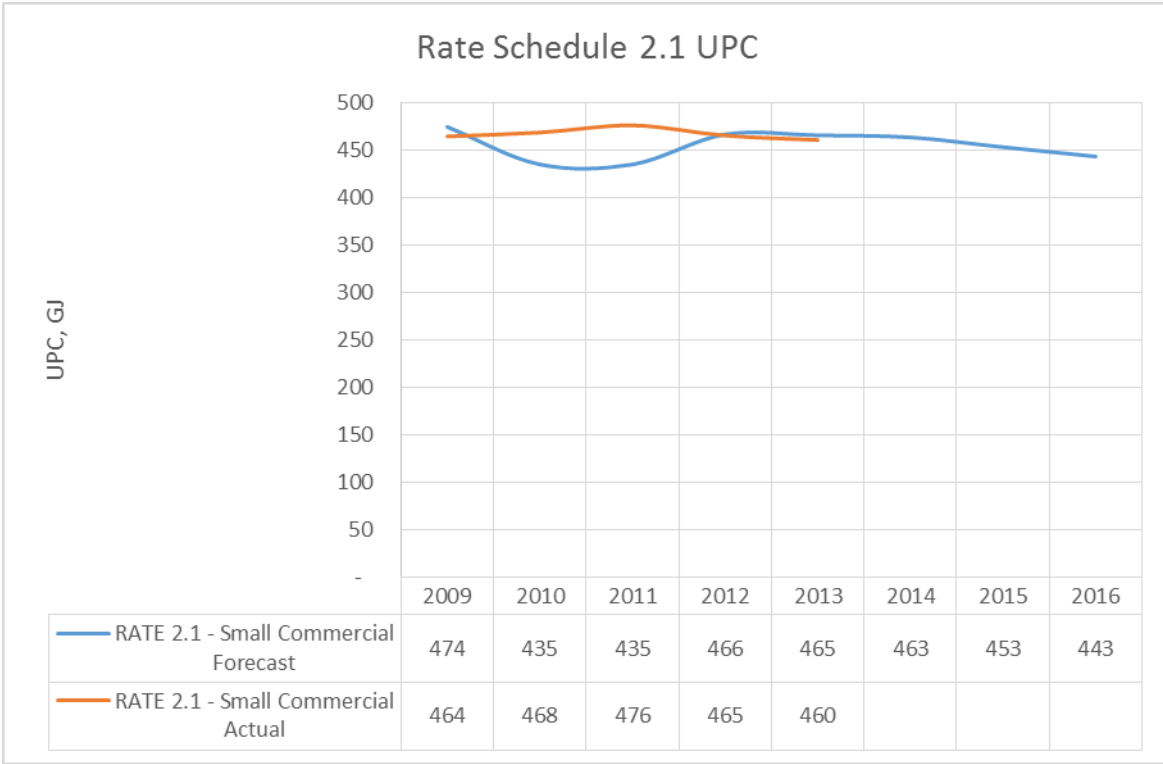
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Rate Schedule 1 UPC

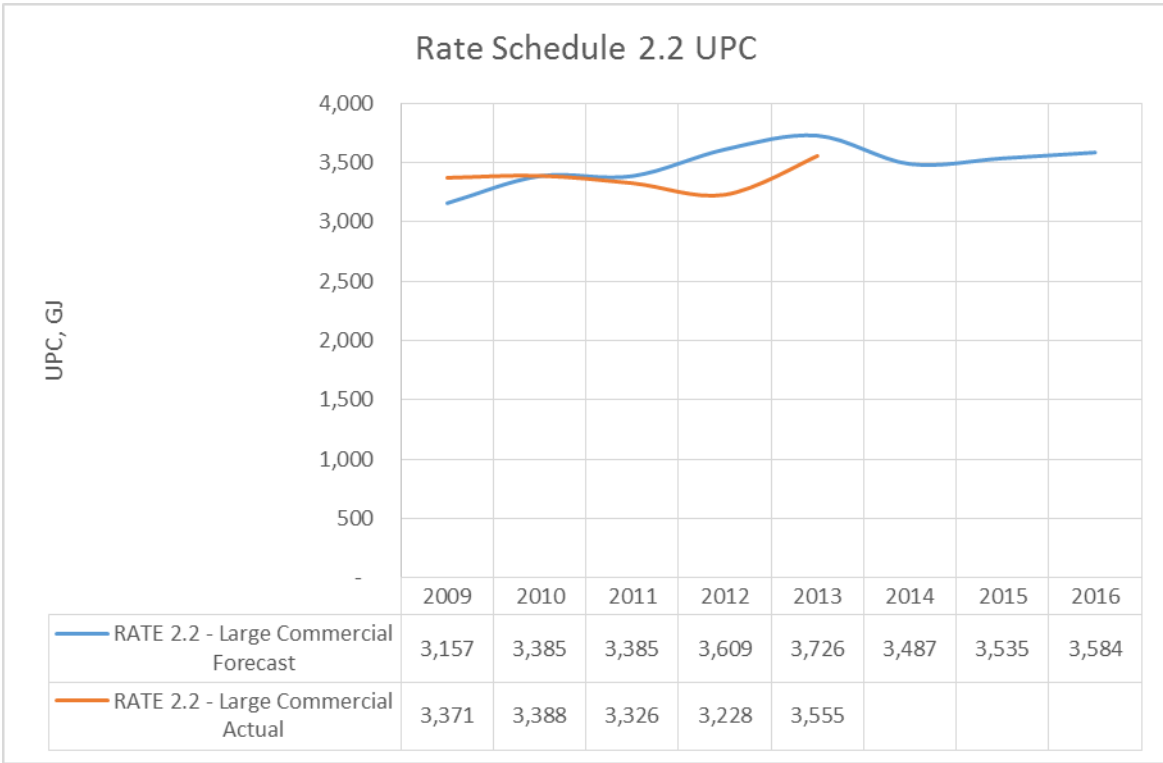


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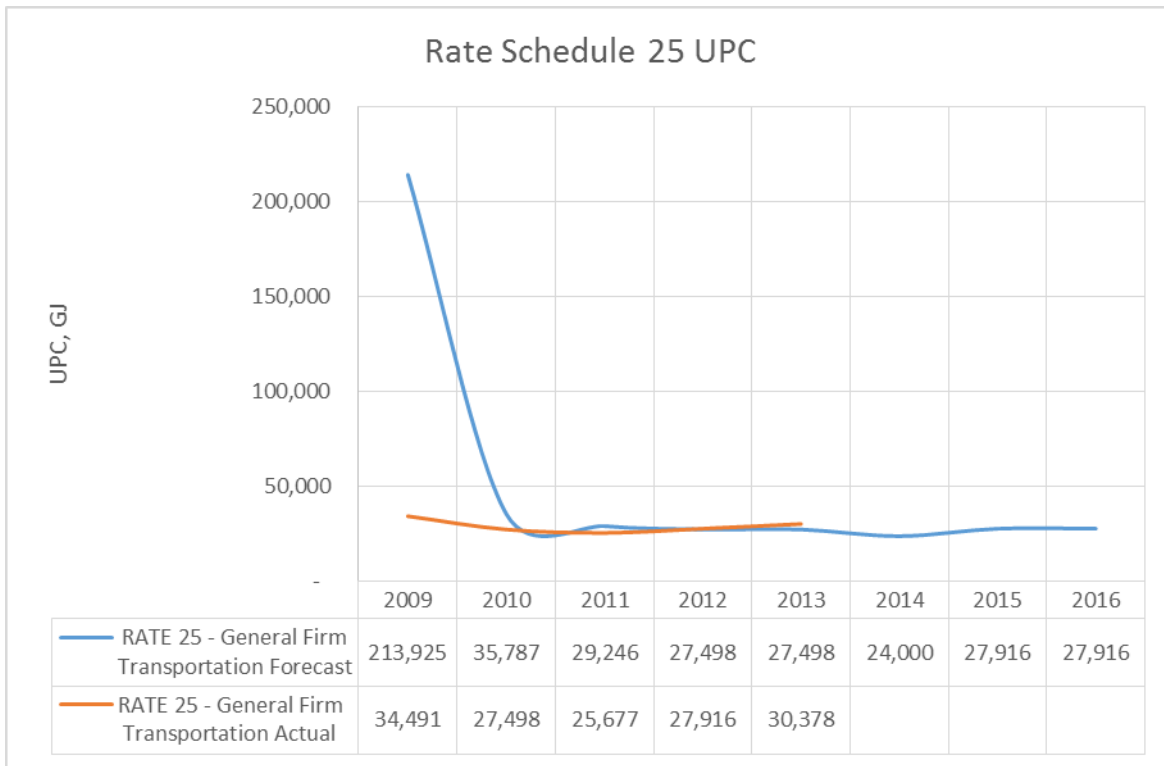


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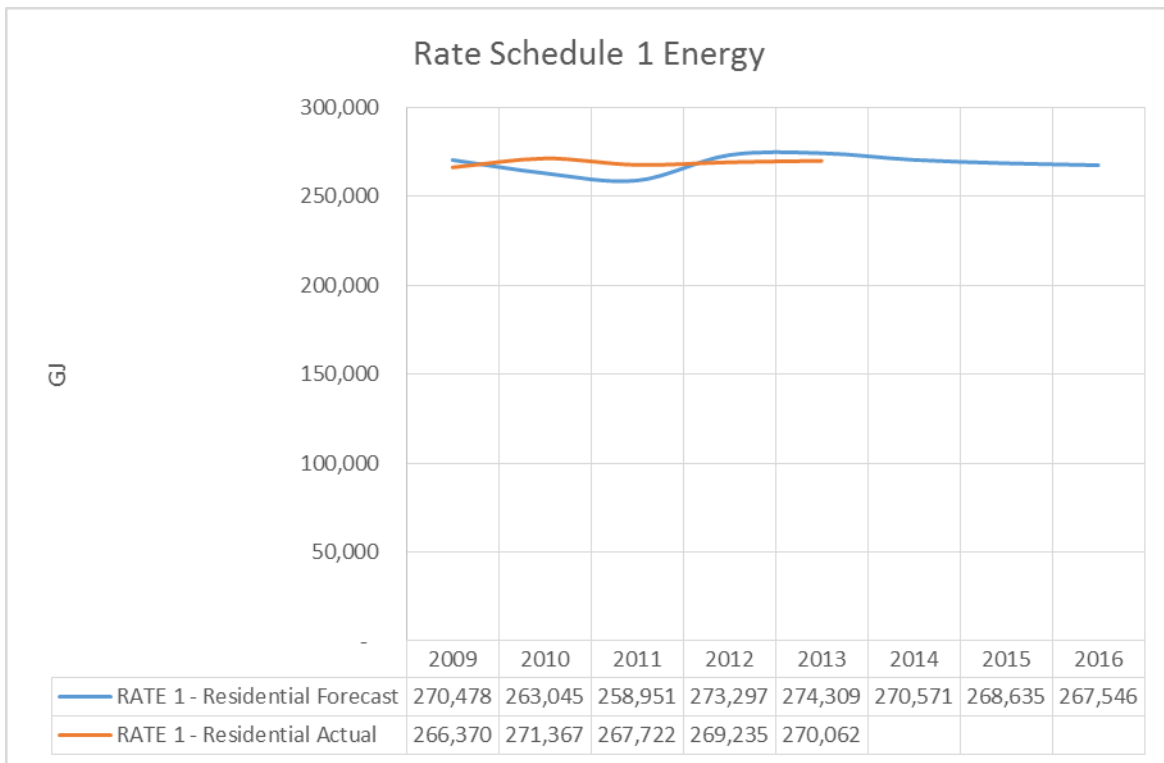


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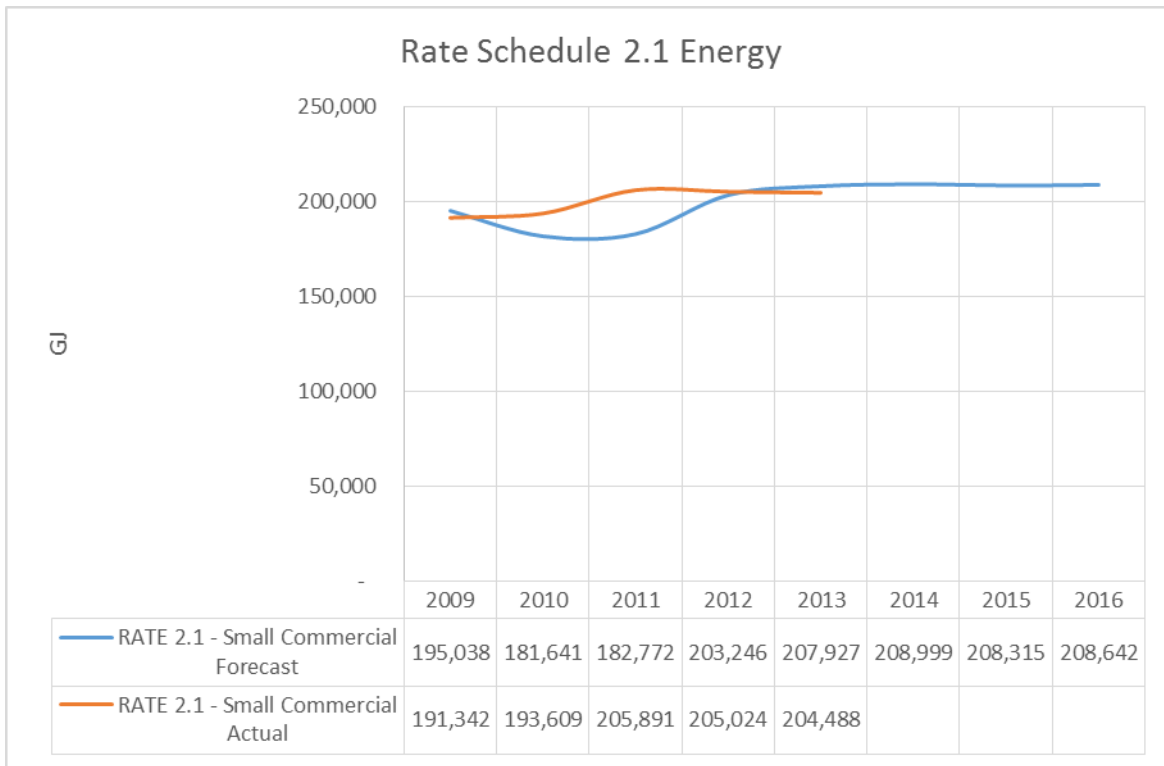


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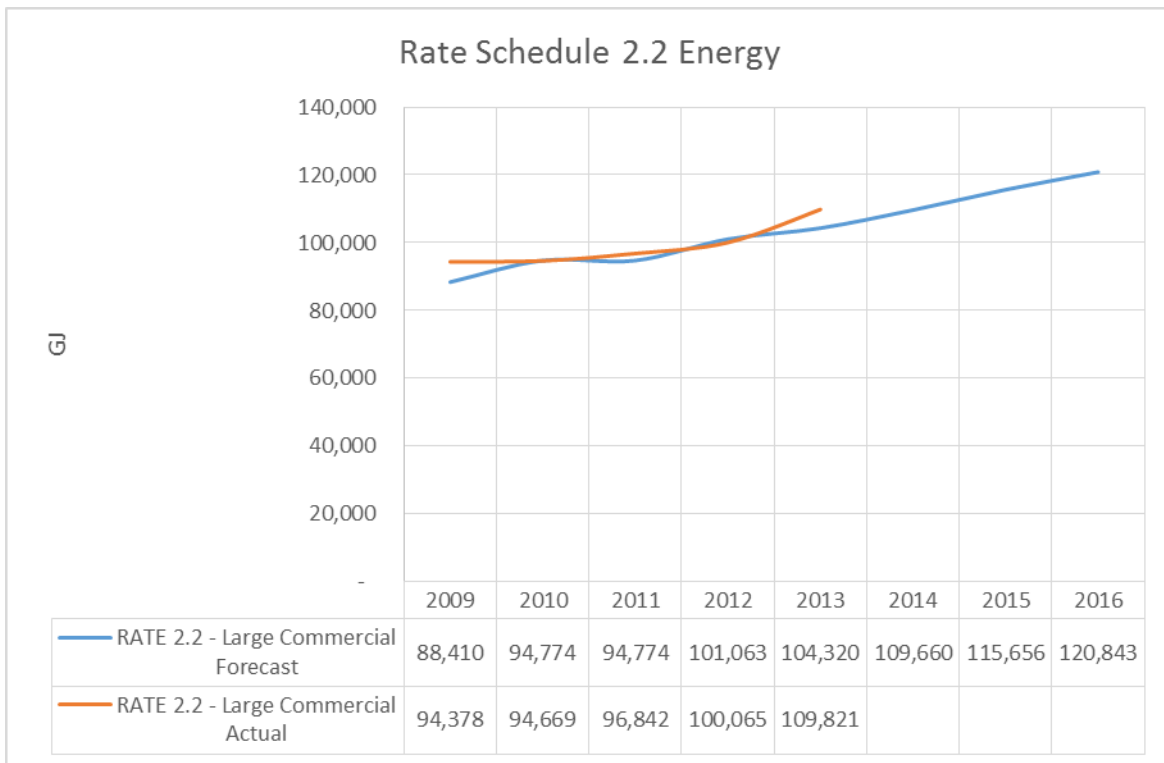


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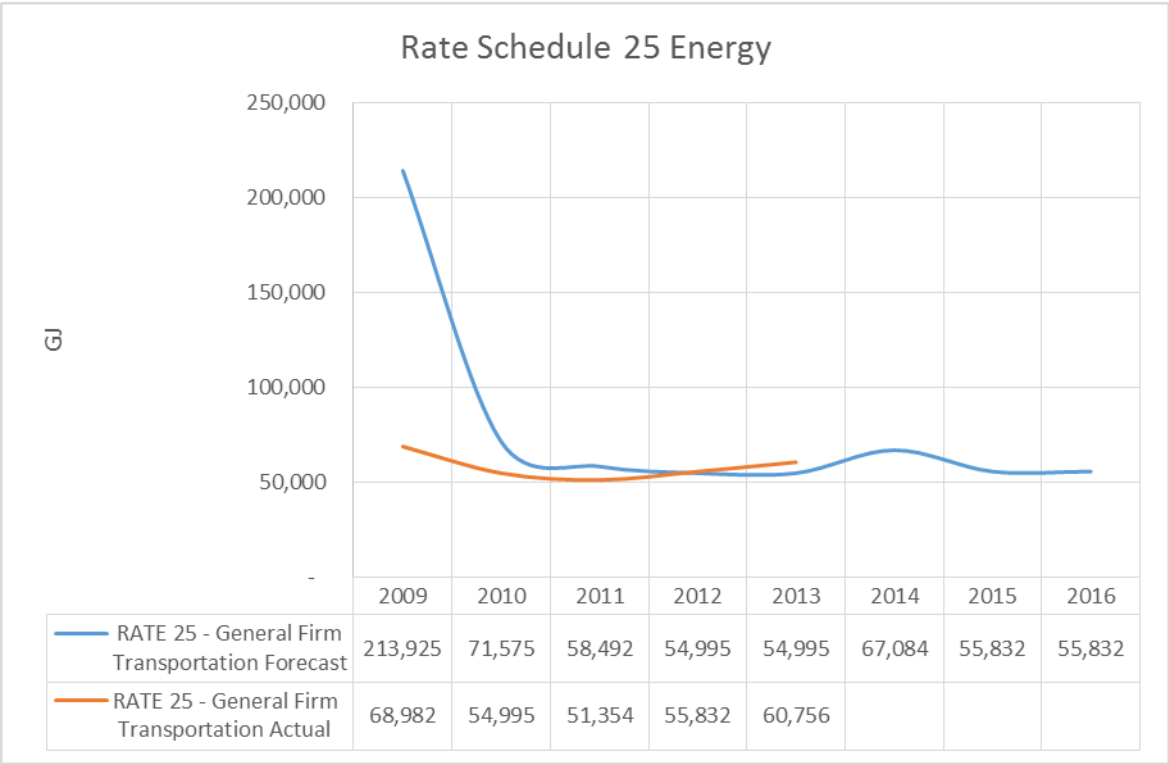


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FortisBC Energy Inc. (FEI or the Company) Application for 2015 and 2016 Revenue Requirements and Rates for the Fort Nelson Service Area (FEFN) (the Application)	Submission Date: February 5, 2015
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5.0 Reference: CUSTOMER ADDITIONS

Exhibit B-1, Section 3.2, pp. 13–14

Residential customers

On page 13 of the Application, FEFN states:

The Conference Board of Canada (CBOC) housing starts forecast provides a proxy for Fort Nelson’s residential customer additions. Year over year growth rate is calculated for 2014 and 2015 based on the CBOC Provincial Medium Term forecast as of December 6, 2013.¹⁴ The 2014 single family dwelling growth rate is -1%, while the 2015 rate is 9% and the 2016 rate is 2%.

Figure 3-2 on page 14 of the Application shows twelve residential customer additions in 2014, thirteen in 2015 and thirteen in 2016.

5.1 Please state whether the CBOC housing starts were developed for Fort Nelson. If not, please state the city/region/province for which the CBOC housing starts was created.

Response:

The Provincial Medium Term forecast is prepared annually by the Conference Board of Canada. The forecast is for the province of BC and split by single family (Table 156: Housing Starts Singles) and multi-family dwellings (Table 157: Housing Starts Multiples). The methodology used in this forecast is unchanged from the previous forecast and is also consistent with the method used to forecast account additions in FEI.

FEI has also reviewed the BC Stats forecasts for population growth for Local Health Area 81 (Fort Nelson) which projects a growth rate of +2 percent in 2015 and +2.1 percent in 2016. The 2016 forecast aligns well with the CBOC forecast used, although the 2015 forecast by BC Stats is lower than CBOC. If FEFN were to adopt the BC Stats forecast rather than the CBOC, the impact would be a reduction of one customer to 2015 (instead of 13 customer additions, there would be 12 customer additions), and no impact to 2016.

5.2 Please provide calculations, with accompanying explanations, which show how the residential customer additions forecasts were developed, including how the CBOC housing starts forecast was used to develop Fort Nelson residential customer additions forecasts. Please explain all the variables that were considered during the development of these forecasts.

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Response:

The method used to forecast the residential additions is consistent with past practice and is comprised of the following steps:

a) Determine CBOC Housing Starts

FEFN uses the CBOC Provincial Medium Term Forecast that is available at the time that the forecast is produced. This forecast provides the single and multi-family family housing starts for the Province for the forecast period. For this Application, the CBOC forecast available at the time the forecast was produced was published in December 2013 (please see below for the impact of using the more recent CBOC forecast that is now available).

	2013	2014	2015	2016
BRITISH COLUMBIA	8,296	8,206	8,947	9,161

b) Calculate Annual Growth Rate

Using 2014 as an example, from these housing starts the annual growth rate is developed as:

$$2014 \text{ Growth Rate} = \frac{2014F}{2013F}$$

The results are:

	2013	2014	2015	2016
BRITISH COLUMBIA	8,296	8,206	8,947	9,161
Growth rate		98.9%	109.0%	102.4%

c) Apply Growth Rate to Actual Additions

FEFN uses the most recent full year of actual additions to begin the forecast. As such, for this Application, the 2013 actual residential additions of 12 were used. The 2014 annual growth rate is then applied to the 2013 actual residential additions to generate the 2014 additions forecast. The 2015 annual growth rate is applied to the 2014 additions forecast to generate the 2015 additions forecast, and so on.

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	2013	2014	2015	2016
BRITISH COLUMBIA	8,296	8,206	8,947	9,161
Growth rate		98.9%	109.0%	102.4%
Actual Additions	12			
Additions Forecast		11.87	12.94	13.25

d) Round Forecast Additions to Nearest Whole Number

	2013	2014	2015	2016
BRITISH COLUMBIA	8,296	8,206	8,947	9,161
Growth rate		98.9%	109.0%	102.4%
Actual Additions	12			
Additions Forecast		11.87	12.94	13.25
Rounded Additions Forecast		12	13	13

This results in the customer additions forecast as shown in Figure 3-2 on page 14.

Note that since the forecast was prepared a new CBOC forecast has been released. The new forecast is showing -9 percent for single family dwellings in 2015. Using the new CBOC forecast would result in an additions forecast of 11 customers in 2015 and 2016 instead of the 13 filed. This would not have a material impact on the demand forecast.

5.3 Using historical data, please show the correlation between the actual yearly customer additions to the Fort Nelson service area and the CBOC Provincial Medium Term forecast mentioned in the preamble.

Response:

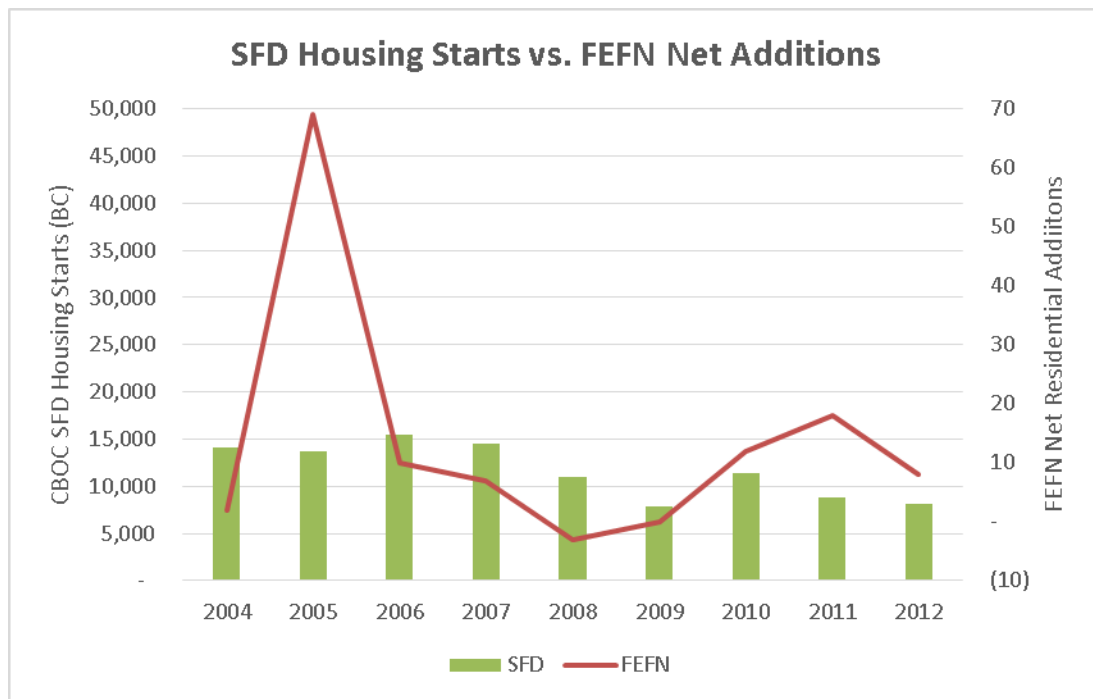
FEFN uses the same methodologies for all regions in FEI and makes use of the same software and models. The CBOC forecast correlates well with the overall FEI residential additions. While the correlation statistic (R^2) is approximately 80 percent for FEI as a whole, it drops to approximately 9 percent for FEFN. FEI believes that this is due to the volatility in additions in FEFN and the low actual count. The volatility and low actual count make forecasting these additions, from a percent variance perspective, very difficult for any methodology. However from an actual additions perspective the results are reasonable as shown in the following table:

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	2010		2011		2012		2013	
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast
Accounts Additions	12	10	18	10	8	11	12	13
Variance	(2)		(8)		3		1	

Additionally, using the existing method is appropriate given the efficiency that the consistency of a single methodology affords. That is, using a single methodology is more efficient and costs less compared to developing and supporting multiple models.

In Fort Nelson all additions are assumed to be single family dwellings. A plot of the CBOC Single Family Additions forecast compared to actual FEFN residential additions is shown below.



5.4 Has FEFN considered any other methods for forecasting residential customer additions? If not, why not? If yes, please describe these other methods and why FEFN considers the CBOC housing starts forecast to be the most appropriate.

Response:

FEI has considered using a times series model to forecast FEFN residential customer additions which uses the past trend to forecast the future additions. As the residential additions data is

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- 1 very volatile, this approach did not produce results that were better than the current econometric
- 2 approach using the CBOC housing starts forecast.
- 3 The following table details the available methods and supports the choice to use the
- 4 econometric method to forecast residential additions:

Forecast Method	Discussion	Applicability to Account Additions Forecasting	Ranking
End Use	Forecast is based on enumeration of end uses. While this methodology is useful for use rate forecasting it is inappropriate for forecasting account additions.	Inapplicable to residential account forecasting. The End Use method is applicable to use rate forecasting only.	N/A
Econometric	Econometric forecasts are based on the idea that the dependent variable (e.g. account additions) is related to causal variables such as housing starts, GDP, income or mortgage rates. An independent forecast is required of the causal variable. The independent forecast can be supplied by the CBOC, BC STATS or others.	Applicable using the CBOC forecast. An econometric forecast considers future trends. Using the CBOC forecast is consistent with other FEI service territories.	Preferred alternative because it considers future trends, accounts for significant changes in previous years and is consistent with other FEI service territories.
Time Series	A time series forecast uses recent history to predict the short term future. The major drawback for time series forecasting over longer periods is the lack of a causal relationship. The forecast is only as good as the volatility of the historic data allows. If the historic data is volatile then the forecast can be expected to have some variance. Time series forecasts are used by FEI for short term forecasting and always include three years of history. FEI believes three years is the appropriate amount of history to forecast one or two periods forward.	Applicable because accurate historical data is available, but the residential additions data is very volatile and this method does not consider future trends.	Second to Econometric because this approach does not consider future trends and, due to the volatile data, this approach was not able to produce results that were better than the approach using the CBOC housing starts.

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Forecast Method	Discussion	Applicability to Account Additions Forecasting	Ranking
Regression	Mathematical technique for finding the straight line that best-fits the values of a linear function, plotted on a scatter graph as data points. If a 'best fit' line is found, it can be used as the basis for estimating the future values of the function by extending it while maintaining its slope. Regression models must be tested for goodness of fit and other indicators. Not all regression models produce usable results.	Inapplicable because the goodness of fit is poor. The volatility in the actual residential additions data prevents the regression method from being used.	N/A
Informed Opinion	For FEI an informed opinion forecast example is the annual industrial survey. FEI assumes that customers are best able to forecast their future demand requirements.	Inapplicable to account forecasting. Informed Opinion forecasts are useful for estimating industrial load and are implemented in the annual industrial survey.	N/A
Naïve	Naïve forecasts are the most cost-effective forecasting model, and provide a benchmark against which more sophisticated models can be compared. For stationary time series data, this approach says that the forecast for any period equals the historical average.	Applicable because accurate historic data is available and forecast period is short term. Volatility in the historic data is high so variance in the forecast may be high but unavoidable.	Third to Econometric and Time Series due to volatility in data.

- 1
- 2 In the case of the FEFN's residential additions, the volatility in data is extreme given the small
- 3 size of the service territory. With such volatility and small size it is unlikely that any model will
- 4 produce consistently accurate results on a percent variance basis. In the absence of a superior
- 5 model, FEFN believes the incremental update using the Econometric approach provides the
- 6 most reasonable forecast.
- 7 In addition, using the Econometric method, any significant change in the customer additions
- 8 data for a given year is picked up incrementally to carry forward to the next forecast year. FEI
- 9 believes having a simple and consistent methodology for FEFN aided by this incremental
- 10 update, produces the most reasonable forecast.
- 11 Forecast performance for the past 4 years using the Econometric method is shown below.

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	2010		2011		2012		2013	
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast
Accounts Additions	12	10	18	10	8	11	12	13
Variance		(2)		(8)		3		1
Accounts	1937		1955		1947		1959	
Additions variance compared to accounts		-0.10%		-0.41%		0.15%		0.05%

The variances between actual and forecast residential customer additions as a percentage of total customers have not been material and FEI is confident that the current Econometric method in place will continue to produce reasonable results.

5.5 Please provide "Table 156: HOUSING STARTS: SINGLES (UNITS)" as referenced by footnote #14 in the above preamble.

Response:

Please refer to Attachment 5.5 for a copy of Table 156: HOUSING STARTS: SINGLES (UNITS).

5.6 Please explain why residential customer additions are projected to be 12 in 2014 and 13 in each of 2015 and 2016 while the single family dwelling growth rate is stated to be -1 percent in 2014, 9 percent in 2015 and 2 percent in 2016.

Response:

Please refer to the response to BCUC IR 1.5.2.

As outlined in the response to BCUC IR 1.5.2, the year-over-year annual growth rate is applied to the previous year's additions and rounded to the nearest whole number. For example, applying the 2014 growth rate of -1 percent to the 2013 actual additions of 12, and then rounding to the nearest whole number, equals 12. Although the growth rate may seem significantly different year over the year, the impact of the growth rate on the customer additions forecast is muted due to the relatively small number of customer additions. For example, if you multiply the 2015 growth rate of 9 percent by the projected 2014 additions of 12, the result is 13.08 and rounds to 13 customer additions. If you then multiply the 2015 customer additions forecast of 13 by the 2016 growth rate of 2 percent, the result is 13.26 and again rounds to 13 customers.

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6.0 Reference: CUSTOMER ADDITIONS

Exhibit B-1, Section 3.2, pp. 13–14

Commercial customers

On page 13 of the Application, FEFN states: “The commercial additions forecast is based on the average of the actual additions over the last 3 years for which a full year of actual data is available (i.e. 2011 to 2013).”

Figure 3-3 on page 14 of the Application shows that Commercial customer additions were 29 for 2011, 4 for 2012 and 3 for 2013.

6.1 Please clarify whether Figure 3-3 shows Rate Schedule 2.1 or Rate Schedule 2.2 customer additions or total (Rate Schedule 2.1 and Rate Schedule 2.2) commercial customer additions.

Response:

Figure 3-3 shows the total (Rate Schedule 2.1 and Rate Schedule 2.2) commercial customer additions.

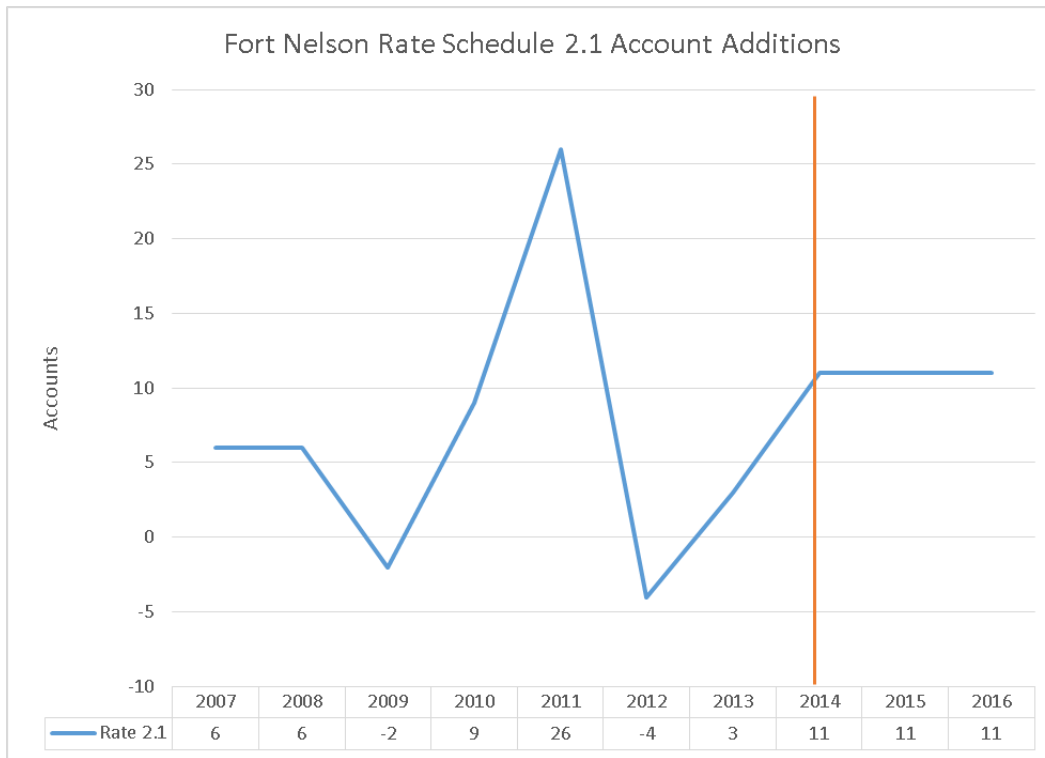
6.1.1 If Figure 3-3 represents only Rate Schedule 2.1 customer additions, please provide a graph which represents Rate Schedule 2.2 customer additions in a manner similar to Figure 3-3.

Response:

As discussed in the response to BCUC IR 1.6.1, Figure 3-3 shows both Rate Schedules 2.1 and 2.2.

FEI has provided figures showing each of Rate Schedules 2.1 and 2.2 customer additions below.

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1

2 Note that the -4 value shown for 2012 for Rate Schedule 2.1 is the actual additions using the

3 new SAP-based Customer Information System (CIS). As explained in section 1.3.1 of FEI's

4 PBR Application, the new CIS enabled a more accurate method of counting customers and

5 commencing January 1, 2012, customer counts were reduced as a result of new SAP billing

6 system definitions. (A discussion of this change in customer counts was provided in a letter from

7 the FEU filed with the Commission on January 28, 2013, which was included as Appendix E4 of

8 FEI's PBR Application.)

9 For the purpose of forecasting, FEI has to use account addition totals without the effect of the

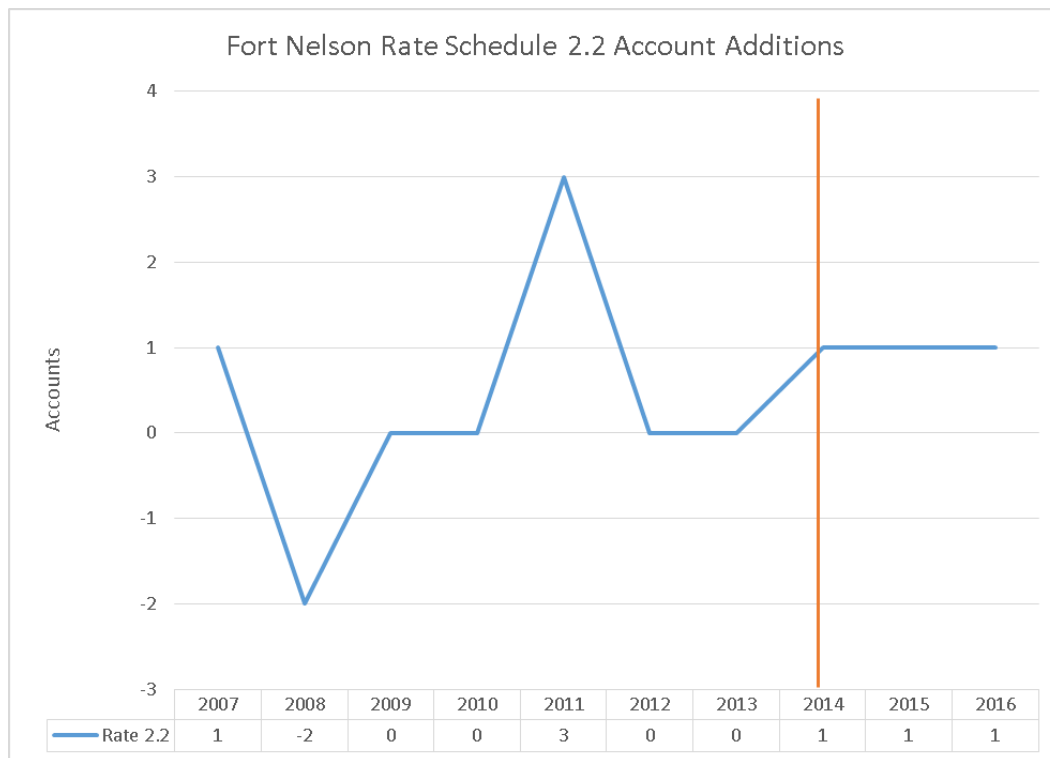
10 SAP implementation. For FEFN Rate Schedule 2.1, the adjustment was +8 customers. For

11 forecasting purposes only, 8 customers are added to the 2012 Rate Schedule 2.1 total, resulting

12 in an adjusted value of 4 additions. The forecast value of 11 is then the three year average of

13 26, 4 and 3. Rate Schedule 2.2 (below) was not subject to SAP adjustments.

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6.2 Please discuss the appropriateness of using a three year historical average to forecast commercial customer additions, while taking into account the decreasing customer additions from 2011 to 2013.

Response:

Using a three-year historical average to forecast commercial customer additions is appropriate as recent year's actual experience is the best information available on which to forecast future additions. As customer additions can be volatile, using a three-year period evens out annual spikes which are unlikely to be reflective of the experience in the Test Period.

As shown in response to BCUC IR 1.4.1, the commercial customer additions forecast has been reasonable. From 2009 to 2013, the variance between Forecast and Actual customer additions is only 13 customers in total.

The following table lists the forecast methods reviewed and discusses the applicability of the various methods to Commercial account additions forecasting.

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Forecast Method	Discussion	Applicability to Account Additions Forecasting
End Use	<p>The stock levels and replacement rates of energy-consuming equipment are forecast, as well as the energy consumption characteristics of the equipment. The final forecast is the product of the stock and usage characteristics.</p> <p>This approach is well suited to forecasting long time periods when technological change and equipment depletion and replacement are evident. For time periods of shorter duration, these factors are static and a time-series method is superior.</p>	Inapplicable to commercial account forecasting. The End Use method is applicable to use rate forecasting only.
Econometric	<p>Econometric forecasts are based on the idea that customer additions are related to causal variables such as housing starts, GDP, income or mortgage rates.</p> <p>An independent forecast is required of the causal variable. The independent forecast can be supplied by the CBOC, BC STATS or others.</p>	Applicable only if there is a relationship to a causal factor. FEI has been unable to find a causal factor with a strong relationship to commercial additions in any service territory, including FEFN.
Time Series	<p>A time series forecast uses recent history to predict the short term future. The major drawback for time series forecasting over longer periods is the lack of a causal relationship.</p> <p>The forecast is only as good as the volatility of the historical data allows. i.e., if the historical data is volatile then the forecast can be expected to have some variance.</p> <p>Time series forecasts are used by FEI for short term forecasting and always include three years of history. FEI believes three years is the appropriate amount of history to forecast one or two periods forward.</p>	<p>Applicable because accurate historical data is available and the forecast period is short term in nature.</p> <p>Volatility in the historical data is high so variance in the forecast may be high but unavoidable.</p>
Regression	<p>Mathematical technique for finding the straight line that best-fits the values of a linear function, plotted on a scatter graph as data points. If a 'best fit' line is found, it can be used as the basis for estimating the future values of the function by extending it while maintaining its slope.</p> <p>Regression models must be tested for goodness of fit and other indicators. Not all regression models produce usable results.</p>	Inapplicable because the goodness of fit is poor. The volatility in the actual commercial additions data prevents the regression method from being used.

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Forecast Method	Discussion	Applicability to Account Additions Forecasting
Survey (Informed Opinion)	For FEI an example of a survey (informed opinion forecast) is the annual Industrial Survey. FEI assumes that customers are best able to forecast their future demand requirements. A survey forecast method is appropriate when the intention is to understand the short term future demand requirements of individual large customers.	Inapplicable to commercial account forecasting. Informed Opinion forecasts are useful for estimating industrial load and are implemented in the annual industrial survey.

1

2 Finally, FEI believes that the methodology, once selected, should not be changed just because
3 the data is trending in one direction or another. FEI believes it is appropriate to use the same
4 method regardless of whether the additions are positive (as they were from 2009 to 2011) or
5 negative as they were from 2011 to 2013.

6

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9 6.2.1 Has FEFN considered any other methods for forecasting commercial
10 customer additions? If not, why not? If yes, please describe these other
11 methods.

12

13 **Response:**

14 Yes, FEI has considered other methods for forecasting commercial customer additions in Fort
15 Nelson. On balance, FEI continues to believe that the Time Series method remains the most
16 appropriate and reasonable methodology for forecasting commercial customer additions in Fort
17 Nelson. In addition, the Time Series method is consistent with other FEI service territories, past
18 practice and is updated frequently.

19 Please refer to the response to BCUC IR 1.6.2 for more details.

20

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7.0 Reference: AVERAGE USE PER CUSTOMER

Exhibit B-1, Section 3.3, pp. 15–16

Residential and commercial customers

On page 15 of the Application, FEFN states: “Individual UPC projections are developed for each rate class [residential and commercial] by considering the recent (three year) historical weather-normalized use per account.”

7.1 Please provide calculations, with explanations, showing how the average use per customer (UPC) was developed for each residential and commercial rate class. Include in your explanation how the recent three years of data was incorporated into the development of the forecasts and the factors that were considered.

Response:

The forecast UPC for each rate class was developed by applying the three-year average UPC growth rate to the previous year’s annual UPC rate. The three-year average UPC growth rate was calculated based on four years of annual UPC rate data. At the time the forecast was prepared, June 2014 actual monthly UPC rates were available. FEI therefore developed four annual UPC rates by summing the monthly UPC rates from July to June (e.g., the 2014 annual UPC rate was based on monthly UPC rates from July 2013 to June 2014).

Using Rate Schedule 2.1 as an example, the annual UPC rates for 2011, 2012, 2013 and 2014 were 495.7, 458.7, 459.1 and 462.9, respectively. With four annual UPC rates, FEI calculated three annual growth rates. For example, the Rate Schedule 2.1 growth rate in 2012 was:

$$2012 \text{ Growth Rate} = \frac{458.7}{495.7} = -7.5\%$$

Growth rates were developed in the same fashion for 2013 and 2014. The values were 0.1 percent and 0.8 percent, respectively.

The three-year average growth rate is then calculated as follows:

$$\text{Three Year Avg Growth Rate} = \frac{(-7.5 + 0.1 + 0.8)}{3} = -2.2\%$$

The three-year average growth rate of -2.2 percent is then applied to the 2014 UPC rate of 462.9 resulting in a 2015 forecast UPC of 453 GJs. The same growth rate is applied to the 2015 forecast value to derive the 2016 forecast value of 443 GJ.

All Rate Classes

The annual UPC for all three rate classes is as follows:

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Annual UPC	2011	2012	2013	2014 P
Rate Schedule 1	142.1	138.2	138.2	137.6
Rate Schedule 2.1	495.7	458.7	459.1	462.9
Rate Schedule 2.2	3,372	3,102	3,410	3,487

1

2 The growth rates and average growth rate for each rate class are as follows:

UPC Growth Rate	2012	2013	2014 P	Average
Rate Schedule 1	-2.7%	0.0%	-0.4%	-1.1%
Rate Schedule 2.1	-7.5%	0.1%	0.8%	-2.2%
Rate Schedule 2.2	-8.0%	9.9%	2.2%	1.4%

3

4 The resulting UPC forecast for each rate class is as follows:

UPC Forecast	2014P	2015	2016
Rate Schedule 1	138	136	135
Rate Schedule 2.1	463	453	443
Rate Schedule 2.2	3,487	3,535	3,584

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7.2 Please explain why the UPC for Rate Schedule 2.1 customers is forecasted to decline while the UPC for Rate Schedule 2.2 customers is forecasted to increase.

Response:

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Consistent with the accepted methodology, UPC forecasts are developed from an average percent change based on the latest three years' normalized billing data on a year over year basis. Please refer to the response to BCUC IR 1.7.1 which provides an illustration of the derivation of the UPC forecast for commercial customers.

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Based on this methodology, the three-year average for Rate Schedule 2.1 reflected a decline in UPC, so the forecast UPC is declining. Conversely the three year average for Rate Schedule 2.2 reflected an increase in UPC, so the forecast for Rate Schedule 2.2 UPC is increasing. Although the billing data may provide an indication of a trend, it does not provide any insight into why that trend is occurring.

23

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8.0 Reference: DEMAND FORECAST

Exhibit B-1, Section 3.4, pp. 16–19

Industrial energy demand forecast

On page 18 of the Application, FEFN states that it has “only one Industrial customer served under FEFN’s Rate Schedule 25. In 2008, this customer’s two facilities in Fort Nelson were closed and now only consume gas to heat the facilities.”

Figure 3-10 on page 19 of the Application shows industrial energy demand as 60.8 TJ in 2013, 67.1 TJ in 2014, 55.8 TJ in 2015 and 55.8 TJ in 2016.

8.1 Please confirm that Figure 3-10 shows that industrial energy demand is projected to increase by 10.36 percent from 2013 to 2014, and is forecast to decrease by 16.84 percent from 2014 to 2015, and remain constant from 2015 through 2016 at 55.8 TJ.

Response:

Confirmed.

The value of 60.8 TJs for 2013 is an actual consumption number and the 2014, 2015 and 2016 values are from the response of FEFN’s single industrial customer to the annual Industrial Survey completed in the fall of 2013.

Consistent with past methodology, annual forecasts are collected from individual industrial customers via the Industrial Survey web site. The survey approach remains the most efficient and relevant way to forecast the energy demand of Industrial customers because of the unique nature of each industrial customer.

8.1.1 If confirmed, please explain what is causing this variability in industrial energy demand from FEFN’s sole customer. If not confirmed, please provide the correct figures.

Response:

Consistent with past methodology, annual forecasts are collected from individual industrial customers via the Industrial Survey web site. This survey provides information on prospective energy use and does not provide reasons for variation in historical use.

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1 However, in the case of this particular customer (who is in the process of permanently closing
2 their operations), FEI is aware that the customer has been using gas for space heating
3 purposes only. As such, it is reasonable to conclude that the variation in year over year actual
4 use is as a result of variations in weather.

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7
8 8.2 Has FEFN engaged in any dialogue with the industrial customer regarding this
9 Application, the forecast rate changes, and/or how the customer's energy
10 demand may be impacted as a result of the approved rate changes?
11

12 **Response:**

13 FEI conducts an annual Industrial Customer survey. The survey is sent annually to over 700
14 customers of which one is in the FEFN service territory. The 2014 annual survey had not been
15 completed at the time the forecast for this Application was prepared so FEI's Industrial
16 Marketing group contacted the one customer in the summer of 2014 and was advised that the
17 customer anticipates no change in the source of their consumption for the two facilities. The
18 customer expects continued use of gas for space heating to protect their equipment for
19 insurance purposes through at least 2016 and the two production facilities are to remain closed
20 permanently.

21 FEFN has not engaged in any dialogue with the customer with respect to the 2015 and 2016
22 Revenue Requirement Application, as the customer has previously announced publicly that the
23 two facilities are to be closed permanently. FEFN has had previous discussions with the
24 customer about potential rate impacts such as the impacts of the Muskwa River Crossing and
25 there was no indication that it would affect their gas consumption as the customer is in the
26 process of permanently closing their operations and must maintain space heating for insurance
27 purposes.

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31 8.2.1 If not, why not? If yes, please discuss the results of these discussions.
32

33 **Response:**

34 Please refer to the response to BCUC IR 1.8.2.
35

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9.0 Reference: GAS SALES AND DEMAND, AND OTHER REVENUE

Exhibit B-1, Section 2.4, p. 11

RSAM rate rider

On page 11 of the Application, FEFN states: "In its 2004 Revenue Requirements Application, FEI sought approval from the Commission to implement a RSAM account for FEFN to capture variations in the delivery margin (Revenue less Cost of Gas) for residential, commercial and industrial rate classes."

9.1 Please discuss whether it would be more appropriate to establish a separate revenue stabilization adjustment mechanism (RSAM) rate rider for the industrial rate class.

Response:

Although FEI is not opposed to the creation of a separate RSAM rate rider for industrial customers in Fort Nelson, FEI believes it is appropriate to continue charging all customers an equal RSAM rate rider per GJ of gas delivered because of the nature of the industrial load in Fort Nelson and for consistency with the RSAM calculation for FEI. Each of these is discussed further below.

The consumption of the single customer under Rate Schedule 25 is related to its two operations, which are closed indefinitely and currently use natural gas for seasonal space heating. As such, revenues from the two industrial operations in Fort Nelson are still significantly dependent on volumetric charges, and the volume is weather sensitive since it is being used for space heating. Being a weather sensitive load is similar to the other residential and commercial customers in Fort Nelson and it is therefore appropriate for there to be a single RSAM for all rate classes. Furthermore, the customer has publicly announced that the operations will be permanently closed. In this context, the creation of a separate RSAM rider for this single customer may result in a stranded balance that will be recovered from or returned to all other customers in Fort Nelson in any case.

To the extent that it is possible, and that it is reasonable and appropriate, it is FEI's preference to maintain consistent regulatory accounting policies and deferral account mechanisms between FEI and FEFN, including the RSAM methodology. In this regard, the Commission has continued to approve a single rider charged to both residential and commercial customer classes in FEI. A change to a stand-alone RSAM calculation for each rate schedule would generally be more complex to administer.

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1 9.2 Please indicate whether the Fort Nelson service area will be included in FEI's
2 next rate design proceeding. If not, please explain why not. If yes, please indicate
3 when this rate design proceeding is anticipated to occur.
4

5 **Response:**

6 Yes, the Fort Nelson service area will be included in FEI's next rate design application, which
7 will be filed by December 31, 2016.
8

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1 **C. OPERATING AND MAINTENANCE EXPENSES**

2 **10.0 Reference: SHARED SERVICES**

3 **Exhibit B-1, Section 5.2, pp. 22–23**

4 **Allocation of O&M to FEFN**

5 On pages 22–23 of the Application, FEFN states:

6 The reduction in the allocation factor compared to 2014 is due to including FEVI
7 and FEW customers in the total customers for FEI (due to the amalgamation of
8 the three utilities effective December 31, 2014). As noted above, this is offset by
9 a larger pool of O&M costs due to the inclusion of FEVI and FEW O&M.

10 Further, on page 23 of the Application, FEFN states:

11 ...to achieve a delivery rate change of approximately 1%, an approximate
12 change of \$20 thousand is required to the O&M allocated to FEFN. An allocation
13 of \$20 thousand to FEFN equates to a change in the FEI O&M of approximately
14 \$7,800 thousand.

15 10.1 Please provide the total amount of operating and maintenance (O&M) allocated
16 to FEFN for 2015 and 2016 from the amalgamated FortisBC Energy Inc. (FEI)
17 entity. Please provide the calculations for this allocation, including the total
18 Forecast 2015 and 2016 O&M for the amalgamated FEI entity.

19

20 **Response:**

21 The total O&M allocated to FEFN for 2015 and 2016 Forecast from the amalgamated FEI entity
22 has been revised as discussed in the response to BCUC IR 1.15.1 and the new amounts are
23 \$544 thousand and \$552 thousand respectively. These amounts have been calculated as
24 follows:

(\$000s)	2015 Forecast	2016 Forecast
Amalgamated FEI Gross O&M ¹	270,641	274,976
Less: O&M not subject to allocation ²	55,428	56,316
O&M Allocation Base	215,213	218,660
Multiplied by Allocation Factor	0.00253	0.00253
Shared Services Fee	544	552

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	2015 Forecast	2016 Forecast
Average Number of Customers		
FEFN	2,459	2,484
Amalgamated FEI entity	970,406	981,034
Total	972,865	983,518
Allocation Factor (FEFN/Total)	0.00253	0.00253

Notes:

¹ The 2015 Forecast Gross O&M is from Table 6-1, Line 3 and 5, page 13 of the FEI Annual Review for 2015 Rates - Evidentiary Update, and the 2016 Forecast is the 2015 Forecast inflated by the 2016 formula factor.

² These are Distribution costs that do not provide functional support to Fort Nelson and are instead accounted for as direct costs.

10.1.1 Please compare the above amounts to the amount of O&M which would have been allocated to FEFN for 2015 and 2016 based only on FEI's Forecast 2015 and 2016 O&M (i.e. without the inclusion of FEVI and FEW O&M). Please provide all calculations.

Response:

With the amalgamation of utilities (FEI, FEVI and FEW) effective January 1, 2015, data specific to FEI (pre-amalgamation service area), FEVI and FEW is no longer available after that date. Without this information, FEI is not able to provide the O&M which would have been allocated to FEFN for 2015 and 2016 based on FEI's (pre-amalgamation service area) Forecast 2015 and 2016 O&M.

FEI was able to perform a historical comparison of what the allocation would have been for 2014 using FEI Amalgamated as the base. This comparison results in an allocation for 2014 that is approximately 5 percent higher than using FEI pre-amalgamation as the base. This does not necessarily translate into the same difference for 2015 and 2016, which, as noted above, FEI is unable to provide.

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10.1.2 Please indicate how much of the increase in FEFN's 2015 and 2016 O&M is attributable to the inclusion of FEVI and FEW's O&M costs in the shared services allocation to FEFN. Please also provide the delivery rate increase for 2015 and 2016 attributable to the inclusion of FEVI and FEW's O&M costs in the shared services allocation to FEFN.

Response:

Please refer to the response to BCUC IR 1.10.1.1.

On page 23 of the Application, FEFN states:

...FEFN proposes that any variation in allocated O&M to FEFN that results from the approval of the FEI O&M is accounted for in the existing Fort Nelson Revenue Surplus/Deficit Account and to be refunded or collected from customers in future years.

10.2 Please discuss whether it would provide greater clarity/understanding for the review of future FEFN revenue requirements and compliance filings if a new deferral account were established for the O&M allocation variances as opposed to using the existing Fort Nelson Revenue Surplus/Deficit deferral account.

Response:

FEI does not believe a new deferral account is necessary to capture the potential O&M allocation variances for FEFN. The O&M allocation variances would be the only additions to the Fort Nelson Revenue Surplus/Deficit account in 2015 and 2016, making the visibility the same as if they were in a new separate deferral account. Further, using an existing account aligns with FEI's intent to minimize the number of deferral accounts. Finally, the additions are not anticipated to be material.

The additions to the deferral account will be refunded to or collected from customers over one year as per the existing approved amortization period for the Fort Nelson Revenue Surplus/Deficit deferral account. The one year amortization is appropriate as it matches the period over which amounts would otherwise have been expensed and, given that the additions to the account are expected to be minimal, the rate impact is not expected to be significant for customers.

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4 10.3 Please indicate what amortization period FEFN proposes to apply to the deferred
5 allocated O&M variances and why FEFN considers this amortization period to be
6 appropriate.

7

8 **Response:**

9 Please refer to the response to BCUC IR 1.10.2.

10

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1 **11.0 Reference: DETERMINATION OF O&M**

2 **Exhibit B-1, Section 5.2, p. 23**

3 **Capitalized overhead**

4 11.1 Please indicate how much of the 2015 and 2016 revenue deficiencies are due to
5 the decrease in the allowed overhead capitalization rate from 14 to 12 percent.
6 Please provide this response both in terms of the dollar impact on the revenue
7 deficiencies as well as the delivery rate impact.

8

9 **Response:**

10 The decrease of 2 percent in the overhead capitalization rate contributed to an approximate
11 increase in the revenue deficiency of \$18 thousand for 2015 and \$17 thousand in 2016. This
12 revenue deficiency translates into a 0.92 percent increase to the delivery portion of the rate in
13 2015 and a 0.86 percent increase to the delivery portion of the rate in 2016.

14

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12.0 Reference: LABOUR COSTS

Exhibit B-1, Section 5.2, Table 5-1, p. 24

Total labour costs

On page 24 of the Application, FEFN states: "Forecasted wage increases included in the 2015 and 2016 labour forecasts are 2% based on the recent signing of a four year IBEW contract."

Table 5-1 on page 24 of the Application shows an increase of 3.1 percent and 3 percent for 2015 and 2016, respectively, for IBEW costs.

12.1 Please explain what other factors besides the 2 percent annual wage increase are driving the increases in Forecast 2015 and 2016 IBEW costs.

Response:

The 2 percent increase based on the recent signing of a four year IBEW contract refers to an increase in employee wages only. The 3.1 percent and 3 percent for 2015 and 2016, respectively, shown in Table 5-1, reflect the fully loaded IBEW labor costs, which include employee wages, pension and benefit overhead loadings. The pension and benefit overhead loadings are reviewed and adjusted annually depending on actuarial reviews and changes to overall costs of providing comprehensive medical and dental benefits coverage and it is these components that are causing the overall percentage increases to be above 2 percent.

On page 24 of the Application, FEFN states:

A portion of the Prince George Operations management team salary is allocated to FEFN based on the level of support provided for management oversight of operation, maintenance, and recurring capital activities (i.e. mains, services).

12.2 Please provide the amount of labour costs allocated to FEFN for the Prince George Operations management team. Please also confirm, or explain otherwise, that these labour costs are recorded as "M&E Costs."

Response:

The amount of labour costs allocated to FEFN for the Prince George Operations management team is approximately \$15 thousand per year. These labour costs are recorded as M&E costs.

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12.2.1 Please explain how the forecast allocation of the Prince George Operations management team salary is calculated, including how the cost allocator is determined. Please include all assumptions made in determining this forecast.

Response:

Two Prince George managers support the Fort Nelson operation and estimate that approximately 20 percent of their time is utilized in management oversight and support in Fort Nelson. Of this 20 percent, the managers' estimate approximately 75 percent is related to capital work and 25 percent related to O&M activities. As such, 5 percent of their fully loaded salaries are allocated to FEFN O&M (i.e. fully loaded salary x 20 percent allocation to Fort Nelson x 25 percent allocation to O&M).

12.3 Please explain why this labour is required to be performed by the Prince George Operations management team. Has FEFN considered any other alternatives for the performance of this labour? If not, why not? If yes, please describe the alternatives considered and the rationale for selecting to use the Prince George Operations management team as the most appropriate option.

Response:

The union employees in Fort Nelson and other nearby one-person towns require management oversight and support in terms of setting performance objectives and expectations, field assessments and work observations, coaching, training, work planning, prioritization and execution.

Prior to mid-2012, FEI had a long-time manager located in Fort Nelson who also provided management oversight for Chetwynd and Mackenzie. FEI eliminated the position in mid-2012 and now provides the management oversight for these locations from the nearest location of manager resources (Prince George). Overall M&E costs allocated to Fort Nelson have been reduced by half since the position was eliminated in 2012. In 2013, management costs also included a one-time allocation of \$17 thousand from the FEI Project Management Office for the Muskwa River crossing repair project (O&M); otherwise 2013 also would have shown this 50 percent reduction in M&E costs.

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- 1 In Fort Nelson, one of the IBEW positions is an experienced Customer Service Technician who
- 2 not only provides direction and oversight for day-to-day operations, but also hands-on labour,
- 3 equipment operating and technical skills for both operating and capital work activities.

4

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13.0 Reference: NON-LABOUR COSTS

Exhibit B-1, Sections 5.2 and 7.2.1, Table 5-1, pp. 24 and 30–31

Employee expenses

On page 24 of the Application, FEFN provides the following explanation for increases to Employee Expenses for 2015 and 2016:

These expenses are forecast to be higher in the Test Period owing to the Prince George Operations management team anticipating additional trips to FEFN to provide oversight for O&M and capital activities. As discussed below, there are capital projects forecast for FEFN over the period which will require operating and project management oversight.

In Section 7.2.1 on pages 30–31 of the Application, FEFN provides a description and timing of the planned capital expenditures during the Test Period. For each of Transmission Plant – Mains, Distribution Plant, and General Plant planned capital expenditures; FEFN states that the capital additions are forecast to be completed in 2015.

13.1 Please explain why it is appropriate for the 2015 and 2016 Employee Expense forecasts to both be increased by \$11 thousand compared to 2014 Projected, given that it appears that the majority of the capital work is planned to be performed in 2015.

Response:

As described in the response to BCUC IR 1.12.3, the nature of the work performed by both managers includes the need to provide management oversight and support in terms of setting performance objectives and expectations, assessments of work quality, coaching, training, work planning, prioritization and execution.

Additional trips to Fort Nelson are planned for 2015 and 2016 to meet internal requirements to assess and manage the quality of both O&M and recurring and project capital work. In particular, the assessments and coaching are performed on employees on routine recurring activities such as meter exchanges, service installations and gas odor calls. This allows the managers to verify that employees are performing these tasks efficiently and in accordance with work standards.

The employee travel expenses related to the capital projects in 2015 are charged directly to capital for the duration of the project. The description of the travel expenses on page 24 of the Application was in reference to the travel expenses associated with providing management oversight on O&M and recurring routine capital activities (small dollar jobs such as new services) that are in O&M and that will be at similar levels in both 2015 and 2016.

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13.2 Please explain why Employee Expenses are forecast to increase in 2015 and 2016 due to additional trips undertaken by the Prince George Operations management team, whereas the M&E labour costs are forecast to remain the same for 2015 and 2016.

Response:

The M&E labour costs are based on the allocation outlined in the response to BCUC IR 1.12.2.1 which takes into account the estimated time utilized in providing oversight to Fort Nelson, either while physically in Fort Nelson or remotely from other parts of Interior North, primarily the Prince George office. In contrast, the employee expenses are directly associated with travel costs to Fort Nelson as the management team is required to conduct field assessments and observations as a part of this oversight.

Please also refer to the response to BCUC IR 1.13.1.

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13.3 Please provide a breakdown of the individual cost accounts that comprise 'Employee Expenses' for 2013 Actual and Approved, 2014 Projected/Actual and Approved, 2015 Forecast and 2016 Forecast, complete with explanations for the relevant cost drivers.

24

Response:

The following table provides the breakdown of the Employee Expenses into individual cost accounts. FEFN did not have an O&M figure approved for 2014, and has instead used the forecast that was prepared at the time it filed its Application for Deferral Account Treatment for 2014. 2014 preliminary actual information has been included and is subject to change.

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In (\$000s)	2013 Approved	2013 Actual	2014 Forecast	2014 Prelim Actual	2015 Forecast	2016 Forecast
Employee Travel	8	11	9	12	23	23
Meals and Entertainment	1	1	1	2	4	4
Employee Allowance	2	2	2	1	2	2
1 Total Employee Expenses	11	14	11	15	29	29

2
3 The level of costs for all of these items is driven by the number and duration of trips to Fort
4 Nelson. Please refer to the response to BCUC IR 1.13.1 for a discussion of why costs are
5 higher in 2015 and 2016.

6 Although employee travel expenses are forecast to increase, total costs of management
7 oversight in the test period are consistent with that of historical levels.

8

9

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1 **14.0 Reference: NON-LABOUR COSTS**

2 **Exhibit B-1, Section 5.2, Table 5-1, p. 24**

3 **Facilities**

4 On page 24 of the Application, with reference to 'Facilities' FEFN states:

5 These are costs to operate and maintain the local office including janitorial and
6 telephone services as well as line heater fuels for the distribution station. The
7 communication costs and line heater fuel costs were previously centralized in FEI
8 and were not allocated to FEFN. FEI has since identified these amounts as direct
9 FEFN costs and accordingly included these in the FEFN O&M forecast.

10 14.1 Please explain why these costs were not previously identified and recorded as
11 direct FEFN costs.

12
13 **Response:**

14 These costs were not previously identified and recorded as direct FEFN costs due to an
15 oversight. This was due to the fact that these costs were previously captured in FEI centralized
16 cost centres together with similar costs across FEI, such that the individual local communication
17 costs and line heater fuel costs were not readily visible at a muster level. In 2015, these
18 centralized cost centres were decentralized to the regional level and as a result, the
19 communication and line heater fuel costs specific to Fort Nelson were identified. FEI thus
20 discovered the oversight in previous O&M reporting and has corrected it starting in 2014.

21
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23
24 14.2 Please provide a breakdown of the individual cost accounts (i.e. janitorial,
25 telephone services, line heater fuels, other, etc.) for 2013 Actual and Approved,
26 2014 Projected/Actual and Approved, 2015 Forecast, and 2016 Forecast,
27 complete with explanations for the relevant cost drivers.

28
29 **Response:**

30 The following is a breakdown of the Facilities Costs by cost accounts. The cost drivers are
31 explained below:

- 32 • Heat, light, gas and water costs are driven by usage of these utilities and prices charged.
- 33 • Janitorial services and other facilities costs are based on contract prices.

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- 1 • Communications costs, which include business internet, land lines and cell phone costs,
- 2 vary with number of employees and phone usage and rates.
- 3 • Line heater fuel costs vary with prices of gas and volumes.

In \$000s	2013 Approved	2013 Actual	2014 Forecast ¹	2014 Prelim Actual	2015 Forecast	2016 Forecast
Heat, Light, Gas and Water	7	13	7	8	7	7
Janitorial Services	1	1	1	1	1	1
Other Facilities Costs ²	3	4	3	7	3	3
Communication Costs	0	0	0	12	12	13
Line Heater Fuel	0	0	0	12	13	13
Total Facilities Costs	11	18	11	39	37	37

¹ Used the 2014 Forecast O&M as filed in the FEI Ft. Nelson 2014 Deferral Account Treatment Application as FEFN did not have an approved number for 2014. Note that there was no breakdown of the Total Gross O&M included in the Application.

² Other facilities costs include services such as garbage, security, yard maintenance, snow removal, electric maintenance and other facilities maintenance costs.

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15.0 Reference: DETERMINATION OF O&M

Exhibit B-1, Section 5.2, Tables 5-1, 5-2, pp. 24–25

O&M resources required for FEFN

In FEFN's Application for Deferral Account Treatment for 2014 and Changes to the RSAM Rider, FEFN provides a table which shows a 2014 Forecast for O&M of \$797 thousand.¹

On page 24 of the Application, Table 5-1 shows a 2014 Projected O&M amount of \$831 thousand.

15.1 Please expand Table 5-1 on page 24 of the Application to include a column for 2014 Forecast and, if available, a column which shows 2014 Actual amounts. Please also include the historical approved and actual O&M data for years 2009 through 2012.

Response:

The response to this IR addresses BCUC IR 1.15.1, 1.15.2 and 1.15.3.

Below is an expanded Table 5-1 which includes the information requested. FEFN has included preliminary actual information for 2014, which is subject to change. In addition, the 2015 and 2016 Forecast Total Gross O&M Expenses have changed from \$1,001 to \$1,008 thousand and from \$1,024 to \$1,029 thousand, respectively. The increases are due to the \$7 thousand and \$4 thousand increase in the Fees and Administration Costs for the shared services fee. As a result, the total O&M allocated to FEFN for 2015 Forecast increased from \$537 thousand to \$544 thousand and the 2016 Forecast increased from \$548 thousand to \$552 thousand.

The factors contributing to the net increase in the Shared Services as compared to the earlier forecasts are as follows:

- Allocation factor decreased from 0.257 percent to 0.253 percent in the 2015 Forecast and from 0.259 percent to 0.253 percent in the 2016 Forecast due to changes in the average number of customers to agree to FEI's Evidentiary Update in its annual review.
- Updated 2015 Forecast Gross O&M for amalgamated FEI based on the Evidentiary Update in FEI's annual review.
- Inclusion of Environment, Health and Safety (EH&S) O&M costs in the shared services O&M allocation base. In the past, EH&S was part of Distribution costs and was directly charged to FEFN and therefore not included in the shared service allocation pool. Due

¹ Exhibit A2-1.

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to corporate realignment of responsibility, effective in 2015 EH&S costs are no longer part of the Distribution costs and are now allocated through shared services.

Revised Table 5-1: O&M Resources Required for FEFN (\$ thousands) ¹

Particulars	Type of Cost	2009	2009	2010	2011	2011	2012	2012	2013	2013	2014	2014	2015	2016
		Approved	Actual	Actual ²	Approved	Actual	Approved	Actual	Approved	Actual	Forecast ³	Prelim Actual	Forecast ⁴	Forecast ⁴
M&E Costs	Direct Cost	\$ 29	\$ 34	\$ 31	\$ 31	\$ 37	\$ 31	\$ 32	\$ 32	\$ 30	\$ 15	\$ 15	\$ 15	\$ 15
COPE Costs	Direct Cost	-	-	-	-	-	-	-	-	1	-	7	-	-
COPE Customer Services Costs	Direct Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
IBEW Costs	Direct Cost	218	227	240	232	250	263	299	270	289	321	326	334	345
Labour Costs		247	261	270	263	287	295	331	302	321	336	348	349	360
Vehicle Costs	Direct Cost	53	60	46	64	43	46	38	47	43	44	42	43	44
Employee Expenses	Direct Cost	24	4	8	6	13	8	10	11	14	12	15	29	29
Materials and Supplies	Direct Cost	14	2	4	2	2	4	10	4	74	1	14	1	1
Computer Costs	Direct Cost	0	-	0	-	-	0	-	0	-	-	-	-	-
Fees and Adm. Costs	Direct Cost	1	0	-	0	7	0	15	0	3	(0)	4	3	3
Fees and Adm. Costs - SS Fee	Shared Services Cost	322	311	321	331	353	503	496	512	511	518	491	544	552
Contractor Costs	Direct Cost	138	140	143	143	140	8	5	9	201	5	17	5	5
Facilities	Direct Cost	1	9	4	9	9	9	12	11	18	12	39	37	37
Recoveries & Revenue	Direct Cost	(10)	(4)	(2)	(7)	(1)	(2)	(1)	(2)	(2)	(1)	(1)	(2)	(2)
Non-Labour Costs		543	523	523	549	566	577	584	591	862	591	621	659	669
Total Gross O&M Expenses		790	784	794	812	853	872	915	894	1,183	927	969	1,008	1,029
Less: Capitalized Overhead		(126)	(126)	(114)	(114)	(114)	(122)	(122)	(125)	(125)	(130)	(130)	(121)	(123)
Total O&M Expenses		\$ 664	\$ 658	\$ 680	\$ 698	\$ 739	\$ 750	\$ 793	\$ 768	\$ 1,058	\$ 797	\$ 839	\$ 887	\$ 905

¹ HST Savings in 2010 are included for comparative purposes only and have no impact on 2010 Service Rates

² No approved numbers for 2010

³ Used the 2014 Forecast O&M as filed in the FEI Ft. Nelson 2014 Deferral Account Treatment Application as FEFN did not have an approved number for 2014. Note that there was no breakdown of the Total Gross O&M included in the Application.

⁴ 2015 and 2016 Forecast increased by \$7 thousand and \$4 thousand respectively compared to Table 5-1 on page 24 of the application due to an adjustment in Shared Services Fee

The following are the key variances between the 2014 Forecast and 2014 Preliminary Actual amounts.

- Materials and Supplies increased by \$13 thousand due to materials used in corrective station work.
- The shared services fee is lower by \$27 thousand (\$518 thousand versus \$491 thousand) due to lower FEI 2014 Preliminary O&M Actual. The 2014 Forecast shared services fee allocated to FEFN was calculated based on the \$235 million FEI 2014 PBR O&M as per page 58 of the FEI 2014-2018 PBR Application filed on June 10, 2013.
- The Contractor costs increased by \$12 thousand from the 2014 Approved owing to two below ground leaks detected on the gas main and the resultant leak repair which included contractor paving costs to restore the condition of the roadway.

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- Facilities costs increased by \$27 thousand due to the inclusion of communication and line heater fuel costs which were previously centralized in FEI and were not correctly allocated to FEFN.

Please note that the approved Fort Nelson Revenue Surplus/Deficit Account will capture the variance between the 2014 revenue that FEFN collects and the actual 2014 costs, including actual O&M.

Finally, please also refer to the response to BCUC IR 1.1.2, Attachment 1.2 which includes the revised financial schedules that have been updated to include these changes to O&M.

- 15.2 Please provide explanations for key variances between 2014 Approved and 2014 Actual amounts (or 2014 projected amounts if actual amounts are not yet available).

Response:

Please refer to the response to BCUC IR 1.15.1.

On page 22 of the Application, FEFN states: "These [direct] costs consist of labour for the two employees noted below, vehicle usage, and materials and services used in direct system operations."

- 15.3 For each of the columns in Table 5-1 on page 24 of the Application, as well as the newly created columns for years 2009 through 2012, 2014 Forecast, and 2014 Actual/Projected amounts, please further break down the O&M resources for each line item in Table 5-1 to separately show the amounts related to Direct Costs and the amounts related to Shared Services Costs.

Response:

Please refer to the response to BCUC IR 1.15.1.

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On page 25 of the Application, Table 5-2 provides information on the gross O&M per customer.

15.4 Please revise Table 5-2 to provide the following additional information. Please also revise Table 5-2 to include 2009 through 2014 actual results:

- (i) Direct Gross O&M Expenses (\$000's);
- (ii) Allocated Gross O&M Expenses (\$000's);
- (iii) Direct Gross O&M per Customer (adjusted for inflation and not adjusted for inflation);
- (iv) Allocated Gross O&M per Customer (adjusted for inflation and not adjusted for inflation).

Response:

The following is a revised Table 5-2 which includes the requested information. Please note that the 2014 actual information provided is preliminary and is subject to change. As indicated in the response to BCUC IR.1.15.1, the 2015 and 2016 Forecast Total Gross O&M have changed to include increases of \$7 thousand and \$4 thousand, respectively, in O&M allocated to FEFN (as compared to Exhibit B-1).

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Table 5-2: Gross O&M per Customer ¹

	2009	2010	2011	2012	2013	2014	2015	2016
	Actual	Actual	Actual	Actual	Actual	Prelim Actual	Forecast	Forecast
(i) Direct Gross O&M Expenses (\$000's)	473	472	500	419	671	478	464	476
(ii) Allocated Gross O&M Expenses (\$000's)	311	321	353	496	511	491	544	552
Total Gross O&M Expenses (\$000's)	784	794	853	915	1,183	969	1,008	1,029
Average Number of Customers	2,355	2,360	2,405	2,407	2,416	2,445	2,459	2,484
Inflation Rate	0.000%	1.300%	2.400%	1.100%	-0.100%	1.460%	1.303%	2.417%
(iii) Direct Gross O&M per Customer	\$ 201	\$ 200	\$ 208	\$ 174	\$ 278	\$ 196	\$ 189	\$ 192
Direct Gross O&M per Customer in 2014 Dollars	\$ 211	\$ 210	\$ 215	\$ 176	\$ 278	\$ 196	\$ 186	\$ 187
(iv) Allocated Gross O&M per Customer	\$ 132	\$ 136	\$ 147	\$ 206	\$ 212	\$ 201	\$ 221	\$ 222
Allocated Gross O&M per Customer in 2014 Dollars	\$ 139	\$ 143	\$ 152	\$ 208	\$ 211	\$ 201	\$ 218	\$ 217
Total Gross O&M per Customer	\$ 333	\$ 336	\$ 355	\$ 380	\$ 490	\$ 396	\$ 410	\$ 414
Total Gross O&M per Customer in 2014 Dollars	\$ 349	\$ 353	\$ 367	\$ 384	\$ 489	\$ 396	\$ 405	\$ 404

¹ CPI/AWE inflation rate used for 2014, 2015 & 2016

2

3 Notes:

4 *In 2013 there was a one- time charge to O&M of \$289 thousand related to riverbank protection for the*
5 *Muskwa River that was discussed in the Muskwa River Crossing Project CPCN application. This*
6 *increased the Direct Gross O&M per Customer in that year by approximately \$119.*

7 *The in-sourcing of Customer Service in 2012 resulted in a decrease to Direct O&M as the per customer*
8 *charge from CustomerWorks was no longer incurred. This was offset by an increase in Allocated O&M as*
9 *a result of allocating Customer Service O&M from FEI's Customer Service department.*

10

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D. RATE BASE AND CAPITAL EXPENDITURES

16.0 Reference: GROSS PLANT IN SERVICE

Exhibit B-1, Section 7.2.1, Table 7-2, p. 30

Intangible and General Plant

On page 30 of the Application, FEFN provides the following table:

Table 7-2: Summary of Gross Plant Additions, excluding Muskwa River Crossing Project (\$000s)

	Approved 2013	Actual 2013	Projected 2014	Forecast 2015	Forecast 2016
INTANGIBLE PLANT	-	64	62	62	62
TRANSMISSION PLANT	10	20	601	845	63
DISTRIBUTION PLANT	256	229	381	449	119
GENERAL PLANT	10	75	61	204	76
TOTAL ADDITIONS	\$ 276	\$ 389	\$ 1,105	\$ 1,560	\$ 320

16.1 Please expand this table to include Approved and Actual results for years 2009 through 2012.

Response:

FEI has updated Table 7-2 to include preliminary actual plant additions for 2014 in place of the projected amounts. Although 2014 final reconciled plant balances are not yet available, the 2014 capital expenditures are available. In order to provide a basis for comparison for the 2015 and 2016 Forecast, FEI believes that updating the plant continuities at this time for the actual 2014 capital spending is appropriate. Please refer to the response to BCUC IR 1.1.2 for the financial schedules that include this change. FEFN's 2015-2016 forecast gross plant additions are not affected by this update.

Table 7-2 below has been expanded to include the approved and actual results for years 2009 through 2012 and updated to reflect the preliminary actual results for 2014.

Generally, the variance between approved and actual Gross Plant Additions is mainly due to the timing between the capital expenditures forecast and the actual in service date. On a total basis over 2009-2013 there is an average variance of approximately \$27 thousand between approved and actual capital additions.

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Summary of Gross Plant Additions, excluding Muskwa River Crossing Project (\$000s)

	Approved 2009	Actual 2009	Actual 2010	Approved 2011	Actual 2011	Approved 2012	Actual 2012	Approved 2013	Actual 2013	Actual 2014	Average Approved 2009-2013	Average Actual 2009-2013
INTANGIBLE PLANT	-	-	-	-	-	-	-	-	64	76	-	16
TRANSMISSION PLANT	-	174	37	-	84	330	8	10	20	84	85	71
DISTRIBUTION PLANT	181	104	108	189	314	180	77	256	229	308	202	181
GENERAL PLANT	28	33	397	8	3	139	41	10	75	54	46	38
TOTAL ADDITIONS	\$ 209	\$ 311	\$ 542	\$ 197	\$ 401	\$ 649	\$ 126	\$ 276	\$ 389	\$ 522	\$ 333	\$ 306

Notes:

- These numbers exclude the Muskwa River Crossing Project.
- There were no Approved numbers for 2010 and as such, 2010 is excluded from the average calculation.
- 2014 Actual is preliminary and may change.

16.2 Please describe what is included in the intangible plant and general plant line items for each of Actual 2013, Projected 2014, Forecast 2015 and Forecast 2016.

Response:

Please refer to BCUC IR 1.16.1 for an updated version of Table 7-2 that has replaced the Projected 2014 column with preliminary actuals.

The Intangible Plant additions in the updated Table 7-2 for Actual 2013, Preliminary Actual 2014, Forecast 2015 and Forecast 2016 are for the purchase and sustainment of Application Computer Software.

The General Plant additions in the updated Table 7-2 for Actual 2013, Preliminary Actual 2014, Forecast 2015 and Forecast 2016 are for the purchase and sustainment of System Computer Software and Computer Hardware as well as Structures and Improvements and Transportation Equipment.

The table below provides a further breakdown of the components of Intangible and General Plant additions.

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Gross Plant Additions ('000s)

	Actual 2013	Actual* 2014	Forecast 2015	Forecast 2016
INTANGIBLE PLANT				
Comuter S/W-Applic 8y	47	50	31	31
Comuter S/W-Applic 5y	16	26	31	31
Total Intangible Plant	64	76	62	62
GENERAL PLANT				
Land	-	-	-	-
Frame Structures & Improvements	(29)	11	153	25
Computer H/W	49	38	41	41
Computer S/W System	5	5	-	-
Transportation Equipment	50	-	10	10
Total General Plant	75	54	204	76

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Note:

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**2014 Actual is preliminary*

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16.2.1 Please explain why prior to Actual 2013, there was no Intangible Plant additions.

9

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Response:

11

12 Intangible Plant includes costs attributable to application software such as Microsoft Office, SAP
13 and CAFÉ as well as other software programs. Application software is required by employees
14 to carry out their day-to-day duties and is therefore required for the operation of the Fort Nelson
15 system and accordingly is allocated to Fort Nelson consistent with other shared plant assets.

16 Prior to 2013, the total cost of Intangible Plant was included under FEI Intangible Plant. A
17 review of the fixed asset records in 2014 identified some additions that should have been
18 allocated and transferred to FEFN, as has been done historically for both FEVI and FEW. As
19 such, the opening balances in 2013 were adjusted to reflect the correct Intangible Plant
20 balances prior to 2013, with the allocation to Fort Nelson based on customers. This allocation
21 methodology is consistent with other categories of shared plant allocated to Fort Nelson, and to
22 FEVI and FEW prior to amalgamation, such as Telemetry, General plant – Furniture and
23 Telephone Equipment.

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4 16.3 Please provide and justify the amount of contingency, if any, included in each of
5 the intangible, transmission, distribution and general plant estimates for 2015 and
6 2016.

7

8 **Response:**

9 The 2015 and 2016 forecasts were derived by using a bottom up calculation or trending for
10 planned, routine and third party related work and a specific estimate for contingency was not
11 included.

12

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17.0 Reference: CAPITAL EXPENDITURES

Table 7-2, Section 7.2.1, pp. 29–31

Transmission Plant – Mains

On page 30 of the Application, Table 7-2 provides the following amounts for Transmission Plant gross additions: (i) Approved 2013 - \$10,000; (ii) Actual 2013 - \$20,000; (iii) Projected 2014 - \$601,000; (iv) Forecast 2015 - \$845,000; and (v) Forecast 2016 - \$63,000.

17.1 Please explain why the Projected 2014 gross Transmission Plant additions are \$581 thousand higher than the 2013 Actual additions. Please provide a breakdown and detailed description of these additions. Please also explain why FEFN deemed these 2014 capital expenditures necessary.

Response:

Please refer to the response to BCUC IR 1.16.1 for an updated version of Table 7-2 which reflects the Preliminary Actual results for 2014.

The Transmission Plant 2014 Preliminary Actual additions of \$84 thousand were higher than the 2013 Actual additions of \$20 thousand due to a leaking transmission valve. Though it did not pose a risk to the safety of the public or the integrity of the pipeline, there was an easily detectable leakage to the atmosphere that had to be resolved. The work to address this issue consisted of removal of the valve and some piping and replacement with a new valve at a cost of approximately \$80 thousand.

17.1.1 What was the 2014 Forecast for transmission plant additions?

Response:

The 2014 Forecast for transmission plant additions included in the 2014 Application for Deferral Account Treatment was \$165 thousand.

Please note that the approved Fort Nelson Revenue Surplus/Deficit Account will capture the variance between the 2014 revenue that FEFN collects and the actual 2014 costs, including the costs associated with actual capital additions.

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2 17.1.2 If the 2014 transmission plant additions were planned expenditures,
3 please explain if these expenditures were outlined in FEFN's 2014
4 revenue requirements application. If not, why not?
5

6 **Response:**

7 FEI did not file a 2014 Revenue Requirements Application for Fort Nelson. Rather, FEI filed an
8 application to maintain rates at 2013 levels and for deferral account treatment of the actual
9 revenue surplus or deficiency that was incurred in 2014. Although FEI provided a forecast total
10 revenue requirement for 2014, further detail on forecast O&M or capital expenditures was not
11 provided in the application because no approval of rates that included these forecasts was
12 being sought.

13
14

15
16 17.1.3 If the 2014 transmission plant additions were not planned expenditures,
17 please explain what created the necessity to incur these expenditures.
18

19 **Response:**

20 The 2014 transmission plant additions were planned expenditures. Please refer to the response
21 to BCUC IR 1.17.1.1.
22

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18.0 Reference: RATE BASE AND CAPITAL EXPENDITURES

Exhibit B-1, Section 7.2.1, pp. 30–31

Transmission Plant

On page 30 of the Application, FEFN provides the following descriptions for the forecast additions to transmission plant in 2015:

- an updated right-of-way agreement with the Fort Nelson First Nations for the transmission pipelines located within their lands (\$410 thousand) is required to replace and supersede old expired agreements;
- the replacement of a complex valve assembly due to non-operable valves as a result of wear and age (\$210 thousand);
- the replacement of the pipeline across a road to ensure code compliance and maintain the existing operating pressure in the pipeline (\$150 thousand); and
- the installation of protection over the pipeline within a creek as the pipeline is nearly exposed (\$75 thousand).

These capital additions are forecast to be completed in 2015.

18.1 Please provide a copy of both the expired and the updated right-of-way agreement with the Fort Nelson First Nations. Please compare the costs of the two agreements and justify the cost of the updated agreement.

Response:

FEI has operating transmission pipelines that are located within the Fort Nelson Indian Reserve. These transmission pipelines are used to provide service to FEFN customers. It is necessary for FEI to maintain the legal authority to operate and maintain these assets on the Fort Nelson Indian Reserve. FEI is currently negotiating a new consolidated permit under section 28(2) of the *Indian Act* with the Fort Nelson First Nation and the Ministry of Indian Affairs and Northern Development (representing Her Majesty in right of Canada). As the agreement is not yet finalized, FEI cannot provide a copy of the agreement.

The existing Fort Nelson First Nation land tenure agreements are included as Attachment 18.1 as requested. As seen in Attachment 18.1, the existing land tenure agreements date back as far as 1968. There have been various asset acquisitions, transfers and abandonments over the course of time. Upon review of the Fort Nelson First Nation land tenure agreements, FEI concluded that it is necessary to clarify the current land status and consolidate tenure due to expired or missing permits.

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FEFN does not pay the Fort Nelson First Nation any fees under the current agreements and therefore cannot compare an existing amount to the forecast included in the Application.

As noted above, FEI is negotiating a new consolidated permit under section 28(2) of the *Indian Act* with the Fort Nelson First Nation and the Ministry of Indian Affairs and Northern Development (representing Her Majesty in right of Canada). Fees for the new consolidated Indian Act Section 28(2) permit have been calculated by a Fair Market Value Assessment conducted by the independent third party real estate appraisal firm Kent Macpherson Appraisals retained in November 2014. The appraisal also addresses past periods when assets were operated under expired or missing permits.

The cost of the new permit is necessary for FEI to maintain its right to operate and maintain its transmission lines on the Fort Nelson Indian Reserve and thereby continue to provide service to its customers.

Attachment 18.1 contains copies of the following four documents:

- FN 1968 28(2) Permit Agreement
- FN Hydro 1972 Assignment Agreement
- FN IB Agreement 1982 Lot 2313
- FN 1983 Sec 28(2) Permit Agreement Lot 2313

18.2 Please discuss the risks, costs, benefits and impacts of deferring the work associated with 1) the valve assembly, 2) the pipeline across the road and 3) the protection over the pipeline within the creek.

Response:

Deferral is not an appropriate option for this work as it has been identified through the Company's Integrity Management Program (IMP). The IMP supports FEFN's commitment to design, construct and operate its gas system assets in a safe, reliable and environmentally responsible manner. Of particular importance is that FEI must comply with provincial regulation, which requires that FEI do the following:

- "develop and implement an integrity management program that includes effective procedures for managing the integrity of the pipeline system so that it is suitable for

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continued service, including procedures to monitor for conditions that can lead to failures, to eliminate or mitigate such conditions”²

- “establish emergency procedures that include; (a) procedures for the safe control or shutdown of the pipeline system, or parts thereof, in the event of a pipeline emergency”³
- ensure that: “Where existing pipelines are to be crossed by roads or railways, the pipelines at such locations shall be either upgraded to meet the applicable design requirements or subjected to (a) an engineering assessment in accordance with the applicable requirements specified for class location changes in Clause 10.7.1; and (b) a detailed engineering analysis of all loads expected to be imposed on the pipeline during construction and operation of the crossing and the resulting combined stresses in the pipeline.”⁴
- ensure that: “Pipeline valves that can be necessary during an emergency shall be inspected and partially operated at least once per calendar year, with a maximum interval of 18 months between such inspections and operations.”⁵

Deferring the replacement of the valve assembly, the replacement of the pipeline across the road, or the installation of protection for the pipeline within the creek could lead to a determination of non-compliance with provincial regulation and as a result, may lead to FEFN having to discontinue operation of the pipeline.

In addition, all the work referenced in the question is mitigative action to prevent the failure of a pipeline system that is the only supply to Fort Nelson. The consequence of such a failure at any of the sites would be curtailment of supply to Fort Nelson to varying degrees depending on the severity of the failure mode. The severity of the failure mode, and the associated probability, are very difficult to predict, and thus risk cannot be defined, except that there is a likely time dependent relationship whereby probability, and thus risk, increases over time.

For all the reasons above, FEFN believes that it is in the best interest of customers and the Company to address capital work in a planned, organized and cost effective manner as opposed to deferring projects which could lead to an emergency response at a greater cost, both socially and financially. Deferring work into future years generally results in higher costs due to inflation, but it is the risk associated with the deferral and the potential consequences that require FEFN to complete the capital work in 2015.

Further clarification on the specific projects identified follows below:

² Clause 3.2 CSA Z662-11 Oil and Gas Pipeline Systems.

³ Clause 10.5.2.1 CSA Z662-11 Oil and Gas Pipeline Systems.

⁴ Clause 10.8.1 CSA Z662-11 Oil and Gas Pipeline Systems.

⁵ Clause 10.9.6.2 CSA Z662-11 Oil and Gas Pipeline Systems.

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1 **Replacement of Valve Assembly**

2 The valve assembly forecast to be replaced in 2015 controls the flow of gas out of two
3 transmission pipelines into a short single transmission pipeline that supplies the Fort Nelson
4 Gate Station. This project includes:

- 5 • Replacement of the short single transmission line from the valves to the station due to
6 integrity concerns from the pipe being shallow, the pipe coating being in poor condition
7 and stresses imposed by recent development adjacent to the station; and,
- 8 • Replacement of the valve assembly because there are valves that are leaking natural
9 gas to the environment, and the valves that are needed to control flow in the pipelines
10 are not operable.

11 The valve assembly and the transmission pipeline are integral to the only supply into the Fort
12 Nelson Gate Station. The current condition of each poses a risk to ensuring a reliable supply to
13 Fort Nelson and an effective emergency response.

14 **Pipeline across a Road (Raven Crescent)**

15 The NPS6 transmission pipeline forecast to be replaced in 2015 is the sole supply between
16 FEFN's station at Spectra and the entire Fort Nelson system. A road over the pipeline was
17 constructed a few years ago by the Ministry of Highways. CSA Standard Z662, Oil and Gas
18 Pipeline Systems, requires that a greater safety factor exist at public road crossings. This
19 greater safety factor can be accomplished in two ways: by lowering the operating pressure in
20 the system, thus reducing the stress in the pipe, or by replacing the pipe at the road crossing
21 with stronger pipe while retaining the current operating pressure. Since lowering the pressure
22 would necessitate upgrades at various stations to ensure sufficient supply to the Fort Nelson
23 area, the replacement of the pipe at the road crossing is the preferred and lower cost option.

24 **Protection over the pipeline within a Creek**

25 The 2015 forecast installation of protection over the pipeline within a creek is the same critical
26 transmission pipeline that requires the work relating to the road crossing described above. In
27 addition to the work to be completed around the road crossing, there is a creek crossing of the
28 transmission pipeline that has eroded to the point where, in the near future, further erosion will
29 put the pipeline at risk of damage during a significant run-off event. If the work is deferred, the
30 possible damage due to the movement of the material in the stream bed would necessitate that
31 the pipeline be shut in and the supply to Fort Nelson interrupted. The site is also near the
32 Alaska Highway and if a significant amount of gas was venting at the site, it may be necessary
33 to close the highway until the gas leakage was under control. By addressing the erosion
34 potential now through the installation of protective measures FEFN will avoid more costly
35 pipeline replacement work in the future.

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18.3 Please explain and justify the forecast transmission plant capital additions for 2016.

Response:

The forecast transmission plant additions for 2016 of \$63 thousand are required to maintain the safety, integrity and reliability of the system in accordance with the Integrity Management Plan (IMP) and are justified on that basis. FEI’s requirement to operate its system in accordance with its IMP is discussed further in response to BCUC IR 1.18.2.

The majority of the forecast transmission plant additions for 2016 is the replacement of a valve assembly within which the valves are either not operable, or are very difficult to operate, and with some leaking. Being difficult to operate they pose a safety risk to employees who must attempt to operate them, and reduces options for emergency response. The cost estimate for this work is \$50 thousand.

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19.0 Reference: RATE BASE AND CAPITAL EXPENDITURES

Table 7-2, Section 7.2.1, pp. 30–31

Distribution Plant

On page 30 of the Application, Table 7-2 provides the following amounts for Distribution Plant gross additions: (i) Approved 2013 - \$256,000; (ii) Actual 2013 - \$229,000; (iii) Projected 2014 - \$381,000; (iv) Forecast 2015 - \$449,000; and (v) Forecast 2016 - \$119,000.

19.1 Please provide a breakdown of the above Distribution Plant amounts into the following components listed below. Please also include columns for Actual and Approved years 2009–2012, Forecast 2014, and Actual 2014 (if available):

- (i) Structures & Improvements;
- (ii) Services;
- (iii) House Regulators & Meter Installation;
- (iv) Mains;
- (v) Measuring & Regulating Equipment;
- (vi) Meters;
- (vii) Other.

Response:

Please refer to the revised Table 7-2 provided in the response to BCUC IR 1.16.1.

Below is the breakdown of Distribution Plant. Generally, the variance between Approved and Actual Distribution Plant Gross Additions for the period 2009-2013 is due to timing. On average, for the four years where FEFN had an approved amount, the actual costs were only \$20 thousand less than the Approved.

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1

Distribution Plant Gross Additions 2009-2014 (\$000s)

	Approved 2009	Actual 2009	Actual 2010	Approved 2011	Actual 2011	Approved 2012	Actual 2012	Approved 2013	Actual 2013	Actual 2014	Average Approved 2009-2013	Average Actual 2009-2013
DISTRIBUTION PLANT												
470/471 Land/ Land Rights	-	-	-	-	-	-	-	-	-	-	-	-
472 Structures and Improvements	-	2	-	-	13	-	0	-	1	1	-	4
473 Services	35	39	59	36	44	70	53	76	52	27	54	47
474 House Regulators and Meter Installations	4	5	20	3	22	4	11	4	11	17	4	12
475 Mains	59	35	29	61	235	52	13	147	22	5	80	76
477 Measuring and Regulating Equipment	80	23	-	85	0	50	-	25	144	258	60	42
478 Meters	3	-	-	3	-	4	-	4	-	-	4	-
TOTAL ADDITIONS	\$ 181	\$ 104	\$ 108	\$ 188	\$ 314	\$ 180	\$ 77	\$ 256	\$ 229	\$ 308	\$ 201	\$ 181

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3

Notes:

5 *There are no approved numbers for 2010 and such this year has been excluded from the 2009 to 2013*
6 *average calculation.*

7 *Actual 2014 is preliminary and subject to change.*

8

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12 19.2 Please provide explanations for any key variances between 2014 forecast and
13 2014 actual/projected distribution plant gross additions.

14

Response:

16 The 2014 preliminary actual distribution plant additions are lower than the 2014 forecast that
17 was utilized in preparing the Application for 2014 Deferral account Treatment by \$69 thousand.
18 The variance was due to the deferral of a distribution mains improvement project to increase the
19 capacity of the system in favour of a lower cost alteration at the Fort Nelson Gate Station. This
20 solution provided more flexibility in operating the system in the short term until development
21 plans and demand for service at the Fort Nelson Airport become clearer.

22

23 Please note that the approved Fort Nelson Revenue Surplus/Deficit Account will capture the
24 variance between the 2014 revenue that FEFN collects and the actual 2014 costs, including the
25 costs associated with actual capital additions.

26

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29 19.3 Please explain and justify the distribution plant capital additions for 2014.

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2 **Response:**
3 The \$308 thousand in preliminary actual distribution plant capital additions for 2014 are
4 summarized in the response to BCUC IR 1.19.1 by line item. Further details are provided
5 below.

6 **Accounts 473, 474 and 475**

7 A total of \$49 thousand in plant additions for Service, House Regulators and Meter Installations
8 and Mains were required in 2014 to provide or maintain safe delivery of natural gas to
9 customers. This work involved installing mains to serve new customers and installing and
10 replacing services, regulators, meters for new and existing customers in 2014. Excluding an
11 unplanned main extension in 2011 (\$187 thousand) to serve a newly created light industrial
12 park, the average expenditure for these accounts over the past 5 years (2010-2014) was
13 approximately \$87 thousand. With the last three years having a lower average (\$71 thousand),
14 the 2014 expenditures are lower but relatively consistent with previous years.

15 **Account 477**

16 A total of \$258 thousand in plant additions for Measuring and Regulating Equipment were
17 required in 2014 as a result of alterations at two existing pressure regulating stations. This work
18 was required primarily to increase the capacity of the stations based on the existing and
19 forecasted customer demand (\$217 thousand). In addition, telemetry was improved at one of
20 the pressure regulating stations to enhance the monitoring of safety systems. This station is
21 remotely located from Fort Nelson and the monitoring ensures the station is operating safely
22 and reliably (\$30 thousand). And lastly, obsolete equipment was replaced at two other stations
23 and the venting of a pressure regulating station building was improved to prevent the
24 accumulation of any gas leakage (\$11 thousand).

25

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20.0 Reference: RATE BASE AND CAPITAL EXPENDITURES

Exhibit B-1, Section 7.2.1, pp. 30–31

Distribution Plant

On page 31 of the Application, FEFN states:

The other forecast additions to distribution plant in the Test Period are related to:

- the forecast installation of telemetry at the Fort Nelson Gate Station to better monitor operating conditions and to ensure reliability (\$70 thousand);
- the forecast alterations to the distribution system and increase in operating pressure to increase the gas supply to the airport due to increased demand at the airport (\$85 thousand); and,
- a distribution capacity system improvement is required to increase the tail end pressure to ensure adequate supply to customers (\$60 thousand).

Similar to the Transmission capital additions, these three distribution plant additions are forecast to be completed in 2015.

20.1 Please discuss the risks, costs, benefits and impacts of deferring the work associated with 1) installing the telemetry at the Fort Nelson Gate Station, 2) increasing the operating pressure at the airport and 3) completing the distribution capacity improvement.

Response:

FEI's capital planning and expenditures are reviewed and managed on an ongoing basis. As can be seen in comparing actual to approved historical capital expenditures, while FEI forecasts costs based on the best information at the time a revenue requirements application is filed, actual projects undertaken and costs incurred may differ to reflect the reprioritization of work and changes in market conditions. Continued diligence and internal review processes provide checks and balances to the capital planning and spending process, keeping the interests of customers and other stakeholders at the forefront.

With this approach in mind, the risks, costs, benefits and impacts of deferring the work for each of the three projects is discussed below.

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1 **Installation of telemetry at the Fort Nelson Gate Station**

2 This work reflects the installation of a standard telemetry package at the Fort Nelson Gate
3 Station for a forecast cost of \$70 thousand. The telemetry installation is used to monitor the
4 safety systems within the pressure regulating station and to ensure that the equipment is
5 functioning properly. Telemetry increases the monitoring frequency from occasionally, during
6 the daytime only, to continuous monitoring through 24 hours as the alarms are monitored by
7 Gas Control in Surrey. This system provides backup if local employees are absent or not
8 available. As well, FEI's experience is that the installation of telemetry improves response time
9 and facilitates the correct response to an identified issue at a station.

10 If this installation is deferred, customers served by the Fort Nelson Gate Station will not have
11 the same level of reliability that other customers in a similar situation within the FEI systems
12 have. Considering the remoteness of Fort Nelson to the rest of the Company's operations, FBC
13 believes that the installation of the telemetry now is warranted.

14 **Increase in Operating Pressure**

15 This work consists of increasing the operating pressure in one gas line that runs from the Fort
16 Nelson Gate Station to the Fort Nelson Airport to address proposed additional development and
17 gas usage at the airport for a forecast cost of \$85 thousand. The work primarily consists of
18 validating that the gas line can operate safely at the higher pressure and then raising the
19 pressure in a safe manner. The end result is that the gas line can flow a greater capacity than at
20 the existing pressure which thus allows increased service to existing customers and allows FEI
21 to connect additional customers.

22 As a result of work carried out in 2014 and discussed in the response to BCUC IR 1.19.2 (i.e.
23 the installation of modifications to the Fort Nelson Gate Station) and some uncertainty about
24 whether there will be an increase in gas usage at the airport, it may be reasonable to defer this
25 expenditure.

26 FEI will continue to discuss with its existing and potential customers and will need to complete
27 additional analysis before a final decision is made regarding the continuation of this work.
28 However, if the customers do expand their businesses significantly it will not be possible for FEI
29 to provide service without this work.

30 **Distribution Capacity System Improvement**

31 This work consists of installing 300m of 114mm diameter main along the Alaska Highway, in
32 parallel with an existing 60mm diameter main at a forecast cost of \$60 thousand. The purpose is
33 to decrease the pressure drop in the existing main due to forecasted higher flows that will result
34 in a low system tail end pressure. Through FEI's standard modelling, the low system tail end

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1 pressure is predicated to place service to 80 customers at risk of an outage if temperatures
2 were to approach a design degree day. In accordance with FEI's standard methodology for
3 analysing distribution system capacities, the Company undertakes capacity improvements to its
4 system when continued service to customers is projected to be at risk.

5 Although it may be possible to defer this work, it is work that is required in the near term and the
6 deferral may lead to higher costs in the future.

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8
9
10 20.2 Please explain and justify the forecast distribution plant capital additions for
11 2016.

12
13 **Response:**

14 The distribution plant capital additions of \$119 thousand forecast for 2016 consist of upgrades
15 to the Fort Nelson Gate Station. The issues that have been identified include:

- 16 • The existing pressure regulators should be replaced as they are obsolete due to parts
17 and service no longer being available.
- 18 • The station filter lacks its own bypass such that performing regular maintenance requires
19 the bypass of the filter and station heater together. This results in high pressure piping
20 being vented to the atmosphere and the gas flowing to the pressure regulators not
21 flowing through the station heater. The impact is unwarranted greenhouse gas
22 emissions and a possible risk of the regulators freezing up and not operating properly.

23
24 The work is proposed so that in a timely, planned and effective manner the corrections can be
25 made before any incident occurs as a result of the current equipment and piping configuration
26 and to reduce greenhouse gas emissions.

27 Also refer to the response to BCUC IR 1.20.1.

28

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21.0 Reference: RATE BASE AND CAPITAL EXPENDITURES

Exhibit B-1, Section 7.2.1, p. 31

General Plant

On page 31 of the Application, FEFN states:

FEI is currently investigating options of replacement of the septic system. There are two options for a permanent solution: 1) replace with a new septic system and field (septic field option) and 2) a connection to the City of Fort Nelson sewer system which has recently been extended closer to the property. The capital cost of both options is approximately the same.

21.1 Please provide a qualitative comparison for the two alternatives for the replacement of the septic system, including a discussion of the pros and cons of each option.

Response:

FEI has been investigating two alternatives for replacing the current failed septic system: 1) replace with a new septic system and 2) install a connection to the City of Fort Nelson sewer system.

In more rural areas in which a municipal sewer connection is not reasonably accessible, septic systems provide an acceptable means of handling both sewer and wastewater. A septic system consists of four main components; the pipe coming from the building(s), a septic tank, a drain field and the soil.

The septic tank is a watertight container that is buried in the soil that holds the wastewater coming from the building. The tank holds the wastewater long enough for solids to break out forming a scum. It also allows for partial decomposition of the solid material. Wastewater then leaves the tank into the drain field for further treatment in the soil. The drain field consists of a series of buried perforated pipe surrounded by gravel, and covered with mesh and dirt. The effluent enters the drainage field where it percolates in the soil providing final treatment by removing harmful bacteria, viruses and nutrients.

In building a septic system, it is key that the soil is a free draining material and the field is only used for drainage to ensure the drain field does not get overloaded causing sewage to flow to the ground surface or back up into the building plumbing fixtures. FEI's Fort Nelson site (and entire region) is predominantly clay, which has a tendency to pack densely, which poses drainage problems. Therefore, the standard design and construction of the drain field must be adjusted to accommodate for the tightly packed clay to allow effluent to percolate into the ground. These adjustments may include over excavation of the sub-grade soil or building a mound type of field to allow for drainage, both of which result in replacement soil to be

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1 transported to the site. As a result, this soil replacement increases the cost of the septic
2 system. In addition, the drain field becomes unusable space for anything other than drainage.

3 The septic system generally requires maintenance consisting of regular inspection to periodic
4 pumping of the tank, flushing the field, and potential pump maintenance depending on septic
5 field type. These maintenance tasks assist in the septic system reaching its expected life of
6 approximately 20 years. Lack of maintenance will impact the drain field's health which can
7 significantly reduce the expected asset life. As a typical building life can be from 50 to 70 years,
8 it can be expected that replacement of the septic system will be necessary several times to
9 support the life of the building.

10 In urban areas, sanitary sewer systems carry all wastewater to municipal wastewater treatment
11 facilities. Sewer disposal for a building is typically a more cost-effective means of handling this
12 waste over the life of the building as the cost of a single system can be efficiently shared by all
13 the users. Furthermore, despite a higher installation cost in comparison to constructing a septic
14 system, the building connection to a municipal sewer system is generally maintenance free
15 throughout the life of the building and therefore is expected to provide for a lower total cost of
16 ownership.

17 Please also refer to the response to BCUC IR 1.21.2.

18
19
20
21 21.2 Please provide details of the \$153 thousand estimated capital cost investment for
22 the replacement of the sewer system.

23
24 **Response:**

25 FEI believes a connection to the City of Fort Nelson's sewer system is the preferred solution
26 given the distinct advantage of requiring essentially no ongoing maintenance and therefore an
27 expected lower overall cost of ownership as discussed in the response to BCUC IR 1.21.1.

28 FEI's \$153 thousand estimated capital cost, based on a connection to the City of Fort Nelson's
29 sewer system, is detailed below.

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	Forecast Capital Cost
Site Work	13,563
Road Work	32,063
Sanitar Sewer	86,063
Project Management	21,436
Total Forecast Project Cost	153,125

On page 30 of the Application, Table 7-2 provides the following amounts for General Plant gross additions: (i) Approved 2013 - \$10,000; (ii) Actual 2013 - \$75,000; (iii) Projected 2014 - \$61,000; (iv) Forecast 2015 - \$204,000; and (v) Forecast 2016 - \$76,000.

21.3 Please provide explanations for any key variances between 2014 forecast and 2014 actual/projected general plant gross additions.

Response:

2014 preliminary actual General Plant additions are \$34 thousand higher than the 2014 forecast that was utilized in preparing the 2014 Deferral Account application. The variance is mainly due to Computer Hardware and Computer System Software allocated to FEFN which is discussed in the responses to BCUC IRs 1.16.2 and 1.16.2.1. Please refer to the table below for the breakdown.

FEFN General Plant Gross Plant Additions ('000s)

	Forecast 2014	Actual 2014	Variance
GENERAL PLANT			
Frame Structures & Improvements	10	11	(1)
Computer H/W	-	38	(38)
Computer S/W System	-	5	(5)
Small Tools & Equipment	10		10
TOTAL	\$ 20	\$ 54	\$ (34)

Note:

2014 Actual are preliminary numbers, subject to change.

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Please note that the approved Fort Nelson Revenue Surplus/Deficit Account will capture the variance between the 2014 revenue that FEFN collects and the actual 2014 costs, including the costs associated with actual capital additions.

22.0 Reference: ACCUMULATED DEPRECIATION

Exhibit B-1, Section 7.2.3, p. 32

Depreciation expense

On page 32 of the Application, FEFN states:

In the past FEFN depreciation rates have been equal to those of FEI. Upon amalgamation, the depreciation rates for FEI Amalgamated are assumed to be the weighted average of FEI, FEVI, and FEW. Starting in 2015, FEFN's depreciation rates will assume those of the FEI amalgamated entity.

22.1 Please quantify the impact to FEFN's 2015 and 2016 forecast depreciation expense of the change from basing FEFN's depreciation rates on those of FEI to those of the FEI amalgamated entity.

Response:

The table below quantifies the impact to FEFN's 2015 and 2016 forecast depreciation expense of the change from basing FEFN's depreciation rates on those of FEI that existed prior to 2015 versus FEI amalgamated that exists subsequent to 2014. For both years, 2015 and 2016, there is a slight decrease in FEFN's forecasted depreciation expense using the FEI amalgamated entity depreciation rates.

	Forecast FEI Rates 2015	Forecast FEI Amalco 2015	Forecast FEI Rates 2016	Forecast FEI Amalco 2016
INTANGIBLE PLANT	80	80	86	86
TRANSMISSION PLANT	109	111	122	124
DISTRIBUTION PLANT	214	206	227	220
GENERAL PLANT	73	77	83	86
TOTAL DEPRECIATION EXPENSE	\$ 476	\$ 474	\$ 518	\$ 516

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22.2 Would it be more appropriate for FEFN to calculate its own depreciation rates?
Please discuss.

Response:

No. As explained below, it is appropriate to adopt the FEI amalgamated entity's depreciation rates as the nature and the useful life of FEFN's assets are similar to those of the FEI amalgamated entity and because using the FEI amalgamated entity's depreciation rates saves FEFN customers the cost of doing separate studies for FEFN alone, as well as the cost of the review of that study in a Commission proceeding.

Given that the nature and the useful life of FEFN's assets are similar to those of the FEI amalgamated entity, depreciation rates for FEFN alone would be similar to those for the FEI amalgamated entity and it is appropriate to adopt the FEI amalgamated entity depreciation rates. Additionally, adoption of the FEI amalgamated entity depreciation rates as compared to the FEI/FEFN depreciation rates prior to 2015 results in similar depreciation expense for FEFN. In the response to BCUC IR 1.22.1, a comparison of FEFN's forecasted depreciation expense for 2015 and 2016 calculated using FEI's depreciation rates prior to 2015 and those of the FEI amalgamated entity results in little difference.

Adopting the FEI amalgamated entity depreciation rates also simplifies the administration of depreciation rates by eliminating the need to perform a separate depreciation study specifically for FEFN assets, which would then be subject to review and approval by the Commission. A separate depreciation study for FEFN would result in incremental costs, including the costs of the study itself and the application and other costs associated with the review of the study by the Commission. All of these costs would be allocated entirely to the customers in Fort Nelson each time a study was undertaken.

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E. DEFERRAL ACCOUNTS

23.0 Reference: CHANGES TO EXISTING DEFERRAL ACCOUNTS

Exhibit B-1, Section 7.4.2, p. 34

Fort Nelson Revenue Surplus/Deficit Account

Pursuant to Directive 2 of Order G-17-14 issued on February 11, 2014, the Commission approved for FEFN the following:

The discontinuance, modification, and creation of deferral accounts, and the amortization and disposition of balances of deferral accounts, all as set out in Section 1 of the Deferral/RSAM Application. This approval is subject to the examination of the 2014 actual results that are added to the corrected December 31, 2013 balances of the deferral accounts, and the cost recovery, in the next revenue requirements proceeding. [emphasis added]

On page 34 of the Application, FEFN states that it is “currently forecasting revenues of \$4,204 thousand and costs of \$4,167 thousand in 2014 which result in a forecasted pre-tax surplus of \$37 thousand (\$27 thousand after-tax).”

Table 2.1 provided in FEFN’s Application for Deferral Account Treatment for 2014 and Changes to the RSAM Rider,⁶ provides a breakdown of FEFN’s 2014 Forecast Revenue Surplus.

23.1 In the same format as Table 2.1,⁷ please provide the Actual 2014 results (or projected results if actuals are not available). Please provide an explanation for variances between 2014 forecast and 2014 actual/projected results.

Response:

Please refer to the table below for a summary of variances between the 2014 forecast included in the 2014 Deferral Account Application and the preliminary actual 2014 results as updated and presented in the response to BCUC IR 1.1.2. Further explanation of each variance is included below the table.

⁶ Exhibit A2-1.

⁷ Ibid.

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Cost of Service	Application 2014	Preliminary Actual 2014	Variance
1 Operation and Maintenance	797	839	42
2 Property Tax	144	144	0
3 Depreciation and Amortization	368	384	16
4 Revenue Surplus/Deficit	17	8	(9)
5 Other Operating Revenue	(25)	71	96
6 Income Tax Expense	91	46	(45)
7 Earned Return	578	463	(115)
1 Total Margin	\$ 1,970	\$ 1,955	\$ (15)

Notes:

1. O&M: As summarized in Section 5 Operation & Maintenance Expenses, the increase in O&M is mostly due to an increase in employee expenses and facilities. The employee expenses were higher mostly owing to the Prince George Operations management team anticipating additional trips to FEFN to provide oversight for O&M and capital activities. The facilities costs were also projected to be higher in 2014 than what was approved due to line heater fuel costs and communication costs previously centralized in FEI, now being specifically identified as direct FEFN costs.
2. Property Tax: Variances in property tax expense are captured in a deferral account such that the amount shown in the cost of service schedule for preliminary actual is equal to the forecast amount.
3. Depreciation and Amortization: An increase of \$16 thousand dollars is primarily driven by amortization of deferral accounts.
4. Revenue Surplus/Deficit: This arises as a result of an increase in 2014 projected gross margin, less projected cost and allowed earned return. It is the incremental credit addition to the revenue surplus/deficit account to ensure FEFN only collects its' allowed earned return on the actual rate base.
5. Other Operating Revenue: The variance is a result of a \$90 thousand dollar charge to other revenue associated with the Muskwa Cost of Service. The Muskwa Cost of Service deferral account was first created in 2011 and later extended to 2012, 2013, and 2014. The forecast Project costs had been incorporated in rates due to the delays in the project in service date, the deferral account was used to refund that impact back to customers until the project was actually put into the rate base. The Muskwa Cost of Service account has a 2014 ending balance of \$347 thousand credit and is being refunded back to customers over three years.
6. Income Tax Expense: Decreased due to lower projected taxable income of \$177 thousand (Section 9, Schedule 31, Line 10) mostly as a result of lower earned return of \$463 thousand (Section 9, Schedule 31, Line 2) than the approved amount of \$578 thousand.
7. Earned Return: A lower earned return due to a lower net plant in service of \$5,726 thousand (Section 9, Schedule 40 Line 17).

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24.0 Reference: NEW DEFERRAL ACCOUNT

Exhibit B-1, Section 7.4.1, pp. 33–34

2015-2016 Revenue Requirement Application

On page 33 of the Application, FEFN states:

FEFN will incur costs in 2014 and 2015 related to the 2015 and 2016 Revenue Requirements and Rates Application of approximately \$50 thousand (on a pre-tax basis). Costs incurred will consist of legal fees, intervener and participant funding costs, Commission costs, required public notifications, and miscellaneous facilities, stationery and supplies costs.

24.1 Please provide a breakdown of the forecast \$50 thousand of application costs into the cost categories described by FEFN in the above quote.

Response:

The breakdown of the forecast costs by category is set out in the following table. Regardless of the amount of costs FEFN has forecast in the Application related to the regulatory review process, only the final actual costs incurred will be recorded in the new deferral account.

Description	Estimate:
Commission Costs	\$23,000
Interveners Participant Funding	\$15,000
Legal Fees	\$10,000
Notice Publication and Miscellaneous	\$2,000
	\$50,000

24.2 Please provide the application cost amount incurred for FEFN's 2011 revenue requirements application (2011 RRA).

Response:

The regulatory costs incurred for FEFN's 2011 RRA are provided in the following table. The FEFN 2011 RRA covered only one test year, had only 1 registered intervener and included a total of 71 information requests. In addition, FEFN has no record of the Commission issuing

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1 invoices for direct costs for the 2011 RRA. The FEFN 2011 RRA is therefore not a reasonable
2 basis on which to forecast the costs for the 2015-2016 RRA.

Description	Estimate:
Commission Costs¹	-
Intervener Participant Funding²	\$3,869.60
Legal Fees	5,796.75
Notice Publication and Miscellaneous	726.48
	\$10,392.83

3 Notes:

4 ¹ FEFN has no record of the Commission issuing invoices for direct costs during that period, rather the
5 Commission's costs were part of the Commission's fiscal funding levy formula.

6 ²Only one registered intervener participated.

7
8

9

10 24.2.1 Please compare the amount of time expended in terms of application
11 preparation, number of information requests, and length of proceeding
12 in the 2011 RRA to what FEFN has forecast to expend in the current
13 proceeding.

14

15 Response:

16 The requested information is provided below, although the single year 2011 RRA proceeding
17 costs and the forecast costs for the current proceeding to set rates for two years are not directly
18 comparable. The costs of the 2011 RRA proceeding cannot be relied on to forecast 2015-2016
19 RRA proceeding costs for the reasons set out below:

- 20 • In 2011, the Commission did not issue invoices for direct costs, whereas today, FEFN
21 will receive monthly invoices for the Commission's costs which could continue for
22 several months after a decision is rendered.
- 23 • In the current Application, there are three registered interveners whereas in 2011 there
24 was one.
- 25 • Costs for all parties, in general, have risen by inflation and other factors.

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- The entire regulatory review process for the current Application has not yet been determined by the Commission which will have an effect on virtually all categories of costs.

The following table provides the requested comparison.

Description	2015-2016 RRA Estimates:	2011 RRA Actuals:
Commission Costs	\$23,000	- ¹
Interveners Participant Funding	\$15,000	\$3,869.60 ²
Number of Registered Interveners	3	1
Legal Fees	\$10,000	5,796.75
Notice Publication and Miscellaneous	\$2,000	726.48
Number of Information Requests	157	165
Number of IR Rounds	1 thus far	2
Length of Proceeding	4-6 months	5.6 months

Notes:

¹ FEFN has no record of the Commission issuing invoices for direct costs during that period, rather the Commission's costs were part of the fiscal funding levy formula.

² Only one registered intervener participated.

As stated in the response to BCUC IR 1.24.1, only the actual costs incurred will be recorded in the new deferral account.

24.3 Please calculate the impact to the revenue deficiency and the delivery rate for 2015 and 2016 if the Application Cost deferral account was amortized over one year instead of the proposed two years.

Response:

The Application cost amortized over two years in the FEFN Application contributes approximately \$26 thousand to the revenue deficiency in 2015 and 2016. This translates into an impact of 1.32 percent to the delivery component of the rate in 2015 and 1.31 percent in 2016.

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1 If the 2015 and 2016 Revenue Requirements and Rates Application deferral account costs of
2 approximately \$50 thousand were to be amortized over one year, the impact to the revenue
3 deficiency would be \$50 thousand in 2015. This translates into an impact of 2.56 percent to the
4 delivery component of the rate.

5 It has been FEI's accepted practice to amortize regulatory application costs over the period to
6 which the application is applicable.

7

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25.0 Reference: DEFERRAL ACCOUNTS

**Exhibit B-1, Section 7.4, Table 7-3, p. 33; FEI 2014-2019 PBR
Decision, p. 246**

Gains and Losses on Asset Disposition deferral account

On page 246 of the FEI 2014-2019 Performance Based Ratemaking (PBR) Decision, the Commission states the following:

...the need for this [Gains and Losses on Asset Disposition] deferral account was predicated on FEI adopting IFRS. Given that FEI has adopted US GAAP instead of IFRS, the need for this deferral account no longer exists. **Accordingly, the Panel directs FEI to discontinue use of the Gains and Losses deferral account, effective January 1, 2014.** In addition, the Panel does not agree that 20 years is an appropriate amortization period for this account... **Therefore, the Panel directs FEI to amortize the December 31, 2013 balance in the Gains and Losses deferral account over 10 years beginning January 1, 2014.**

25.1 Please confirm, or explain otherwise, that FEFN has not discontinued the use of its Gains and Losses on Asset Disposition deferral account.

Response:

As stated in its Application for Deferral Account Treatment for 2014, "FEFN intends to adopt any accounting policy changes approved for FEI in its Decision in FEI's PBR Application proceeding." Since FEI uses one accounting system for all of its legal records, and utilizes a combination of allocations, cost centres and asset records to segregate FEFN for ratemaking purposes, it has been the accepted practice that FEFN adopts the same accounting policies (and cost of capital) as has been determined for FEI. Accordingly, FEFN has discontinued the use of its Gains and Losses on Asset Disposition deferral account given the FEI 2014-2019 PBR Decision. Since FEFN has not forecast any additions to the account, discontinuation of the account (but continuing with the current amortization period) would not have any impact on the revenue requirement.

FEFN intends to continue using the same accounting policies and depreciation rates as FEI in the future. To do otherwise would result in incremental costs being borne by FEFN ratepayers to design the accounting system to separately consider the Fort Nelson service area.

At this point, FEFN has continued to use a 20 year amortization period and has not changed to a 10 year amortization period due to the other significant rate challenges faced by FEFN. However, FEFN would not be opposed to reducing this amortization period to 10 years effective January 1, 2015 to align with the currently approved FEI amortization period. The impact of changing the amortization period would be an increase of approximately \$7 thousand dollars to

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the revenue deficiency in both 2015 and 2016. This translates to an increase in the delivery component of the rate of 0.37 percent for 2015 with no further incremental increase in 2016⁸.

25.1.1 If confirmed, please explain why not, given the Commission's directive to FEI in the PBR Decision, quoted in the above preamble.

Response:

Please refer to the response to BCUC IR 1.25.1.

25.1.2 If FEFN has not discontinued this deferral account, please confirm, or explain otherwise, that FEFN is currently amortizing the Gains and Losses on Asset Disposition deferral account over 20 years.

Response:

Please refer to the response to BCUC IR 1.25.1.

25.2 Please provide the 2015 and 2016 revenue requirement and delivery rate impact of discontinuing the use of FEFN's Gains and Losses on Asset Disposition deferral account effective January 1, 2015, and of changing the amortization period on the residual 2014 ending balance to ten years effective January 1, 2015. Please provide all supporting calculations.

⁸ Changing the amortization period on the residual 2014 ending balance of \$114 thousand (Section 9, Schedule 68, Line 6) from 20 years to 10 years would essentially double the current amortization of the account to \$12 thousand from the current \$6 thousand (Section 9, Schedule 68, Line 6). After considering a further \$1 thousand in associated income tax and earned return changes, the change in amortization period results in a delivery rate increase of 0.37% (\$7 thousand/\$1950 thousand gross margin).

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1 **Response:**

2 Refer to the response to BCUC IR 1.25.1.

3

4

5

6 25.3 Does FEFN consider it appropriate to adopt the same policy as was directed in
7 the FEI 2014–2019 PBR Decision? Please discuss.

8

9 **Response:**

10 Please refer to the response to BCUC IR 1.25.1.

11

Attachment 1.2

Summary of Rate Change

Feb-5-2015

Tab 9
FORECAST
Schedule 1

Line No.	Particulars	2015 (\$ Thousands)		2016 (\$ Thousands)		Cumulative (\$ Thousands)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1							
2	<u>Volume/Revenue Related</u>						
3	Customer Growth and Use Rates	20		(16)		4	
4	Change in Other Revenue	5	25	-	(16)	5	9
5							
6	<u>O&M Changes</u>						
7	Gross O&M Increases	81		21		102	
8	Less: Capitalized Overhead	9	90	(3)	18	6	108
9							
10	<u>Depreciation Expense</u>						
11	Tax Expense Impact of Depreciation Changes	29		13		42	
12	Depreciation from Net Additions	82	111	37	50	119	161
13							
14	<u>Amortization Expense</u>						
15	CIAC	(1)		-		(1)	
16	Deferral Accounts	75	74	78	78	153	152
17							
18	<u>Other</u>						
19	Property and Other Taxes	(6)		1		(5)	
20	Deferred Surplus 2014	(17)		-		(17)	
21	Income Tax Rate Change	127		(18)		109	
22	Other Income Tax Changes	(120)		(13)		(133)	
23	Financing Rate Changes	(13)		(6)		(19)	
24	Financing Changes	117		11		128	
25	Rate Base Growth	107	196	17	(9)	124	187
26							
27	Revenue Deficiency (Surplus)		496		121		617
28							
29							
30	Cross Reference	- Tab 9-FORECAST, Sch 2				- Tab 9-FORECAST, Sch 3	

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

Line No.	Particulars (1)	2014 PROJECTED (2)	2015			Total (6)	Change (7)	Cross Reference (8)
			Non-Bypass Sales (3)	Transportation (4)	Bypass and Special Rates (5)			
1	RATE CHANGE REQUIRED							
2								
3	Gas Sales and Transportation Revenue,							
4	At Prior Year's Rates	\$ 4,176	\$ 4,324	\$ 150	\$ -	\$ 4,474	\$ 298	- Tab 9-FORECAST, Sch 11
5								
6								
7	Total Revenue	4,176	4,324	150	-	4,474	298	
8								
9	Less - Cost of Gas	(2,214)	(2,524)	-	-	(2,524)	(310)	- Tab 9-FORECAST, Sch 13
10								
11	Gross Margin	\$ 1,962	\$ 1,800	\$ 150	\$ -	\$ 1,950	\$ (12)	
12								
13	Revenue Deficiency (Surplus)	\$ -	\$ 458	\$ 38	\$ -	\$ 496	\$ 496	
14								
15	Revenue Deficiency (Surplus) as a % of Gross Margin	0.00%	25.44%	25.33%	0.00%	25.44%		
16								
17	Revenue Deficiency (Surplus) as a % of Total Revenue	0.00%	10.59%	25.33%	0.00%	11.09%		
18								

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

Line No.	Particulars (1)	2015 FORECAST (2)	2016			Total (6)	Change (7)	Cross Reference (8)
			Non-Bypass Sales (3)	Transportation (4)	Bypass and Special Rates (5)			
1	RATE CHANGE REQUIRED							
2								
3	Gas Sales and Transportation Revenue,							
4	At Prior Year's Rates	\$ 4,474	\$ 4,359	\$ 150	\$ -	\$ 4,509	\$ 35	- Tab 9-FORECAST, Sch 12
5								
6								
7	Total Revenue	4,474	4,359	150	-	4,509	35	
8								
9	Less - Cost of Gas	(2,524)	(2,543)	-	-	(2,543)	(19)	- Tab 9-FORECAST, Sch 13
10								
11	Gross Margin	\$ 1,950	\$ 1,816	\$ 150	\$ -	\$ 1,966	\$ 16	
12								
13	Revenue Deficiency (Surplus)	\$ 496	\$ 570	\$ 47	\$ -	\$ 617	\$ 121	
14								
15	Revenue Deficiency (Surplus) as a % of Gross Margin	25.44%	31.39%	31.33%	0.00%	31.38%		
16								
17	Revenue Deficiency (Surplus) as a % of Total Revenue	11.09%	13.08%	31.33%	0.00%	13.68%		
18								

FORTISBC ENERGY INC. - Fort Nelson

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

Feb-5-2015

Tab 9
FORECAST
Schedule 4

Line No.	Particulars	2013 ACTUAL	2014 APPROVED	2014 PROJECTED	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
				(Column (4) - Column (3))		
1	ENERGY VOLUMES (TJ)					
2	Sales	584	606	589	(17)	- Tab 9-FORECAST, Sch 7
3	Transportation	61	48	67	19	- Tab 9-FORECAST, Sch 7
4		<u>645</u>	<u>654</u>	<u>656</u>	<u>2</u>	
5						
6	Average Rate per GJ					
7	Sales	\$ 6.717	\$ 6.583	\$ 6.793	\$ 0.210	
8	Transportation	\$ 2.639	\$ 2.792	\$ 2.612	\$ (0.180)	
9	Average	\$ 6.371	\$ 6.304	\$ 6.355	\$ 0.051	
10						
11	UTILITY REVENUE					
12	Sales - Existing Rates	\$ 3,923	\$ 3,989	\$ 4,001	\$ 12	- Tab 9-FORECAST, Sch 10
13	- Increase / (Decrease)	-	-	-	-	
14	RSAM Revenue	25	-	(7)	(7)	
15	Transportation - Existing Rates	161	134	175	41	- Tab 9-FORECAST, Sch 10
16	- Increase / (Decrease)	-	-	-	-	
17						
18	Total Revenue	<u>4,109</u>	<u>4,123</u>	<u>4,169</u>	<u>46</u>	
19						
20	Cost of Gas Sold (Including Gas Lost)	2,077	2,153	2,214	61	- Tab 9-FORECAST, Sch 13
21						
22	Gross Margin	<u>2,032</u>	<u>1,970</u>	<u>1,955</u>	<u>(15)</u>	
23						
24	Operation and Maintenance	1,058	797	839	42	- Tab 9-FORECAST, Sch 21
25	Property and Sundry Taxes	178	144	144	-	- Tab 9-FORECAST, Sch 25
26	Depreciation and Amortization	332	368	384	16	- Tab 9-FORECAST, Sch 28
27	Deferred Surplus 2014	-	17	8	(9)	
28	2012/2013 Revenue Deficiencies	(58)	-	-	-	
29	Other Operating Revenue	189	(25)	71	96	- Tab 9-FORECAST, Sch 18
30	Sub-total	<u>1,699</u>	<u>1,301</u>	<u>1,446</u>	<u>145</u>	
31	Utility Income Before Income Taxes	<u>333</u>	<u>669</u>	<u>509</u>	<u>(160)</u>	
32						
33	Income Taxes	(72)	91	46	(45)	- Tab 9-FORECAST, Sch 31
34						
35	EARNED RETURN	<u>\$ 405</u>	<u>\$ 578</u>	<u>463</u>	<u>\$ (115)</u>	- Tab 9-FORECAST, Sch 80
36						
37						
38	UTILITY RATE BASE	<u>\$ 5,358</u>	<u>\$ 7,936</u>	<u>\$ 5,352</u>	<u>\$ (2,584)</u>	- Tab 9-FORECAST, Sch 40
39						
40	RATE OF RETURN ON UTILITY RATE BASE	<u>7.56%</u>	<u>7.28%</u>	<u>8.65%</u>	<u>1.37%</u>	- Tab 9-FORECAST, Sch 80

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

Line No.	Particulars (1)	2015 FORECAST					Cross Reference (7)
		2014 PROJECTED (2)	Existing 2014 Rates (3)	Revised Revenue (4)	Total (5)	Change (6)	
1	ENERGY VOLUMES (TJ)						
2	Sales	589	593	-	593	4	- Tab 9-FORECAST, Sch 8
3	Transportation	67	56	-	56	(11)	- Tab 9-FORECAST, Sch 8
4		<u>656</u>	<u>649</u>	<u>-</u>	<u>649</u>	<u>(7)</u>	
5							
6	Average Rate per GJ						
7	Sales	\$ 6.793	\$ 7.292	\$ -	\$ 8.064	\$ 1.271	
8	Transportation	\$ 2.612	\$ 2.679	\$ -	\$ 3.357	\$ 0.745	
9	Average	\$ 6.355	\$ 6.894	\$ -	\$ 7.658	\$ 1.303	
10							
11	UTILITY REVENUE						
12	Sales - Existing Rates	\$ 4,001	\$ 4,324	\$ -	\$ 4,324	\$ 323	- Tab 9-FORECAST, Sch 11
13	- Increase / (Decrease)	-	-	458	458	458	- Tab 9-FORECAST, Sch 14
14	RSAM Revenue	(7)				7	
15	Transportation - Existing Rates	175	150	-	150	(25)	- Tab 9-FORECAST, Sch 11
16	- Increase / (Decrease)	-		38	38	38	- Tab 9-FORECAST, Sch 14
17							
18	Total Revenue	<u>4,169</u>	<u>4,474</u>	<u>496</u>	<u>4,970</u>	<u>801</u>	
19							
20	Cost of Gas Sold (Including Gas Lost)	2,214	2,524	-	2,524	310	- Tab 9-FORECAST, Sch 13
21							
22	Gross Margin	<u>1,955</u>	<u>1,950</u>	<u>496</u>	<u>2,446</u>	<u>491</u>	
23							
24	Operation and Maintenance	839	887	-	887	48	- Tab 9-FORECAST, Sch 21
25	Property and Sundry Taxes	144	138	-	138	(6)	- Tab 9-FORECAST, Sch 26
26	Depreciation and Amortization	384	524	-	524	140	- Tab 9-FORECAST, Sch 29
27	Deferred Surplus 2014	8	-	-	-	(8)	
28	2012/2013 Revenue Deficiencies	-	-	-	-	-	
29	Other Operating Revenue	71	(20)	-	(20)	(91)	- Tab 9-FORECAST, Sch 19
30	Sub-total	<u>1,446</u>	<u>1,529</u>	<u>-</u>	<u>1,529</u>	<u>83</u>	
31	Utility Income Before Income Taxes	<u>509</u>	<u>421</u>	<u>496</u>	<u>917</u>	<u>408</u>	
32							
33	Income Taxes	46	(2)	129	127	81	- Tab 9-FORECAST, Sch 32
34							
35	EARNED RETURN	<u>\$ 463</u>	<u>\$ 423</u>	<u>\$ 367</u>	<u>\$ 790</u>	<u>\$ 327</u>	- Tab 9-FORECAST, Sch 81
36							
37							
38	UTILITY RATE BASE	<u>\$ 5,352</u>	<u>\$ 11,114</u>	<u>\$ 9</u>	<u>\$ 11,123</u>	<u>\$ 5,771</u>	- Tab 9-FORECAST, Sch 41
39							
40	RATE OF RETURN ON UTILITY RATE BASE	<u>8.65%</u>	<u>3.81%</u>		<u>7.10%</u>	<u>-1.55%</u>	- Tab 9-FORECAST, Sch 81

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

Line No.	Particulars (1)	2016 FORECAST				Change (6)	Cross Reference (7)
		2015 FORECAST (2)	Existing 2014 Rates (3)	Revised Revenue (4)	Total (5)		
1	ENERGY VOLUMES (TJ)						
2	Sales	593	597	-	597	4	- Tab 9-FORECAST, Sch 9
3	Transportation	56	56	-	56	-	- Tab 9-FORECAST, Sch 9
4		<u>649</u>	<u>653</u>	<u>-</u>	<u>653</u>	<u>4</u>	
5							
6	Average Rate per GJ						
7	Sales	\$ 8.064	\$ 7.302	\$ -	\$ 8.256	\$ 0.192	
8	Transportation	\$ 3.357	\$ 2.679	\$ -	\$ 3.518	\$ 0.161	
9	Average	\$ 7.658	\$ 6.905	\$ -	\$ 7.850	\$ 0.192	
10							
11	UTILITY REVENUE						
12	Sales - Existing Rates	\$ 4,324	\$ 4,359	\$ -	\$ 4,359	\$ 35	- Tab 9-FORECAST, Sch 12
13	- Increase / (Decrease)	458	-	570	570	112	- Tab 9-FORECAST, Sch 16
14						-	
15	Transportation - Existing Rates	150	150	-	150	-	- Tab 9-FORECAST, Sch 12
16	- Increase / (Decrease)	38		47	47	9	- Tab 9-FORECAST, Sch 16
17							
18	Total Revenue	<u>4,970</u>	<u>4,509</u>	<u>617</u>	<u>5,126</u>	<u>156</u>	
19							
20	Cost of Gas Sold (Including Gas Lost)	2,524	2,543	-	2,543	19	- Tab 9-FORECAST, Sch 13
21							
22	Gross Margin	<u>2,446</u>	<u>1,966</u>	<u>617</u>	<u>2,583</u>	<u>137</u>	
23							
24	Operation and Maintenance	887	905	-	905	18	- Tab 9-FORECAST, Sch 21
25	Property and Sundry Taxes	138	139	-	139	1	- Tab 9-FORECAST, Sch 27
26	Depreciation and Amortization	524	639	-	639	115	- Tab 9-FORECAST, Sch 30
27	Deferred Surplus 2014	-	-	-	-	-	
28	2012/2013 Revenue Deficiencies	-	-	-	-	-	
29	Other Operating Revenue	(20)	(20)	-	(20)	-	- Tab 9-FORECAST, Sch 20
30	Sub-total	<u>1,529</u>	<u>1,663</u>	<u>-</u>	<u>1,663</u>	<u>134</u>	
31	Utility Income Before Income Taxes	<u>917</u>	<u>303</u>	<u>617</u>	<u>920</u>	<u>3</u>	
32							
33	Income Taxes	127	(52)	161	109	(18)	- Tab 9-FORECAST, Sch 33
34							
35	EARNED RETURN	<u>\$ 790</u>	<u>\$ 355</u>	<u>\$ 456</u>	<u>\$ 811</u>	<u>\$ 21</u>	- Tab 9-FORECAST, Sch 82
36							
37							
38	UTILITY RATE BASE	<u>\$ 11,123</u>	<u>\$ 11,610</u>	<u>\$ 11</u>	<u>\$ 11,621</u>	<u>\$ 498</u>	- Tab 9-FORECAST, Sch 42
39							
40	RATE OF RETURN ON UTILITY RATE BASE	<u>7.10%</u>	<u>3.06%</u>		<u>6.98%</u>	<u>-0.12%</u>	- Tab 9-FORECAST, Sch 82

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

Line No.	Particulars	2014 Projected Terajoules					Change	Cross Reference
		2013 ACTUAL	2014 APPROVED	Non-Bypass Sales & Transp	Bypass and Special Rates	Total		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
							(Column (6) - Column (3))	
1	SALES							
2	Schedule 1 - Residential	270.0	269.6	270.5	-	270.5	0.9	
3	Schedule 2.1 - Commercial	204.0	226.1	208.9		208.9	(17.2)	
4	Schedule 2.2 - Commercial	110.0	110.2	109.8		109.8	(0.4)	
5								
6	Total Sales	584.0	605.9	589.2	-	589.2	(16.7)	- Tab 9-FORECAST, Sch 4
7								
8	TRANSPORTATION SERVICE							
9	Schedule 25 - Transportation Service	61.0	47.8	67.1	-	67.1	19.3	
10								
11	Total Transportation Service	61.0	47.8	67.1	-	67.1	19.3	- Tab 9-FORECAST, Sch 4
12								
13	TOTAL SALES AND TRANSPORTATION SERVICES	645.0	654.0	656.3	-	656.3	2.6	- Tab 9-FORECAST, Sch 4
14								

Tab 9
FORECAST
Schedule 8

Line No.	Particulars	2015 Forecast Terajoules					Cross Reference
		2014 PROJECTED (2)	Non-Bypass Sales & Transp (3)	Bypass and Special Rates (4)	Total (5)	Change (6)	
1	SALES						
2	Schedule 1 - Residential	270.5	268.6	-	268.6	(1.9)	
3	Schedule 2.1 - Commercial	208.9	208.3		208.3	(0.6)	
4	Schedule 2.2 - Commercial	109.8	115.7		115.7	5.9	
5							
6	Total Sales	589.2	592.6	-	592.6	3.4	- Tab 9-FORECAST, Sch 5
7							
8	TRANSPORTATION SERVICE						
9	Schedule 25 - Transportation Service	67.1	55.8	-	55.8	(11.3)	
10							
11	Total Transportation Service	67.1	55.8	-	55.8	(11.3)	- Tab 9-FORECAST, Sch 5
12							
13	TOTAL SALES AND TRANSPORTATION SERVICES	656.3	648.4	-	648.4	(7.9)	- Tab 9-FORECAST, Sch 5
14							- Tab 9-FORECAST, Sch 15

Tab 9
FORECAST
Schedule 9

Line No.	Particulars	2016 Forecast Terajoules					Cross Reference
		2015 FORECAST (2)	Non-Bypass Sales & Transp (3)	Bypass and Special Rates (4)	Total (5)	Change (6)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	SALES						
2	Schedule 1 - Residential	268.6	267.5	-	267.5	(1.1)	
3	Schedule 2.1 - Commercial	208.3	208.6		208.6	0.3	
4	Schedule 2.2 - Commercial	115.7	121.0		121.0	5.3	
5							
6	Total Sales	592.6	597.1	-	597.1	4.5	- Tab 9-FORECAST, Sch 6
7							
8	TRANSPORTATION SERVICE						
9	Schedule 25 - Transportation Service	55.8	55.8	-	55.8	-	
10							
11	Total Transportation Service	55.8	55.8	-	55.8	-	- Tab 9-FORECAST, Sch 6
12							
13	TOTAL SALES AND TRANSPORTATION SERVICES	648.4	652.9	-	652.9	4.5	- Tab 9-FORECAST, Sch 6
14							- Tab 9-FORECAST, Sch 17

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

Line No.	Particulars	2013 ACTUAL (2)	2014 APPROVED (3)	2014 Gas Sales Revenue At Existing 2014 Rates			Change (7)	Cross Reference (8)
				Non-Bypass Sales & Transp (4)	Bypass and Special Rates (5)	Total (6)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
							(Column (6) - Column (3))	
1	SALES							
2	Schedule 1 - Residential	\$ 1,767	\$ 1,731	\$ 1,792	\$ -	\$ 1,792	\$ 61	
3	Schedule 2.1 - Commercial	1,441	1,553	1,479		1,479	(74)	
4	Schedule 2.2 - Commercial	715	705	730		730	25	
5								
6	Total Sales	3,923	3,989	4,001	-	4,001	12	- Tab 9-FORECAST, Sch 4
7								
8	Transportation Service							
9	Schedule 25 - Transportation Service	161	134	175	-	175	41	
10	Total Transportation Service	161	134	175	-	175	41	- Tab 9-FORECAST, Sch 4
11								
12	TOTAL SALES AND TRANSPORTATION SERVICES	\$ 4,084	\$ 4,123	\$ 4,176	\$ -	\$ 4,176	\$ 53	- Tab 9-FORECAST, Sch 4

REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars (1)	2015 Gas Sales Revenue At Existing 2014 Rates				Change (6)	Reference (7)
		2014 PROJECTED (2)	Non-Bypass Sales & Transp (3)	Bypass and Special Rates (4)	Total (5)		
1	SALES						
2	Schedule 1 - Residential	\$ 1,792	\$ 1,916	\$ -	\$ 1,916	\$ 124	
3	Schedule 2.1 - Commercial	1,479	1,588		1,588	109	
4	Schedule 2.2 - Commercial	730	820		820	90	
5							
6	Total Sales	<u>4,001</u>	<u>4,324</u>	<u>-</u>	<u>4,324</u>	<u>323</u>	- Tab 9-FORECAST, Sch 5
7							
8	Transportation Service						
9	Schedule 25 - Transportation Service	<u>175</u>	<u>150</u>	<u>-</u>	<u>150</u>	<u>(25)</u>	
10	Total Transportation Service	<u>175</u>	<u>150</u>	<u>-</u>	<u>150</u>	<u>(25)</u>	- Tab 9-FORECAST, Sch 5
11							
12	TOTAL SALES AND TRANSPORTATION SERVICES	<u>\$ 4,176</u>	<u>\$ 4,474</u>	<u>\$ -</u>	<u>\$ 4,474</u>	<u>\$ 298</u>	- Tab 9-FORECAST, Sch 5 - Tab 9-FORECAST, Sch 15

REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)2016 Gas Sales Revenue
At Existing 2014 Rates

Line No.	Particulars	2015 FORECAST (2)	Non-Bypass Sales & Transp (3)	Bypass and Special Rates (4)	Total (5)	Change (6)	Reference (7)
	(1)						
1	SALES						
2	Schedule 1 - Residential	\$ 1,916	\$ 1,910	\$ -	\$ 1,910	\$ (6)	
3	Schedule 2.1 - Commercial	1,588	1,593		1,593	5	
4	Schedule 2.2 - Commercial	820	856		856	36	
5							
6	Total Sales	<u>4,324</u>	<u>4,359</u>	<u>-</u>	<u>4,359</u>	<u>35</u>	- Tab 9-FORECAST, Sch 6
7							
8	Transportation Service						
9	Schedule 25 - Transportation Service	<u>150</u>	<u>150</u>	<u>-</u>	<u>150</u>	<u>-</u>	
10	Total Transportation Service	<u>150</u>	<u>150</u>	<u>-</u>	<u>150</u>	<u>-</u>	- Tab 9-FORECAST, Sch 6
11							
12	TOTAL SALES AND TRANSPORTATION SERVICES	<u>\$ 4,474</u>	<u>\$ 4,509</u>	<u>\$ -</u>	<u>\$ 4,509</u>	<u>\$ 35</u>	- Tab 9-FORECAST, Sch 6 - Tab 9-FORECAST, Sch 17

Line No.	Particulars	2014 Projected Gas Costs			2015 Forecast Gas Costs			2016 Forecast Gas Costs		
		Non-Bypass Sales & Transp	Bypass and Special Rates	Total	Non-Bypass Sales & Transp	Bypass and Special Rates	Total	Non-Bypass Sales & Transp	Bypass and Special Rates	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	SALES									
2	Schedule 1 - Residential	1,016	\$ -	\$ 1,016	\$ 1,144	\$ -	\$ 1,144	1,139	\$ -	\$ 1,139
3	Schedule 2.1 - Commercial	778		778	887		887	889		889
4	Schedule 2.2 - Commercial	420		420	493		493	515		515
5										
6	Total Sales	2,214	-	2,214	2,524	-	2,524	2,543	-	2,543
7										
8	TRANSPORTATION SERVICE									
9	Schedule 25 - Transportation Service	-	-	-	-	-	-	-	-	-
10										
11	Total Transportation Service	-	-	-	-	-	-	-	-	-
12										
13	TOTAL SALES AND TRANSPORTATION SERVICES	\$ 2,214	\$ -	\$ 2,214	\$ 2,524	\$ -	\$ 2,524	\$ 2,543	\$ -	\$ 2,543
14										
15	Cross Reference		- Tab 9-FORECAST, Sch 4			- Tab 9-FORECAST, Sch 5			- Tab 9-FORECAST, Sch 6	

REVENUE UNDER EXISTING 2014 RATES AND REVISED 2015 RATES (Non-Bypass)
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars	Terajoules	Revenue		Gross Margin		Effective Increase / (Decrease)		Average Number of Customers	Revenue	
			-- At Existing 2014 Rates --	-- At Existing 2014 Rates --	-- At Existing 2014 Rates --	-- At Existing 2014 Rates --	25.44%	of Margin		Average	Revenue
	(1)	(2)	Average \$/GJ	Revenue (\$000s)	Average \$/GJ	Margin (\$000s)	\$/GJ	Revenue (\$000s)	(9)	\$/GJ	(\$000s)
		(3)		(4)	(5)	(6)	(7)	(8)		(10)	(11)
1	NON-BYPASS										
2	Sales										
3	Schedule 1 - Residential	268.6	\$ 7.133	\$ 1,916	\$ 2.878	\$ 773	\$ 0.733	\$ 197	1,967	\$ 7.866	\$ 2,113
4	Schedule 2.1 - Commercial	208.3	7.624	1,588	3.361	700	0.855	178	457	8.479	1,766
5	Schedule 2.2 - Commercial	115.7	7.087	820	2.826	327	0.717	83	33	7.804	903
6											
7	Total Sales	592.6		4,324		1,800		458	2,457		4,782
8											
9	TRANSPORTATION SERVICE										
10	Schedule 25 - Transportation Service	55.8	2.688	150	2.688	150	0.681	38	2	3.369	188
11											
12	Total Transportation Service	55.8		150		150		38	2		188
13											
14	Total Non-Bypass Sales & Transportation Service	648.4		\$ 4,474		\$ 1,950		\$ 496	2,459		\$ 4,970
15											
16	Cross Reference		Tab 9-FORECAST, Sch 8	- Tab 9-FORECAST, Sch 11			- Tab 9-FORECAST, Sch 2				

REVENUE UNDER EXISTING 2014 RATES AND REVISED 2015 RATES (Bypass)
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars	Terajoules (2)	Revenue -- At Existing 2014 Rates --		Gross Margin -- At Existing 2014 Rates --		Increase / (Decrease) 25.44% of Margin		Average Number of Customers (9)	Revenue	
			Average \$/GJ (3)	Revenue (\$000) (4)	Average \$/GJ (5)	Margin (\$000s) (6)	\$/GJ (7)	Revenue (\$000) (8)		Average \$/GJ (10)	Revenue (\$000) (11)
1	BYPASS AND SPECIAL RATES										
2	Bypass And Special Rates										
3											
4	Total Bypass Sales and										
5	Transportation Service	-		-		-		-	-		-
6											
7	TOTAL NON-BYPASS AND BYPASS SALES AND										
8	TRANSPORTATION SERVICE	648.4		\$ 4,474		\$ 1,950		\$ 496	2,459		\$ 4,970
9											
10	Cross Reference		Tab 9-FORECAST, Sch 8	- Tab 9-FORECAST, Sch 11			- Tab 9-FORECAST, Sch 2				

REVENUE UNDER EXISTING 2014 RATES AND REVISED 2016 RATES (Non-Bypass)
 FOR THE YEAR ENDING DECEMBER 31, 2016
 (\$000s)

FORECAST
 Schedule 16

Line No.	Particulars	Terajoules	Revenue		Gross Margin		Effective Increase / (Decrease)		Average Number of Customers	Revenue	
			-- At Existing 2014 Rates --	-- At Existing 2014 Rates --	-- At Existing 2014 Rates --	-- At Existing 2014 Rates --	31.39%	of Margin		Average	Revenue
	(1)	(2)	Average \$/GJ	Revenue (\$000)	Average \$/GJ	Margin (\$000s)	\$/GJ	Revenue (\$000)	(9)	Average \$/GJ	Revenue (\$000s)
		(3)	(4)	(5)	(6)	(7)	(8)			(10)	(11)
1	NON-BYPASS										
2	Sales										
3	Schedule 1 - Residential	267.5	\$ 7.140	\$ 1,910	\$ 2.882	\$ 771	\$ 0.905	\$ 242	1,980	\$ 8.045	\$ 2,152
4	Schedule 2.1 - Commercial	208.6	7.637	1,593	3.375	704	1.059	221	468	8.696	1,814
5	Schedule 2.2 - Commercial	121.0	7.074	856	2.818	341	0.884	107	34	7.958	963
6											
7	Total Sales	597.1		4,359		1,816		570	2,482		4,929
8											
9	TRANSPORTATION SERVICE										
10	Schedule 25 - Transportation Service	55.8	2.688	150	2.688	150	0.842	47	2	3.530	197
11											
12	Total Transportation Service	55.8		150		150		47	2		197
13											
14	Total Non-Bypass Sales & Transportation Service	652.9		\$ 4,509		\$ 1,966		\$ 617	2,484		\$ 5,126
15											
16	Cross Reference		Tab 9-FORECAST, Sch 9	- Tab 9-FORECAST, Sch 12			- Tab 9-FORECAST, Sch 3				

REVENUE UNDER EXISTING 2014 RATES AND REVISED 2016 RATES (Bypass)
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)

Line No.	Particulars	Terajoules	Revenue		Gross Margin		Increase / (Decrease)		Average Number of Customers	Revenue	
			-- At Existing 2014 Rates --	-- At Existing 2014 Rates --			31.39%	of Margin		Average	Revenue
	(1)	(2)	Average \$/GJ	Revenue (\$000)	Average \$/GJ	Margin (\$000s)	\$/GJ	Revenue (\$000)	(9)	Average \$/GJ	Revenue (\$000)
			(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	BYPASS AND SPECIAL RATES										
2	Bypass And Special Rates										
3											
4	Total Bypass Sales and										
5	Transportation Service	-		-		-		-	-		-
6											
7	TOTAL NON-BYPASS AND BYPASS SALES AND										
8	TRANSPORTATION SERVICE	652.9		\$ 4,509		\$ 1,966		\$ 617	2,484		\$ 5,126
9											
10	Cross Reference		Tab 9-FORECAST, Sch 9	- Tab 9-FORECAST, Sch 12			- Tab 9-FORECAST, Sch 3				

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

Line No.	Particulars	2013 ACTUAL	2014 APPROVED	2014 PROJECTED	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
				(Column (4) - Column (3))		
1	Other Utility Revenue					
2						
3	Late Payment Charge	\$ 16	\$ 14	\$ 8	\$ (6)	- Tab 9-FORECAST, Sch 78
4						
5	Connection Charge	9	11	11	-	- Tab 9-FORECAST, Sch 78
6						
7	Other Recoveries	-	-	-	-	- Tab 9-FORECAST, Sch 78
8						
9						
10	Total Other Utility Revenue	25	25	19	(6)	
11						
12	Miscellaneous Revenue					
13						
14	Muskwa Cost of Service	(214)	-	(90)	(90)	- Tab 9-FORECAST, Sch 78
15						
16	Total Other Operating Revenue	<u>\$ (189)</u>	<u>\$ 25</u>	<u>\$ (71)</u>	<u>\$ (96)</u>	- Tab 9-FORECAST, Sch 4

OTHER OPERATING REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars	2014 PROJECTED (2)	2015 (3)	Change (4)	Cross Reference (5)
	(1)				
1	Other Utility Revenue				
2					
3	Late Payment Charge	\$ 8	\$ 9	\$ 1	- Tab 9-FORECAST, Sch 78
4					
5	Connection Charge	11	11	-	- Tab 9-FORECAST, Sch 78
6					
7	Other Recoveries	-	-	-	- Tab 9-FORECAST, Sch 78
8					
9					
10	Total Other Utility Revenue	19	20	1	
11					
12	Miscellaneous Revenue				
13					
14	Muskwa Cost of Service	(90)	-	90	- Tab 9-FORECAST, Sch 78
15					
16	Total Other Operating Revenue	<u>\$ (71)</u>	<u>\$ 20</u>	<u>\$ 91</u>	- Tab 9-FORECAST, Sch 5

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

Line No.	Particulars (1)	2015 FORECAST (2)	2016 (3)	Change (4)	Cross Reference (5)
1	Other Utility Revenue				
2					
3	Late Payment Charge	\$ 9	\$ 9	\$0	- Tab 9-FORECAST, Sch 78
4					
5	Connection Charge	11	11	-	- Tab 9-FORECAST, Sch 78
6					
7	Other Recoveries	-	-	-	- Tab 9-FORECAST, Sch 78
8					
9					
10	Total Other Utility Revenue	20	20	-	
11					
12	Miscellaneous Revenue				
13					
14	Muskwa Cost of Service	-	-	-	
15					
16	Total Other Operating Revenue	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ -</u>	- Tab 9-FORECAST, Sch 6

OPERATION & MAINTENANCE EXPENSES - RESOURCE VIEW
FOR THE YEARS ENDING DECEMBER 31, 2014 TO 2016
(\$000)

Line No.	Particulars	2013 ACTUAL (2)	2014 APPROVED (3)	2014 PROJECTED (4)	2015 FORECAST (5)	2016 FORECAST (6)	Cross Reference (7)
1	M&E Costs	\$ 30	\$ 927	\$ 15	\$ 15	\$ 15	
2	COPE Costs	1	-	7	-	-	
3	COPE Customer Services Costs	-	-	-	-	-	
4	IBEW Costs	289	-	326	334	345	
5							
6	Labour Costs	321	927	348	349	360	
7							
8	Vehicle Costs	43	-	42	43	44	
9	Employee Expenses	14	-	15	29	29	
10	Materials and Supplies	74	-	14	1	1	
11	Computer Costs	-	-	-	-	-	
12	Fees and Administration Costs	514	-	495	547	555	
13	Contractor Costs	201	-	17	5	5	
14	Facilities	18	-	39	37	37	
15	Recoveries & Revenue	(2)	-	(1)	(2)	(2)	
16							
17	Non-Labour Costs	862	-	621	659	669	
18							
19							
20	Total Gross O&M Expenses	1,183	927	969	1,008	1,029	
21							
22	Less: Capitalized Overhead	(125)	(130)	(130)	(121)	(123)	
23							
24	Total O&M Expenses	\$ 1,058	\$ 797	\$ 839	\$ 887	\$ 905	
25							
26	Cross Reference				- Tab 9-FORECAST, Sch 4	- Tab 9-FORECAST, Sch 6	
27					- Tab 9-FORECAST, Sch 5		

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW
FOR THE YEARS ENDING DECEMBER 31, 2014 TO 2016
(\$000)

Line No.	Particulars	BCUC Reference	2013 ACTUAL	2014 APPROVED	2014 PROJECTED	2015 FORECAST	2016 FORECAST	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Distribution Supervision	110-11	\$ 152	\$ 927	\$ 109	\$ 105	\$ 108	
2	Distribution Supervision Total	110-10	152	927	109	105	108	
3								
4	Operation Centre - Distribution	110-21	136	-	96	94	96	
5	Preventative Maintenance - Distribution	110-22	33	-	24	23	24	
6	Operations - Distribution	110-23	88	-	62	60	62	
7	Emergency Management - Distribution	110-24	75	-	54	52	53	
8	Field Training - Distribution	110-25	45	-	32	31	32	
9	Meter Exchange - Distribution	110-26	34	-	24	23	24	
10	Distribution Operations Total	110-20	411	-	292	284	291	
11								
12	Corrective - Distribution	110-31	84	-	60	58	60	
13	Distribution Maintenance Total	110-30	84	-	60	58	60	
14								
15	Account Services - Distribution	110-41	15	-	11	11	11	
16	Bad Debt Management - Distribution	110-42	9	-	7	6	6	
17	Distribution Meter to Cash Total	110-40	25	-	17	17	17	
18								
19	Distribution Total	110	671	927	479	464	476	
20								
21	Operations Total	100	671	927	479	464	476	
22								
23	Customer Service Supervision	210-11	-	-	-	-	-	
24	Customer Assistance	210-12	-	-	-	-	-	
25	Customer Billing	210-13	-	-	-	-	-	
26	Meter Reading	210-14	-	-	-	-	-	
27	Credit & Collections	210-15	-	-	-	-	-	
28	Customer Operations	210-16	-	-	-	-	-	
29	Customer Service Total	210-10	-	-	-	-	-	
30								
31	Customer Service Total	210	-	-	-	-	-	
32								
33	Customer Service Total	200	-	-	-	-	-	

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (Continued)
FOR THE YEARS ENDING DECEMBER 31, 2014 TO 2016
(\$000)

Line No.	Particulars	BCUC Reference	2013 ACTUAL	2014 APPROVED	2014 PROJECTED	2015 FORECAST	2016 FORECAST	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Energy Solutions & External Relations Supervis	310-11	-	-	\$ -	\$ -	\$ -	
2	Energy Solutions	310-12	-	-	-	-	-	
3	Energy Efficiency	310-13	-	-	-	-	-	
4	Corporate Communications and External Relati	310-14	-	-	-	-	-	
5	Forecasting, Market & Business Development	310-15	-	-	-	-	-	
6	Energy Solutions & External Relations Total	310-10	-	-	-	-	-	
7								
8	Energy Solutions & External Relations Total	310	-	-	-	-	-	
9								
10	Energy Solutions & External Relations Total	300	-	-	-	-	-	
11								
12	Energy Supply & Resource Development	410-11	-	-	-	-	-	
13	Gas Control	410-12	-	-	-	-	-	
14	Energy Supply & Resource Development Tota	410-10	-	-	-	-	-	
15								
16	Energy Supply & Resource Development Tot	410	-	-	-	-	-	
17								
18	Information Technology Supervision	420-11	-	-	-	-	-	
19	Application Management	420-12	-	-	-	-	-	
20	Infrastructure Management	420-13	-	-	-	-	-	
21	Information Technology Total	420-10	-	-	-	-	-	
22								
23	Information Technology Total	420	-	-	-	-	-	
24								
25	System Planning	430-11	-	-	-	-	-	
26	Engineering	430-12	-	-	-	-	-	
27	Project Management	430-13	-	-	-	-	-	
28	Engineering Services & Project Management	430-10	-	-	-	-	-	
29								
30	Engineering Services & Project Management	430	-	-	-	-	-	
31								
32	Supply Chain	440-11	-	-	-	-	-	
33	Measurement	440-12	-	-	-	-	-	
34	Property Services	440-13	-	-	-	-	-	
35	Operations Support Total	440-10	-	-	-	-	-	
36								
37	Operations Support Total	440	-	-	-	-	-	
38								
39	Facilities Management	450-11	-	-	-	-	-	
40	Facilities Total	450-10	-	-	-	-	-	
41								
42	Facilities Total	450	-	-	-	-	-	
43								
44	Environment Health & Safety	460-11	-	-	-	-	-	
45	Environment Health & Safety Total	460-10	-	-	-	-	-	
46								
47	Environment Health & Safety Total	460	-	-	-	-	-	
48								
49								
50	Business Services Total	400	-	-	-	-	-	

OPERATION & MAINTENANCE EXPENSES - ACTIVITY VIEW (Continued)
FOR THE YEARS ENDING DECEMBER 31, 2014 TO 2016
(\$000)

Line No.	Particulars	BCUC Reference	2013 ACTUAL	2014 APPROVED	2014 PROJECTED	2015 FORECAST	2016 FORECAST	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Financial & Regulatory Services	510-11	-	-	-	-	-	
2	Financial & Regulatory Services Total	510-10	-	-	-	-	-	
3								
4	Financial & Regulatory Services Total	510	-	-	-	-	-	
5								
6	Human Resources	520-11	-	-	-	-	-	
7	Human Resources Total	520-10	-	-	-	-	-	
8								
9	Human Resources Total	520	-	-	-	-	-	
10								
11	Legal	530-11	-	-	-	-	-	
12	Internal Audit	530-12	-	-	-	-	-	
13	Risk Management/Insurance	530-13	-	-	-	-	-	
14	Governance	530-10	-	-	-	-	-	
15								
16	Governance Total	530	-	-	-	-	-	
17								
18	Administration & General	540-11	-	-	-	-	-	
19	Shared Services Agreement	540-12	511	-	491	544	552	
20	Retiree Benefits	540-16	-	-	-	-	-	
21	Corporate Total	540-10	511	-	491	544	552	
22								
23	Corporate Total	540	511	-	491	544	552	
24								
25	Corporate Services Total	500	511	-	491	544	552	
26								
27	Total Gross O&M Expenses		1,183	927	969	1,008	1,029	
28								
29	Less: Capitalized Overhead		(125)	(130)	(130)	(121)	(123)	
30								
31	Total O&M Expenses		\$ 1,058	\$ 797	\$ 839	\$ 887	\$ 905	
32								
33	Cross Reference							- Tab 9-FORECAST, Sch 4 - Tab 9-FORECAST, Sch 5 - Tab 9-FORECAST, Sch 6
34								

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

Line No.	Particulars	2013 ACTUAL	2014 APPROVED	2014 PROJECTED		Change	Cross Reference
				Total Expenses	2014 Rates, Total Expenses		
	(1)	(2)	(3)	(4)	(5)	(6) (Column (5) - Column (3))	(7)
1	Property Taxes						
2							
3	1% in Lieu of General Municipal Tax	\$ 40	\$ 39	\$ 39	\$ 39	\$ -	
4							
5	General, School and Other	95	105	93	93	(12)	
6							
7		135	144	132	132	(12)	
8							
9	Add / Less: Deferred Property Taxes	43	-	12	12	12	
10							
11	Total	<u>\$ 178</u>	<u>\$ 144</u>	<u>\$ 144</u>	<u>\$ 144</u>	<u>\$ -</u>	- Tab 9-FORECAST, Sch 4

FORTISBC ENERGY INC. - Fort Nelson

PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Feb-5-2015 Tab 9
FORECAST
Schedule 26

Line No.	Particulars (1)	2015			Change (5)	Cross Reference (6)
		2014 PROJECTED (2)	Total Expenses (3)	2014 Rates, Total Expenses (4)		
1	Property Taxes					
2						
3	1% in Lieu of General Municipal Tax	\$ 39	\$ 38	\$ 38	\$ (1)	
4						
5	General, School and Other	93	100	100	7	
6						
7		132	138	138	6	
8						
9	Add / Less: Deferred Property Taxes	12	-	-	(12)	
10						
11	Total	\$ 144	\$ 138	\$ 138	\$ (6)	- Tab 9-FORECAST, Sch 5

FORTISBC ENERGY INC. - Fort Nelson

Feb-5-2015

Tab 9
FORECAST
Schedule 27

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

Line No.	Particulars (1)	2016			Change (5)	Cross Reference (6)
		2015 FORECAST (2)	Total Expenses (3)	2014 Rates, Total Expenses (4)		
1	Property Taxes					
2						
3	1% in Lieu of General Municipal Tax	\$ 38	\$ 38	\$ 38	\$ -	
4						
5	General, School and Other	100	101	101	1	
6						
7		138	139	139	1	
8						
9	Add / Less: Deferred Property Taxes	-	-	-	-	
10						
11	Total	<u>\$ 138</u>	<u>\$ 139</u>	<u>\$ 139</u>	<u>\$ 1</u>	- Tab 9-FORECAST, Sch 6

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

Line No.	Particulars	2013 ACTUAL (2)	2014 APPROVED (3)	2014 PROJECTED (4)	Change (5)	Cross Reference (6)
	(1)					
				(Column (4) - Column (3))		
1	<u>Depreciation & Removal Provision</u>					
2						
3	Depreciation Expense	\$ 371	\$ 377	\$ 369	\$ (8)	- Tab 9-FORECAST, Sch 55
4						
5	Less: Amortization of Contributions in Aid of Construction	(35)	(35)	(12)	23	- Tab 9-FORECAST, Sch 62
6		<u>336</u>	<u>342</u>	<u>357</u>	<u>15</u>	- Tab 9-FORECAST, Sch 34
7						
8	<u>Amortization Expense</u>					
9						
10	Amortization of Deferred Charges	\$ (4)	\$ 26	\$ 27	\$ 1	- Tab 9-FORECAST, Sch 66
11						
12	TOTAL	<u>332</u>	<u>368</u>	<u>384</u>	<u>\$ 16</u>	- Tab 9-FORECAST, Sch 4

DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars (1)	2014 PROJECTED (2)	2015 (3)	Change (4)	Cross Reference (5)
1	<u>Depreciation & Removal Provision</u>				
2					
3	Depreciation Expense	\$ 369	\$ 459	\$ 90	- Tab 9-FORECAST, Sch 58
4					
5	Less: Amortization of Contributions in Aid of Construction	(12)	(36)	(24)	- Tab 9-FORECAST, Sch 63
6		<u>357</u>	<u>423</u>	<u>66</u>	- Tab 9-FORECAST, Sch 35
7					
8	<u>Amortization Expense</u>				
9					
10	Amortization of Deferred Charges	\$ 27	\$ 101	\$ 74	- Tab 9-FORECAST, Sch 68
11					
12	TOTAL	<u>\$ 384</u>	<u>524</u>	<u>\$ 140</u>	- Tab 9-FORECAST, Sch 5

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

Line No.	Particulars (1)	2015 FORECAST (2)	2016 (3)	Change (4)	Cross Reference (5)
1	<u>Depreciation & Removal Provision</u>				
2					
3	Depreciation Expense	\$ 459	\$ 496	\$ 37	- Tab 9-FORECAST, Sch 61
4					
5	Less: Amortization of Contributions in Aid of Construction	(36)	(36)	-	- Tab 9-FORECAST, Sch 64
6		423	460	37	- Tab 9-FORECAST, Sch 36
7					
8	<u>Amortization Expense</u>				
9					
10	Amortization of Deferred Charges	\$ 101	\$ 179	\$ 78	- Tab 9-FORECAST, Sch 70
11					
12	TOTAL	<u>\$ 524</u>	<u>\$ 639</u>	<u>\$ 115</u>	- Tab 9-FORECAST, Sch 6

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

Line No.	Particulars	2014 PROJECTED						Cross Reference
		2013 ACTUAL	2014 APPROVED	Existing Rates	Revised Revenue	Total	Change	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
							(Column (6) - Column (3))	
1	CALCULATION OF INCOME TAXES							
2	EARNED RETURN	\$ 405	\$ 578	\$ 463	\$ -	\$ 463	\$ (115)	- Tab 9-FORECAST, Sch 4
3	Deduct - Interest on Debt	(295)	(311)	(283)	-	(283)	28	- Tab 9-FORECAST, Sch 80
4	Net Additions (Deductions)	(318)	(8)	(49)	-	(49)	(41)	- Tab 9-FORECAST, Sch 34
5	Accounting Income After Tax	<u>\$ (208)</u>	<u>\$ 259</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ (128)</u>	
6								
7	Current Income Tax Rate	25.00%	26.00%	26.00%	26.00%	26.00%	0.00%	
8	1 - Current Income Tax Rate	75.00%	74.00%	74.00%	74.00%	74.00%	0.00%	
9								
10	Taxable Income	<u>\$ (280)</u>	<u>\$ 350</u>	<u>\$ 177</u>	<u>\$ -</u>	<u>\$ 177</u>	<u>\$ (173)</u>	
11								
12								
13	Income Tax - Current	\$ (72)	\$ 91	\$ 46	\$ -	\$ 46	\$ (45)	
14								
15	Total Income Tax	<u>\$ (72)</u>	<u>\$ 91</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ (45)</u>	- Tab 9-FORECAST, Sch 4

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

Line No.	Particulars	2015				Change	Cross Reference
		2014 PROJECTED	Existing Rates	Revised Revenue	Total		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	EARNED RETURN	\$ 463	\$ 423	\$ 367	\$ 790	\$ 327	- Tab 9-FORECAST, Sch 5
3	Deduct - Interest on Debt	(283)	(415)	-	(415)	(132)	- Tab 9-FORECAST, Sch 81
4	Net Additions (Deductions)	(49)	(14)	-	(14)	35	- Tab 9-FORECAST, Sch 35
5	Accounting Income After Tax	<u>131</u>	<u>\$ (6)</u>	<u>\$ 367</u>	<u>\$ 361</u>	<u>\$ 230</u>	
6							
7	Current Income Tax Rate	26.00%	26.00%	26.00%	26.00%	0.00%	
8	1 - Current Income Tax Rate	74.00%	74.00%	74.00%	74.00%	0.00%	
9							
10	Taxable Income	<u>177</u>	<u>\$ (8)</u>	<u>\$ 496</u>	<u>\$ 488</u>	<u>\$ 311</u>	
11							
12							
13	Income Tax - Current	\$ 46	\$ (2)	\$ 129	\$ 127	\$ 81	
14							
15	Total Income Tax	<u>\$ 46</u>	<u>\$ (2)</u>	<u>\$ 129</u>	<u>\$ 127</u>	<u>\$ 81</u>	- Tab 9-FORECAST, Sch 5

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

Line No.	Particulars	2015 FORECAST	2016		Total	Change	Cross Reference
			Existing Rates	Revised Revenue			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CALCULATION OF INCOME TAXES						
2	EARNED RETURN	\$ 790	\$ 355	\$ 456	\$ 811	\$ 21	- Tab 9-FORECAST, Sch 6
3	Deduct - Interest on Debt	(415)	(420)	-	(420)	(5)	- Tab 9-FORECAST, Sch 82
4	Net Additions (Deductions)	(14)	(82)	-	(82)	(68)	- Tab 9-FORECAST, Sch 36
5	Accounting Income After Tax	<u>361</u>	<u>\$ (147)</u>	<u>\$ 456</u>	<u>\$ 309</u>	<u>\$ (52)</u>	
6							
7	Current Income Tax Rate	26.00%	26.00%	26.00%	26.00%	0.00%	
8	1 - Current Income Tax Rate	74.00%	74.00%	74.00%	74.00%	0.00%	
9							
10	Taxable Income	<u>488</u>	<u>\$ (199)</u>	<u>\$ 617</u>	<u>\$ 418</u>	<u>\$ (70)</u>	
11							
12							
13	Income Tax - Current	\$ 127	\$ (52)	\$ 161	\$ 109	\$ (18)	
14							
15	Total Income Tax	<u>\$ 127</u>	<u>\$ (52)</u>	<u>\$ 161</u>	<u>\$ 109</u>	<u>\$ (18)</u>	- Tab 9-FORECAST, Sch 6

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

Line No.	Particulars	2013 ACTUAL	2014 APPROVED	2014 PROJECTED	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
				(Column (4) - Column (3))		
1	Addbacks:					
2	Non-tax Deductible Expenses	\$ 4	\$ -	-	\$ -	
3	Depreciation	336	342	357	15	- Tab 9-FORECAST, Sch 28
4	Amortization of Debt Issue Expenses	3	2	2	-	
5	Pension Expense	41	38	38	-	
6	OPEB Expense	15	15	15	-	
7	2012 Fort Nelson Revenue Surplus (Net of Tax)	(86)	-	-	-	
8	2014 Fort Nelson Revenue Surplus (Net of Tax)	-	-	6	6	
9	Bad Debt Provision	-	-	-	-	
10						
11	Deductions:					
12	Amortization of Deferred Charges	(4)	26	27	1	- Tab 9-FORECAST, Sch 28
13	Capital Cost Allowance	(476)	(377)	(336)	41	- Tab 9-FORECAST, Sch 37
14	Cumulative Eligible Capital Allowance	-	-	-	-	
15	Debt Issue Costs	(2)	-	-	-	
16	Pension Contributions	(57)	(36)	(73)	(37)	
17	OPEB Contributions	(8)	(7)	(13)	(6)	
18	Overheads Capitalized Expensed for Tax Purposes	(54)	-	(43)	(43)	
19	Removal Costs	(16)	(11)	(29)	(18)	
20	Major Inspection Costs	(14)	-	-	-	
21	TOTAL	<u>(318)</u>	<u>(8)</u>	<u>\$ (49)</u>	<u>\$ (41)</u>	- Tab 9-FORECAST, Sch 31

ADJUSTMENTS TO TAXABLE INCOME
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars (1)	2014 PROJECTED (2)	2015 (3)	Change (4)	Cross Reference (5)
1	Addbacks:				
2	Non-tax Deductible Expenses	\$ -	-	\$ -	
3	Depreciation	357	423	66	- Tab 9-FORECAST, Sch 29
4	Amortization of Debt Issue Expenses	2	3	1	
5	Pension Expense	38	97	59	
6	OPEB Expense	15	47	32	
7	2012 Fort Nelson Revenue Surplus (Net of Tax)	-	-	-	
8	2014 Fort Nelson Revenue Surplus (Net of Tax)	6	-	(6)	
9	Bad Debt Provision	-	-	-	
10					
11	Deductions:				
12	Amortization of Deferred Charges	27	101	74	- Tab 9-FORECAST, Sch 29
13	Capital Cost Allowance	(336)	(545)	(209)	- Tab 9-FORECAST, Sch 38
14	Cumulative Eligible Capital Allowance	-	-	-	
15	Debt Issue Costs	-	-	-	
16	Pension Contributions	(73)	(75)	(2)	
17	OPEB Contributions	(13)	(14)	(1)	
18	Overheads Capitalized Expensed for Tax Purposes	(43)	(40)	3	
19	Removal Costs	(29)	(11)	18	
20	Major Inspection Costs	-	-	-	
21	TOTAL	<u>\$ (49)</u>	<u>\$ (14)</u>	<u>\$ 35</u>	- Tab 9-FORECAST, Sch 32

ADJUSTMENTS TO TAXABLE INCOME
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$000s)

Line No.	Particulars (1)	2015 FORECAST (2)	2016 (3)	Change (4)	Cross Reference (5)
1	Addbacks:				
2	Non-tax Deductible Expenses	\$ -	-	\$ -	
3	Depreciation	423	460	37	- Tab 9-FORECAST, Sch 30
4	Amortization of Debt Issue Expenses	3	2	(1)	
5	Pension Expense	97	81	(16)	
6	OPEB Expense	47	47	-	
7	2012 Fort Nelson Revenue Surplus (Net of Tax)	-	-	-	
8	2014 Fort Nelson Revenue Surplus (Net of Tax)	-	-	-	
9	Bad Debt Provision	-	-	-	
10					
11	Deductions:				
12	Amortization of Deferred Charges	101	179	78	- Tab 9-FORECAST, Sch 30
13	Capital Cost Allowance	(545)	(722)	(177)	- Tab 9-FORECAST, Sch 39
14	Cumulative Eligible Capital Allowance	-	-	-	
15	Debt Issue Costs	-	-	-	
16	Pension Contributions	(75)	(61)	14	
17	OPEB Contributions	(14)	(16)	(2)	
18	Overheads Capitalized Expensed for Tax Purposes	(40)	(41)	(1)	
19	Removal Costs	(11)	(11)	-	
20	Major Inspection Costs	-	-	-	
21	TOTAL	<u>\$ (14)</u>	<u>\$ (82)</u>	<u>\$ (68)</u>	- Tab 9-FORECAST, Sch 33

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

Line No.	Class (1)	CCA Rate (2)	12/31/2013 UCC Balance (3)	Adjustments (4)	2014 Net Additions (5)	2014 CCA (6)	12/31/2014 UCC Balance (7)
1	1	4%	\$ 2,362	\$ -	\$ -	\$ (94)	\$ 2,268
2	1(b)	6%	445	-	15	(27)	433
3	2	6%	255	-	-	(15)	240
4	3	5%	13	-	-	(1)	12
5	6	10%	1	-	-	-	1
6	7	15%	-	-	-	-	-
7	8	20%	2	-	-	-	2
8	10	30%	44	-	-	(13)	31
9	12	100%	31	-	78	(70)	39
10	13	manual	-	-	-	-	-
11	14	manual	-	-	-	-	-
12	17	8%	-	-	-	-	-
13	38	30%	-	-	-	-	-
14	39	25%	-	-	-	-	-
15	45	45%	-	-	-	-	-
16	47	8%	-	-	-	-	-
17	49	8%	249	-	97	(24)	322
18	50	55%	38	-	38	(32)	44
19	51	6%	830	-	352	(60)	1,122
20	43.2	50%	-	-	-	-	-
21		Total	<u>\$ 4,270</u>	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ (336)</u>	<u>\$ 4,514</u>
22							
23	Cross Reference						

- Tab 9-FORECAST, Sch 34

CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Class	CCA Rate	12/31/2014 UCC Balance	Adjustments	2015 Net Additions	2015 CCA	12/31/2015 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1	4%	\$ 2,268	\$ -	\$ -	\$ (91)	\$ 2,177
2	1(b)	6%	433	-	152	(31)	554
3	2	6%	240	-	-	(14)	226
4	3	5%	12	-	-	(1)	11
5	6	10%	1	-	-	-	1
6	7	15%	-	-	-	-	-
7	8	20%	2	-	-	-	2
8	10	30%	31	-	10	(11)	30
9	12	100%	39	-	60	(69)	30
10	13	manual	-	-	-	-	-
11	14	manual	-	-	-	-	-
12	17	8%	-	-	-	-	-
13	38	30%	-	-	-	-	-
14	39	25%	-	-	-	-	-
15	45	45%	-	-	-	-	-
16	47	8%	-	-	-	-	-
17	49	8%	322	-	4,632	(211)	4,743
18	50	55%	44	-	40	(36)	48
19	51	6%	1,122	-	447	(81)	1,488
20	43.2	50%	-	-	-	-	-
21		Total	<u>\$ 4,514</u>	<u>\$ -</u>	<u>\$ 5,341</u>	<u>\$ (545)</u>	<u>\$ 9,310</u>
22							
23	Cross Reference						

- Tab 9-FORECAST, Sch 35

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

Line No.	Class	CCA Rate	12/31/2015 UCC Balance	Adjustments	2016 Net Additions	2016 CCA	12/31/2016 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1	4%	\$ 2,177	\$ -	\$ -	\$ (87)	\$ 2,090
2	1(b)	6%	554	-	35	(34)	555
3	2	6%	226	-	-	(14)	212
4	3	5%	11	-	-	(1)	10
5	6	10%	1	-	-	-	1
6	7	15%	-	-	-	-	-
7	8	20%	2	-	-	-	2
8	10	30%	30	-	10	(11)	29
9	12	100%	30	-	60	(60)	30
10	13	manual	-	-	-	-	-
11	14	manual	-	-	-	-	-
12	17	8%	-	-	-	-	-
13	38	30%	-	-	-	-	-
14	39	25%	-	-	-	-	-
15	45	45%	-	-	-	-	-
16	47	8%	-	-	-	-	-
17	49	8%	4,743	-	85	(383)	4,445
18	50	55%	48	-	40	(38)	50
19	51	6%	1,488	-	164	(94)	1,558
20	43.2	50%	-	-	-	-	-
21		Total	<u>\$ 9,310</u>	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ (722)</u>	<u>\$ 8,982</u>
22							
23	Cross Reference						

- Tab 9-FORECAST, Sch 36

Schedule 40

Line No.	Particulars	2013 ACTUAL (2)	2014 APPROVED (3)	2014 PROJECTED				
				Existing 2014	Adjustments (5)	2014	Change (7)	Cross Reference (8)
				Rates (4)		Revised Rates (6)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
							(Column (6) - Column (3))	
1	Gas Plant in Service, Beginning	\$ 9,333	\$ 10,010	\$ 9,454	\$ -	\$ 9,454	\$ (556)	- Tab 9-FORECAST, Sch 46
2	Opening Balance Adjustment	(37)	-	-	-	-	-	
3	Gas Plant in Service, Ending	9,454	13,898	9,991	-	9,991	(3,907)	- Tab 9-FORECAST, Sch 46
4								
5	Accumulated Depreciation Beginning - Plant	\$ (2,660)	\$ (2,957)	\$ (3,138)	\$ -	\$ (3,138)	\$ (181)	- Tab 9-FORECAST, Sch 55
6	Opening Balance Adjustment	-	-	-	-	-	-	
7	Accumulated Depreciation Ending - Plant	(3,138)	(3,331)	(3,420)	-	(3,420)	(89)	- Tab 9-FORECAST, Sch 55
8								
9	CIAC, Beginning	\$ (1,300)	\$ (1,300)	\$ (1,313)	\$ -	\$ (1,313)	\$ (13)	- Tab 9-FORECAST, Sch 62
10	Opening Balance Adjustment	-	-	-	-	-	-	
11	CIAC, Ending	(1,313)	(1,300)	(1,319)	-	(1,319)	(19)	- Tab 9-FORECAST, Sch 62
12								
13	Accumulated Amortization Beginning - CIAC	\$ 557	\$ 591	\$ 592	\$ -	\$ 592	\$ 1	- Tab 9-FORECAST, Sch 62
14	Opening Balance Adjustment	-	-	-	-	-	-	
15	Accumulated Amortization Ending - CIAC	592	626	604	-	604	(22)	- Tab 9-FORECAST, Sch 62
16								
17	Net Plant in Service, Mid-Year	<u>\$ 5,744</u>	<u>\$ 8,119</u>	<u>\$ 5,726</u>	<u>\$ -</u>	<u>\$ 5,726</u>	<u>\$ (2,393)</u>	
18								
19	Adjustment to 13-Month Average	(177)	-	-	-	-	-	
20	Work in Progress, No AFUDC	62	-	35	-	35	35	
21	Unamortized Deferred Charges	(283)	(210)	(433)	-	(433)	(223)	- Tab 9-FORECAST, Sch 66
22	Cash Working Capital	(2)	27	10	-	10	(17)	- Tab 9-FORECAST, Sch 74
23	Other Working Capital	14	-	14	-	14	14	- Tab 9-FORECAST, Sch 74
24	Utility Rate Base	<u>\$ 5,358</u>	<u>\$ 7,936</u>	<u>\$ 5,352</u>	<u>\$ -</u>	<u>\$ 5,352</u>	<u>\$ (2,584)</u>	- Tab 9-FORECAST, Sch 80
25								- Tab 9-FORECAST, Sch 4

Line No.	Particulars	2014 PROJECTED (2)	2015 FORECAST				Cross Reference (7)
			Existing 2014 Rates (3)	Adjustments (4)	2014 Revised Rates (5)	Change (6)	
1	Gas Plant in Service, Beginning	\$ 9,454	\$ 9,991	\$ -	\$ 9,991	\$ 537	- Tab 9-FORECAST, Sch 49
2	Opening Balance Adjustment	-	-	-	-	-	
3	Gas Plant in Service, Ending	9,991	15,826	-	15,826	5,835	- Tab 9-FORECAST, Sch 49
4							
5	Accumulated Depreciation Beginning - Plant	\$ (3,138)	\$ (3,420)	\$ -	\$ (3,420)	\$ (282)	- Tab 9-FORECAST, Sch 58
6	Opening Balance Adjustment	-	-	-	-	-	
7	Accumulated Depreciation Ending - Plant	(3,420)	(3,828)	-	(3,828)	(408)	- Tab 9-FORECAST, Sch 58
8							
9	CIAC, Beginning	\$ (1,313)	\$ (1,319)	\$ -	\$ (1,319)	\$ (6)	- Tab 9-FORECAST, Sch 63
10	Opening Balance Adjustment	-	-	-	-	-	
11	CIAC, Ending	(1,319)	(1,319)	-	(1,319)	-	- Tab 9-FORECAST, Sch 63
12							
13	Accumulated Amortization Beginning - CIAC	\$ 592	\$ 604	\$ -	\$ 604	\$ 12	- Tab 9-FORECAST, Sch 63
14	Opening Balance Adjustment	-	-	-	-	-	
15	Accumulated Amortization Ending - CIAC	604	640	-	640	36	- Tab 9-FORECAST, Sch 63
16							
17	Net Plant in Service, Mid-Year	<u>\$ 5,726</u>	<u>\$ 8,588</u>	<u>\$ -</u>	<u>\$ 8,588</u>	<u>\$ 2,862</u>	
18							
19	Adjustment to 13-Month Average	-	2,105	-	2,105	2,105	
20	Work in Progress, No AFUDC	35	35	-	35	-	
21	Unamortized Deferred Charges	(433)	353	-	353	786	- Tab 9-FORECAST, Sch 68
22	Cash Working Capital	10	19	9	28	18	- Tab 9-FORECAST, Sch 75
23	Other Working Capital	14	14	-	14	-	- Tab 9-FORECAST, Sch 75
24	Utility Rate Base	<u>\$ 5,352</u>	<u>\$ 11,114</u>	<u>\$ 9</u>	<u>\$ 11,123</u>	<u>\$ 5,771</u>	- Tab 9-FORECAST, Sch 81
25							- Tab 9-FORECAST, Sch 5

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

Line No.	Particulars	2015 FORECAST (2)	2016 FORECAST				Cross Reference (7)
			Existing 2014 Rates (3)	Adjustments (4)	2014 Revised Rates (5)	Change (6)	
	(1)						
1	Gas Plant in Service, Beginning	\$ 9,991	\$ 15,826	\$ -	\$ 15,826	\$ 5,835	- Tab 9-FORECAST, Sch 52
2	Opening Balance Adjustment	-	-	-	-	-	
3	Gas Plant in Service, Ending	15,826	16,142	-	16,142	316	- Tab 9-FORECAST, Sch 52
4							
5	Accumulated Depreciation Beginning - Plant	\$ (3,420)	\$ (3,828)	\$ -	\$ (3,828)	\$ (408)	- Tab 9-FORECAST, Sch 61
6	Opening Balance Adjustment	-	-	-	-	-	
7	Accumulated Depreciation Ending - Plant	(3,828)	(4,197)	-	(4,197)	(369)	- Tab 9-FORECAST, Sch 61
8							
9	CIAC, Beginning	\$ (1,319)	\$ (1,319)	\$ -	\$ (1,319)	\$ -	- Tab 9-FORECAST, Sch 64
10	Opening Balance Adjustment	-	-	-	-	-	
11	CIAC, Ending	(1,319)	(1,319)	-	(1,319)	-	- Tab 9-FORECAST, Sch 64
12							
13	Accumulated Amortization Beginning - CIAC	\$ 604	\$ 640	\$ -	\$ 640	\$ 36	- Tab 9-FORECAST, Sch 64
14	Opening Balance Adjustment	-	-	-	-	-	
15	Accumulated Amortization Ending - CIAC	640	676	-	676	36	- Tab 9-FORECAST, Sch 64
16							
17	Net Plant in Service, Mid-Year	<u>\$ 8,588</u>	<u>\$ 11,311</u>	<u>\$ -</u>	<u>\$ 11,311</u>	<u>\$ 2,723</u>	
18							
19	Adjustment to 13-Month Average	2,105	-	-	-	(2,105)	
20	Work in Progress, No AFUDC	35	35	-	35	-	
21	Unamortized Deferred Charges	353	234	-	234	(119)	- Tab 9-FORECAST, Sch 70
22	Cash Working Capital	28	16	11	27	(1)	- Tab 9-FORECAST, Sch 76
23	Other Working Capital	14	14	-	14	-	- Tab 9-FORECAST, Sch 76
24	Utility Rate Base	<u>\$ 11,123</u>	<u>\$ 11,610</u>	<u>\$ 11</u>	<u>\$ 11,621</u>	<u>\$ 498</u>	- Tab 9-FORECAST, Sch 82
25							- Tab 9-FORECAST, Sch 6

FORTISBC ENERGY INC. - Fort Nelson

Feb-5-2015

Tab 9
FORECAST
Schedule 43

CAPITAL EXPENDITURES AND PLANT ADDITIONS
FOR THE YEARS ENDING DECEMBER 31, 2014 TO 2016
(\$000)

Line No.	Particulars (1)	2014 Projected (2)	2015 Forecast (3)	2016 Forecast (4)	Cross Reference (5)
1	CAPITAL EXPENDITURES				
2					
3	<u>Regular Capital Expenditures</u>				
4					
5	Regular Capital Expenditures	\$ 499	\$ 1,510	\$ 312	
6	Muskwa River	-	-	-	
7	Total Regular Capital Expenditures	<u>\$ 499</u>	<u>\$ 1,510</u>	<u>\$ 312</u>	
8					
9	<u>Special Projects - CPCN's</u>				
10	Muskwa river	4,094	-	-	
11					
12	Total CPCN's	<u>\$ 4,094</u>	<u>\$ -</u>	<u>\$ -</u>	
13					
14					
15	TOTAL CAPITAL EXPENDITURES	<u>\$ 4,593</u>	<u>\$ 1,510</u>	<u>\$ 312</u>	
16					
17					
18	RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT ADDITIONS				
19					
20	<u>Regular Capital</u>				
21	Regular Capital Expenditures	\$ 499	\$ 1,510	\$ 312	
22	Add - Opening WIP	397	397	397	
23	Less - Adjustments	-	-	-	
24	Less - Closing WIP	(397)	(397)	(397)	
25	Add - AFUDC	23	45	8	
26	Add - Overhead Capitalized	130	121	123	
27					
28	TOTAL REGULAR CAPITAL ADDITIONS TO GAS PLANT IN SERVICE	<u>\$ 652</u>	<u>\$ 1,676</u>	<u>\$ 443</u>	
29					
30	<u>Special Projects - CPCN's</u>				
31	CPCN Expenditures	\$ 4,094	\$ -	\$ -	
32	Add - Opening WIP	-	4,210	-	
33	Less - Closing WIP	(4,210)	-	-	
34	Less: Adjustments	-	-	-	
35	Add - AFUDC	116	-	-	
36					
37	TOTAL CPCN ADDITIONS	<u>\$ -</u>	<u>\$ 4,210</u>	<u>\$ -</u>	
38					
39	TOTAL PLANT ADDITIONS	<u>\$ 652</u>	<u>\$ 5,886</u>	<u>\$ 443</u>	
40					
41	Cross Reference	- Tab 9-FORECAST, Sch 46	- Tab 9-FORECAST, Sch 52		
42		- Tab 9-FORECAST, Sch 49			

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

[illegible]

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

[illegible]

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	GENERAL PLANT & EQUIPMENT									
2	480-00 Land in Fee Simple	1	-	-	-	-	-	-	1	1
3	481-00 Land Rights	-	-	-	-	-	-	-	-	-
4	482-00 Structures & Improvements	-	-	-	-	-	-	-	-	-
5	- Frame Buildings	228	-	11	-	-	-	-	239	234
6	- Masonry Buildings	428	-	-	-	-	-	-	428	428
7	- Leasehold Improvement	-	-	-	-	-	-	-	-	-
8	Office Equipment & Furniture	-	-	-	-	-	-	-	-	-
9	483-30 GP Office Equipment	6	-	-	-	-	-	-	6	6
10	483-40 GP Furniture	8	-	-	-	-	-	-	8	8
11	483-10 GP Computer Hardware	165	-	38	-	-	(19)	-	184	175
12	483-20 GP Computer Software	22	-	5	-	-	-	-	27	25
13	483-21 GP Computer Software	-	-	-	-	-	-	-	-	-
14	483-22 GP Computer Software	-	-	-	-	-	-	-	-	-
15	484-00 Vehicles	50	-	-	-	-	-	(31)	19	35
16	484-00 Vehicles - Leased	-	-	-	-	-	-	-	-	-
17	485-10 Heavy Work Equipment	-	-	-	-	-	-	-	-	-
18	485-20 Heavy Mobile Equipment	-	-	-	-	-	-	-	-	-
19	486-00 Small Tools & Equipment	48	-	-	-	-	(3)	-	45	47
20	487-00 Equipment on Customer's Premises	-	-	-	-	-	-	-	-	-
21	- VRA Compressor Installation Costs	-	-	-	-	-	-	-	-	-
22	488-00 Communications Equipment	-	-	-	-	-	-	-	-	-
23	- Telephone	24	-	-	-	-	-	-	24	24
24	- Radio	-	-	-	-	-	-	-	-	-
25	489-00 Other General Equipment	-	-	-	-	-	-	-	-	-
26	TOTAL GENERAL	980	-	54	-	-	(22)	(31)	981	981
27										
28	UNCLASSIFIED PLANT									
29	499-00 Plant Suspense	-	-	-	-	-	-	-	-	-
30	TOTAL UNCLASSIFIED	-	-	-	-	-	-	-	-	-
31										
32	TOTAL CAPITAL	\$ 9,454	\$ -	\$ 499	\$ 23	\$ 130	\$ (86)	\$ (29)	\$ 9,991	\$ 9,723
33										
34	Cross Reference	- Tab 9-FORECAST, Sch 40	- Tab 9-FORECAST, Sch 43						- Tab 9-FORECAST, Sch 40	
35			- Tab 9-FORECAST, Sch 43			- Tab 9-FORECAST, Sch 43				

GAS PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

[illegible]

[illegible]

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

[illegible]

FORECAST
Schedule 51[illegible]

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

Line No.	B.C.U.C. Account (1)	Balance 12/31/2015 (2)	CPCN'S (3)	2016 Additions (4)	2016 AFUDC (5)	2016 CapOH (6)	Retirements (7)	Transfers/ Recovery (8)	Balance 12/31/2016 (9)	Mid-year GPIS (10)
1	GENERAL PLANT & EQUIPMENT									
2	480-00 Land in Fee Simple	1	-	-	-	-	-	-	1	1
3	481-00 Land Rights	-	-	-	-	-	-	-	-	-
4	482-00 Structures & Improvements	-	-	-	-	-	-	-	-	-
5	- Frame Buildings	239	-	-	-	-	-	-	239	239
6	- Masonry Buildings	581	-	25	-	-	-	-	606	594
7	- Leasehold Improvement	-	-	-	-	-	-	-	-	-
8	Office Equipment & Furniture	-	-	-	-	-	-	-	-	-
9	483-30 GP Office Equipment	6	-	-	-	-	-	-	6	6
10	483-40 GP Furniture	1	-	-	-	-	-	-	1	1
11	483-10 GP Computer Hardware	211	-	40	1	-	(47)	-	205	208
12	483-20 GP Computer Software	24	-	-	-	-	(3)	-	21	23
13	483-21 GP Computer Software	-	-	-	-	-	-	-	-	-
14	483-22 GP Computer Software	-	-	-	-	-	-	-	-	-
15	484-00 Vehicles	29	-	10	-	-	-	-	39	34
16	484-00 Vehicles - Leased	-	-	-	-	-	-	-	-	-
17	485-10 Heavy Work Equipment	-	-	-	-	-	-	-	-	-
18	485-20 Heavy Mobile Equipment	-	-	-	-	-	-	-	-	-
19	486-00 Small Tools & Equipment	41	-	-	-	-	(7)	-	34	38
20	487-00 Equipment on Customer's Premises	-	-	-	-	-	-	-	-	-
21	- VRA Compressor Installation Costs	-	-	-	-	-	-	-	-	-
22	488-00 Communications Equipment	-	-	-	-	-	-	-	-	-
23	- Telephone	24	-	-	-	-	-	-	24	24
24	- Radio	-	-	-	-	-	-	-	-	-
25	489-00 Other General Equipment	-	-	-	-	-	-	-	-	-
26	TOTAL GENERAL	1,157	-	75	1	-	(57)	-	1,176	1,167
27										
28	UNCLASSIFIED PLANT									
29	499-00 Plant Suspense	-	-	-	-	-	-	-	-	-
30	TOTAL UNCLASSIFIED	-	-	-	-	-	-	-	-	-
31										
32	TOTAL CAPITAL	\$ 15,826	\$ -	\$ 312	\$ 8	\$ 123	\$ (127)	\$ -	\$ 16,142	\$ 15,984
33										
34	Cross Reference	- Tab 9-FORECAST, Sch 42			- Tab 9-FORECAST, Sch 43			- Tab 9-FORECAST, Sch 42		
35					- Tab 9-FORECAST, Sch 43			- Tab 9-FORECAST, Sch 43		

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

FORECAST
Schedule 53

Line No.	Account	GPIS for Depreciation	Annual Depreciation Rate %	2014 DEPRECIATION			Accumulated	
				Provision (Cr.)	Adjust- ments	Retirements	12/31/2013	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	-	1.00%	-	-	-	-	-
4	175-00 Unamortized Conversion Expense - Squamish	-	10.00%	-	-	-	-	-
5	178-00 Organization Expense	-	1.00%	-	-	-	-	-
6	179-01 Other Deferred Charges	-	0.00%	-	-	-	-	-
7	401-00 Franchise and Consents	-	49.19%	-	-	-	-	-
8	402-00 Utility Plant Acquisition Adjustment	-	57.14%	-	-	-	-	-
9	402-00 Other Intangible Plant	-	2.38%	-	-	-	-	-
10	431-00 Mfg'd Gas Land Rights	-	0.00%	-	-	-	-	-
11	461-00 Transmission Land Rights	8	0.00%	-	-	-	-	-
12	461-13 IP Land Rights Whistler	-	0.00%	-	-	-	-	-
13	471-00 Distribution Land Rights	20	0.00%	-	-	-	-	-
14	402-01 Application Software - 12.5%	444	12.50%	55	-	(19)	141	177
15	402-02 Application Software - 20%	95	20.00%	19	-	(12)	40	47
16	TOTAL INTANGIBLE	<u>567</u>		<u>74</u>	<u>-</u>	<u>(31)</u>	<u>181</u>	<u>224</u>
17								
18	MANUFACTURED GAS / LOCAL STORAGE							
19	430-00 Manufact'd Gas - Land	-	0.00%	-	-	-	-	-
20	431-00 Manufact'd Gas - Land Rights	-	0.00%	-	-	-	-	-
21	432-00 Manufact'd Gas - Struct. & Improvements	-	3.38%	-	-	-	-	-
22	433-00 Manufact'd Gas - Equipment	-	6.63%	-	-	-	-	-
23	434-00 Manufact'd Gas - Gas Holders	-	2.35%	-	-	-	-	-
24	436-00 Manufact'd Gas - Compressor Equipment	-	5.16%	-	-	-	-	-
25	437-00 Manufact'd Gas - Measuring & Regulating Equipment	-	15.89%	-	-	-	-	-
26	443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes)	-	0.00%	-	-	-	-	-
27	TOTAL MANUFACTURED	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

FORECAST
 Schedule 54

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2014 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2013 (7)	12/31/2014 (8)
1	TRANSMISSION PLANT							
2	460-00 Land in Fee Simple	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
3	461-00 Transmission Land Rights	-	0.00%	-	-	-	-	-
4	462-00 Compressor Structures	-	3.74%	-	-	-	-	-
5	463-00 Measuring Structures	10	3.80%	-	-	-	1	1
6	464-00 Other Structures & Improvements	-	2.83%	-	-	-	-	-
7	465-00 Mains	675	1.44%	10	-	-	297	307
8	465-00 Mains - INSPECTION	-	14.87%	-	-	-	-	-
9	466-00 Compressor Equipment	-	2.87%	-	-	-	-	-
10	466-00 Compressor Equipment - OVERHAUL	-	4.47%	-	-	-	-	-
11	467-10 Measuring & Regulating Equipment	670	4.27%	29	-	-	177	206
12	467-20 Telemetry	6	0.31%	-	-	-	6	6
13	468-00 Communication Structures & Equipment	-	4.37%	-	-	-	-	-
14	TOTAL TRANSMISSION	<u>1,361</u>		<u>39</u>	<u>-</u>	<u>-</u>	<u>481</u>	<u>520</u>
15								
16	DISTRIBUTION PLANT							
17	470-00 Land in Fee Simple	-	0.00%	-	-	-	-	-
18	471-00 Distribution Land Rights	-	0.00%	-	-	-	-	-
19	472-00 Structures & Improvements	257	3.33%	9	-	-	87	96
20	473-00 Services	2,325	2.53%	59	-	(14)	748	793
21	474-00 House Regulators & Meter Installations	518	7.62%	39	-	-	251	290
22	477-00 Meters/Regulators Installations	42	4.55%	2	-	-	2	4
23	475-00 Mains	2,243	1.59%	36	-	-	567	603
24	476-00 Compressor Equipment	-	26.54%	-	-	-	-	-
25	477-00 Measuring & Regulating Equipment	1,134	4.75%	54	-	(18)	437	473
26	477-00 Telemetry	13	0.25%	-	-	-	12	12
27	478-10 Meters	14	8.05%	1	-	(1)	13	13
28	478-20 Instruments	-	3.15%	-	-	-	-	-
29	479-00 Other Distribution Equipment	-	0.00%	-	-	-	-	-
30	TOTAL DISTRIBUTION	<u>6,546</u>		<u>200</u>	<u>-</u>	<u>(33)</u>	<u>2,117</u>	<u>2,284</u>
31								

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

FORECAST
 Schedule 55

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2014 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2013 (7)	12/31/2014 (8)
1	GENERAL PLANT & EQUIPMENT							
2	480-00 Land in Fee Simple	1	0.00%	-	-	-	-	-
3	481-00 Land Rights	-	0.00%	-	-	-	-	-
4	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-
5	- Frame Buildings	228	4.82%	4	-	-	18	22
6	- Masonry Buildings	428	2.23%	10	-	-	212	222
7	- Leasehold Improvement	-	10.00%	-	-	-	-	-
8	Office Equipment & Furniture	-	0.00%	-	-	-	-	-
9	483-30 GP Office Equipment	6	6.67%	-	-	-	3	3
10	483-40 GP Furniture	8	5.00%	-	-	-	7	7
11	483-10 GP Computer Hardware	165	20.00%	33	-	(19)	59	73
12	483-20 GP Computer Software	22	12.50%	3	-	-	7	10
13	483-21 GP Computer Software	-	20.00%	-	-	-	-	-
14	483-22 GP Computer Software	-	0.00%	-	-	-	-	-
15	484-00 Vehicles	50	12.50%	2	(1)	-	1	2
16	484-00 Vehicles - Leased	-	0.00%	-	-	-	-	-
17	485-10 Heavy Work Equipment	-	8.96%	-	-	-	-	-
18	485-20 Heavy Mobile Equipment	-	18.06%	-	-	-	-	-
19	486-00 Small Tools & Equipment	48	5.00%	2	-	(3)	38	37
20	487-00 Equipment on Customer's Premises	-	6.67%	-	-	-	-	-
21	- VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-
22	488-00 Communications Equipment	-	0.00%	-	-	-	-	-
23	- Telephone	24	6.67%	2	-	-	14	16
24	- Radio	-	6.67%	-	-	-	-	-
25	489-00 Other General Equipment	-	0.00%	-	-	-	-	-
26	TOTAL GENERAL	980		56	(1)	(22)	359	392
27								
28	UNCLASSIFIED PLANT							
29	499-00 Plant Suspense	-	0.00%	-	-	-	-	-
30	TOTAL UNCLASSIFIED	-		-	-	-	-	-
31								
32	TOTALS	\$ 9,454		\$ 369	\$ (1)	\$ (86)	\$ 3,138	\$ 3,420
33								
34	Cross Reference	- Tab 9-FORECAST, Sch 46		- Tab 9-FORECAST, Sch 28		- Tab 9-FORECAST, Sch 40		

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Account	GPIS for Depreciation	Annual Depreciation Rate %	2015 DEPRECIATION			Accumulated	
				Provision (Cr.)	Adjust- ments	Retirements	12/31/2014	12/31/2015
	(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	-	1.00%	-	-	-	-	-
4	175-00 Unamortized Conversion Expense - Squamish	-	10.00%	-	-	-	-	-
5	178-00 Organization Expense	-	1.00%	-	-	-	-	-
6	179-01 Other Deferred Charges	-	0.00%	-	-	-	-	-
7	401-00 Franchise and Consents	-	2.02%	-	-	-	-	-
8	402-00 Utility Plant Acquisition Adjustment	-	0.00%	-	-	-	-	-
9	402-00 Other Intangible Plant	-	2.05%	-	-	-	-	-
10	431-00 Mfg'd Gas Land Rights	-	0.00%	-	-	-	-	-
11	461-00 Transmission Land Rights	8	0.00%	-	-	-	-	-
12	461-13 IP Land Rights Whistler	-	0.00%	-	-	-	-	-
13	471-00 Distribution Land Rights	20	0.00%	-	-	-	-	-
14	402-01 Application Software - 12.5%	475	12.50%	59	-	(7)	177	229
15	402-02 Application Software - 20%	109	20.00%	22	-	(16)	47	53
16	TOTAL INTANGIBLE	<u>612</u>		<u>81</u>	<u>-</u>	<u>(23)</u>	<u>224</u>	<u>282</u>
17								
18	MANUFACTURED GAS / LOCAL STORAGE							
19	430-00 Manufact'd Gas - Land	-	0.00%	-	-	-	-	-
20	431-00 Manufact'd Gas - Land Rights	-	0.00%	-	-	-	-	-
21	432-00 Manufact'd Gas - Struct. & Improvements	-	3.40%	-	-	-	-	-
22	433-00 Manufact'd Gas - Equipment	-	6.54%	-	-	-	-	-
23	434-00 Manufact'd Gas - Gas Holders	-	2.35%	-	-	-	-	-
24	436-00 Manufact'd Gas - Compressor Equipment	-	5.19%	-	-	-	-	-
25	437-00 Manufact'd Gas - Measuring & Regulating Equipment	-	15.89%	-	-	-	-	-
26	443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes)	-	0.00%	-	-	-	-	-
27	TOTAL MANUFACTURED	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
 FOR THE YEAR ENDING DECEMBER 31, 2015
 (\$000s)

FORECAST
 Schedule 57

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2015 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2014 (7)	12/31/2015 (8)
1	TRANSMISSION PLANT							
2	460-00 Land in Fee Simple	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
3	461-00 Transmission Land Rights	-	0.00%	-	-	-	-	-
4	462-00 Compressor Structures	-	3.66%	-	-	-	-	-
5	463-00 Measuring Structures	10	3.37%	-	-	-	1	1
6	464-00 Other Structures & Improvements	-	2.84%	-	-	-	-	-
7	465-00 Mains	882	1.47%	74	-	-	307	381
8	465-00 Mains - INSPECTION	-	14.73%	-	-	-	-	-
9	466-00 Compressor Equipment	-	2.88%	-	-	-	-	-
10	466-00 Compressor Equipment - OVERHAUL	-	17.38%	-	-	-	-	-
11	467-10 Measuring & Regulating Equipment	670	4.28%	29	-	-	206	235
12	467-20 Telemetry	6	0.74%	-	-	-	6	6
13	468-00 Communication Structures & Equipment	-	11.34%	-	-	-	-	-
14	TOTAL TRANSMISSION	<u>1,568</u>		<u>103</u>	<u>-</u>	<u>-</u>	<u>520</u>	<u>623</u>
15								
16	DISTRIBUTION PLANT							
17	470-00 Land in Fee Simple	-	0.00%	-	-	-	-	-
18	471-00 Distribution Land Rights	-	0.00%	-	-	-	-	-
19	472-00 Structures & Improvements	258	3.30%	9	-	-	96	105
20	473-00 Services	2,340	2.40%	56	-	-	793	849
21	474-00 House Regulators & Meter Installations	518	6.92%	36	-	-	290	326
22	477-00 Meters/Regulators Installations	59	4.55%	3	-	-	4	7
23	475-00 Mains	2,248	1.58%	36	-	-	603	639
24	476-00 Compressor Equipment	-	26.58%	-	-	-	-	-
25	477-00 Measuring & Regulating Equipment	1,350	4.71%	64	-	-	473	537
26	477-00 Telemetry	44	0.25%	-	-	-	12	12
27	478-10 Meters	13	7.66%	1	-	-	13	14
28	478-20 Instruments	-	3.15%	-	-	-	-	-
29	479-00 Other Distribution Equipment	-	0.00%	-	-	-	-	-
30	TOTAL DISTRIBUTION	<u>6,830</u>		<u>205</u>	<u>-</u>	<u>-</u>	<u>2,284</u>	<u>2,489</u>
31								

DEPRECIATION AND AMORTIZATION CONTINUITY SCHEDULE (Continued)
 FOR THE YEAR ENDING DECEMBER 31, 2015
 (\$000s)

FORECAST
 Schedule 58

Line No.	Account (1)	GPIS for Depreciation (2)	Annual Depreciation Rate % (3)	2015 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2014 (7)	12/31/2015 (8)
1	GENERAL PLANT & EQUIPMENT							
2	480-00 Land in Fee Simple	1	0.00%	-	-	-	-	-
3	481-00 Land Rights	-	0.00%	-	-	-	-	-
4	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-
5	- Frame Buildings	239	5.34%	13	-	-	22	35
6	- Masonry Buildings	428	2.23%	10	-	-	222	232
7	- Leasehold Improvement	-	9.13%	-	-	-	-	-
8	Office Equipment & Furniture	-	0.00%	-	-	-	-	-
9	483-30 GP Office Equipment	6	6.67%	-	-	-	3	3
10	483-40 GP Furniture	8	5.00%	-	-	(7)	7	-
11	483-10 GP Computer Hardware	184	20.00%	37	-	(14)	73	96
12	483-20 GP Computer Software	27	12.50%	3	-	(3)	10	10
13	483-21 GP Computer Software	-	0.00%	-	-	-	-	-
14	483-22 GP Computer Software	-	0.00%	-	-	-	-	-
15	484-00 Vehicles	19	16.52%	3	-	-	2	5
16	484-00 Vehicles - Leased	-	9.44%	-	-	-	-	-
17	485-10 Heavy Work Equipment	-	6.47%	-	-	-	-	-
18	485-20 Heavy Mobile Equipment	-	16.36%	-	-	-	-	-
19	486-00 Small Tools & Equipment	45	5.00%	2	-	(4)	37	35
20	487-00 Equipment on Customer's Premises	-	0.00%	-	-	-	-	-
21	- VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-
22	488-00 Communications Equipment	-	0.00%	-	-	-	-	-
23	- Telephone	24	6.67%	2	-	-	16	18
24	- Radio	-	6.68%	-	-	-	-	-
25	489-00 Other General Equipment	-	0.00%	-	-	-	-	-
26	TOTAL GENERAL	981		70	-	(28)	392	434
27								
28	UNCLASSIFIED PLANT							
29	499-00 Plant Suspense	-	0.00%	-	-	-	-	-
30	TOTAL UNCLASSIFIED	-		-	-	-	-	-
31								
32	TOTALS	\$ 9,991		\$ 459	\$ -	\$ (51)	\$ 3,420	\$ 3,828
33								
34	Cross Reference		- Tab 9-FORECAST, Sch 49	- Tab 9-FORECAST, Sch 29			- Tab 9-FORECAST, Sch 41	

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

FORECAST
Schedule 59

Line No.	Account	GPIS for Depreciation	Average Depreciation Rate %	2016 DEPRECIATION			Accumulated	
				Provision (Cr.)	Adjust- ments	Retirements	12/31/2015	12/31/2016
	(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	-	1.00%	-	-	-	-	-
4	175-00 Unamortized Conversion Expense - Squamish	-	10.00%	-	-	-	-	-
5	178-00 Organization Expense	-	1.00%	-	-	-	-	-
6	179-01 Other Deferred Charges	-	0.00%	-	-	-	-	-
7	401-00 Franchise and Consents	-	2.02%	-	-	-	-	-
8	402-00 Utility Plant Acquisition Adjustment	-	0.00%	-	-	-	-	-
9	402-00 Other Intangible Plant	-	2.05%	-	-	-	-	-
10	431-00 Mfg'd Gas Land Rights	-	0.00%	-	-	-	-	-
11	461-00 Transmission Land Rights	479	0.00%	-	-	-	-	-
12	461-13 IP Land Rights Whistler	-	0.00%	-	-	-	-	-
13	471-00 Distribution Land Rights	20	0.00%	-	-	-	-	-
14	402-01 Application Software - 12.5%	499	12.50%	63	-	(47)	229	245
15	402-02 Application Software - 20%	124	20.00%	25	-	(23)	53	55
16	TOTAL INTANGIBLE	<u>1,122</u>		<u>88</u>	<u>-</u>	<u>(70)</u>	<u>282</u>	<u>300</u>
17								
18	MANUFACTURED GAS / LOCAL STORAGE							
19	430-00 Manufact'd Gas - Land	-	0.00%	-	-	-	-	-
20	431-00 Manufact'd Gas - Land Rights	-	0.00%	-	-	-	-	-
21	432-00 Manufact'd Gas - Struct. & Improvements	-	3.40%	-	-	-	-	-
22	433-00 Manufact'd Gas - Equipment	-	6.54%	-	-	-	-	-
23	434-00 Manufact'd Gas - Gas Holders	-	2.35%	-	-	-	-	-
24	436-00 Manufact'd Gas - Compressor Equipment	-	5.19%	-	-	-	-	-
25	437-00 Manufact'd Gas - Measuring & Regulating Equipment	-	15.89%	-	-	-	-	-
26	443-00 Gas Holders - Storage (non-Tilbury, non-Mt. Hayes)	-	0.00%	-	-	-	-	-
27	TOTAL MANUFACTURED	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

FORECAST
 Schedule 60

Line No.	Account (1)	GPIS for Depreciation (2)	Average Depreciation Rate % (3)	2016 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2015 (7)	12/31/2016 (8)
1	TRANSMISSION PLANT							
2	460-00 Land in Fee Simple	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
3	461-00 Transmission Land Rights	-	0.00%	-	-	-	-	-
4	462-00 Compressor Structures	-	3.66%	-	-	-	-	-
5	463-00 Measuring Structures	10	3.37%	-	-	-	1	1
6	464-00 Other Structures & Improvements	-	2.84%	-	-	-	-	-
7	465-00 Mains	5,519	1.47%	81	-	-	381	462
8	465-00 Mains - INSPECTION	-	14.73%	-	-	-	-	-
9	466-00 Compressor Equipment	-	2.88%	-	-	-	-	-
10	466-00 Compressor Equipment - OVERHAUL	-	17.38%	-	-	-	-	-
11	467-10 Measuring & Regulating Equipment	670	4.28%	29	-	-	235	264
12	467-20 Telemetry	6	0.74%	-	-	-	6	6
13	468-00 Communication Structures & Equipment	-	11.34%	-	-	-	-	-
14	TOTAL TRANSMISSION	6,205		110	-	-	623	733
15								
16	DISTRIBUTION PLANT							
17	470-00 Land in Fee Simple	-	0.00%	-	-	-	-	-
18	471-00 Distribution Land Rights	-	0.00%	-	-	-	-	-
19	472-00 Structures & Improvements	258	3.30%	9	-	-	105	114
20	473-00 Services	2,385	2.40%	57	-	-	849	906
21	474-00 House Regulators & Meter Installations	518	6.92%	36	-	-	326	362
22	477-00 Meters/Regulators Installations	66	4.55%	3	-	-	7	10
23	475-00 Mains	2,431	1.58%	38	-	-	639	677
24	476-00 Compressor Equipment	-	26.58%	-	-	-	-	-
25	477-00 Measuring & Regulating Equipment	1,540	4.71%	73	-	-	537	610
26	477-00 Telemetry	125	0.25%	-	-	-	12	12
27	478-10 Meters	19	7.66%	1	-	-	14	15
28	478-20 Instruments	-	3.15%	-	-	-	-	-
29	479-00 Other Distribution Equipment	-	0.00%	-	-	-	-	-
30	TOTAL DISTRIBUTION	7,342		217	-	-	2,489	2,706
31								

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

FORECAST
 Schedule 61

Line No.	Account (1)	GPIS for Depreciation (2)	Average Depreciation Rate % (3)	2016 DEPRECIATION			Accumulated	
				Provision (Cr.) (4)	Adjust- ments (5)	Retirements (6)	12/31/2015 (7)	12/31/2016 (8)
1	GENERAL PLANT & EQUIPMENT							
2	480-00 Land in Fee Simple	1	0.00%	-	-	-	-	-
3	481-00 Land Rights	-	0.00%	-	-	-	-	-
4	482-00 Structures & Improvements	-	0.00%	-	-	-	-	-
5	- Frame Buildings	239	5.34%	13	-	-	35	48
6	- Masonry Buildings	581	2.23%	13	-	-	232	245
7	- Leasehold Improvement	-	9.13%	-	-	-	-	-
8	Office Equipment & Furniture	-	0.00%	-	-	-	-	-
9	483-30 GP Office Equipment	6	6.67%	-	-	-	3	3
10	483-40 GP Furniture	1	5.00%	-	-	-	-	-
11	483-10 GP Computer Hardware	211	20.00%	43	-	(47)	96	92
12	483-20 GP Computer Software	24	12.50%	3	-	(3)	10	10
13	483-21 GP Computer Software	-	0.00%	-	-	-	-	-
14	483-22 GP Computer Software	-	0.00%	-	-	-	-	-
15	484-00 Vehicles	29	16.52%	5	-	-	5	10
16	484-00 Vehicles - Leased	-	9.44%	-	-	-	-	-
17	485-10 Heavy Work Equipment	-	6.47%	-	-	-	-	-
18	485-20 Heavy Mobile Equipment	-	16.36%	-	-	-	-	-
19	486-00 Small Tools & Equipment	41	5.00%	2	-	(7)	35	30
20	487-00 Equipment on Customer's Premises	-	0.00%	-	-	-	-	-
21	- VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-
22	488-00 Communications Equipment	-	0.00%	-	-	-	-	-
23	- Telephone	24	6.67%	2	-	-	18	20
24	- Radio	-	6.68%	-	-	-	-	-
25	489-00 Other General Equipment	-	0.00%	-	-	-	-	-
26	TOTAL GENERAL	1,157		81	-	(57)	434	458
27								
28	UNCLASSIFIED PLANT							
29	499-00 Plant Suspense	-	0.00%	-	-	-	-	-
30	TOTAL UNCLASSIFIED	-		-	-	-	-	-
31								
32	TOTALS	\$ 15,826		\$ 496	\$ -	\$ (127)	\$ 3,828	\$ 4,197
33								
34	Cross Reference	- Tab 9-FORECAST, Sch 52		- Tab 9-FORECAST, Sch 30		- Tab 9-FORECAST, Sch 42		

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

Line No.	Particulars (1)	Balance 12/31/2013 (2)	Adjustment (3)	2014 PROJECTED		Balance 12/31/2014 (6)	Cross Reference (7)
				Additions (4)	Retirements (5)		
1	CIAC						
2							
3	Distribution Contributions	\$ 1,148	\$ -	\$ 6	\$ -	\$ 1,154	
4							
5	Transmission Contributions	165	-	-	-	165	
6							
7	TOTAL Contributions	1,313	-	6	-	1,319	- Tab 9-FORECAST, Sch 40
8							
9							
10							
11	Amortization						
12							
13	Distribution Contributions	(580)	-	(12)	-	(592)	
14							
15	Transmission Contributions	(12)	-	-	-	(12)	
16							
17	TOTAL CIAC Amortization	(592)	-	(12)	-	(604)	- Tab 9-FORECAST, Sch 40
18							
19	NET CONTRIBUTIONS	<u>\$ 721</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ 715</u>	
20							
21							
22							- Tab 9-FORECAST, Sch 28
23							

CONTRIBUTIONS IN AID OF CONSTRUCTION
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars (1)	Balance 12/31/2014 (2)	Adjustment (3)	2015 FORECAST		Balance 12/31/2015 (6)	Cross Reference (7)
				Additions (4)	Retirements (5)		
1	CIAC						
2							
3	Distribution Contributions	\$ 1,154	\$ -	\$ -	\$ -	\$ 1,154	
4							
5	Transmission Contributions	165	-	-	-	165	
6							
7	TOTAL Contributions	1,319	-	-	-	1,319	- Tab 9-FORECAST, Sch 41
8							
9							
10							
11	Amortization						
12							
13	Distribution Contributions	(592)	-	(36)	-	(628)	
14							
15	Transmission Contributions	(12)	-	-	-	(12)	
16							
17	TOTAL CIAC Amortization	(604)	-	(36)	-	(640)	- Tab 9-FORECAST, Sch 41
18							
19	NET CONTRIBUTIONS	<u>\$ 715</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ 679</u>	
20							
21							
22							- Tab 9-FORECAST, Sch 29
23							

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

Line No.	Particulars (1)	Balance 12/31/2015 (2)	Adjustment (3)	2016 FORECAST		Balance 12/31/2016 (6)	Cross Reference (7)
				Additions (4)	Retirements (5)		
1	CIAC						
2							
3	Distribution Contributions	\$ 1,154	\$ -	\$ -	\$ -	\$ 1,154	
4							
5	Transmission Contributions	165	-	-	-	165	
6							
7	TOTAL Contributions	1,319	-	-	-	1,319	- Tab 9-FORECAST, Sch 42
8							
9							
10							
11	Amortization						
12							
13	Distribution Contributions	(628)	-	(36)	-	(664)	
14							
15	Transmission Contributions	(12)	-	-	-	(12)	
16							
17	TOTAL CIAC Amortization	(640)	-	(36)	-	(676)	- Tab 9-FORECAST, Sch 42
18							
19	NET CONTRIBUTIONS	<u>\$ 679</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ 643</u>	
20							
21							
22							- Tab 9-FORECAST, Sch 30
23							

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

Line No.	Particulars	Balance 12/31/2013 (2)	Opening Bal. Transfer / Adjustment (3)	Gross Additions (4)	Less- Taxes (5)	Net Additions (6)	Amortization Expense (7)	Recoveries		Balance 12/31/2014 (10)	Mid-Year Average 2014 (11)
	(1)							Rider (8)	Tax on Rider (9)		
1	<u>Margin Related Deferral Accounts</u>										
2	Revenue Stabilization Adjustment Mechanism (RSAM)	\$ 57	\$ -	\$ (7)	\$ 2	\$ (5)	\$ -	\$ (55)	\$ 14	\$ 11	\$ 34
3	Interest on CCRA / MCRA / RSAM / Gas Storage	(4)	-	7	(2)	5	-	(1)	-	-	(2)
4	Gas Cost Reconciliation Account (GCRA)	(124)	-	174	(45)	129	-	-	-	5	(60)
5											
6	<u>Energy Policy Deferral Accounts</u>										
7	Energy Efficiency & Conservation (EEC)	-	-	25	(7)	19	-	-	-	19	9
8											
9	<u>Non-Controllable Items Deferral Accounts</u>										
10	Property Tax Deferral	(46)	-	(12)	3	(9)	15	-	-	(39)	(43)
11	Interest Variance	(68)	-	(24)	6	(18)	15	-	-	(70)	(69)
12	Customer Service Variance Account	(79)	-	-	-	-	13	-	-	(66)	(72)

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

FORECAST
 Schedule 66

Line No.	Particulars	Balance 12/31/2013 (2)	Opening Bal. Transfer / Adjustment (3)	Gross Additions (4)	Less- Taxes (5)	Net Additions (6)	Amortization Expense (7)	Recoveries Rider (8)	Tax on Rider (9)	Balance 12/31/2014 (10)	Mid-Year Average 2014 (11)
1	<u>Application Costs Deferral Accounts</u>										
2	Generic Cost of Capital Application	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ (2)	\$ -	\$ -	\$ 4	\$ 6
3	2015-2016 Revenue Requirement Application	-	-	-	-	-	-	-	-	-	-
4											
5	<u>Other Deferral Accounts</u>										
6	Gains and Losses on Asset Disposition	119	-	-	-	-	(5)	-	-	114	116
7	Negative Salvage Provision/Cost	39	-	29	-	29	(54)	-	-	14	27
8	Muskwa River Crossing COS	(273)	-	(90)	16	(74)	-	-	-	(347)	(310)
9	Fort Nelson Revenue Surplus/Deficit Account	(28)	-	(8)	2	(6)	-	-	-	(34)	(31)
10	Muskwa River Crossing Project Costs	-	-	-	-	-	-	-	-	-	-
11											
12	<u>Residual Deferred Accounts</u>										
13	Depreciation Variance	(35)	-	-	-	-	(9)	-	-	(43)	(39)
14	2012-2013 Revenue Requirement Application	2	-	-	-	-	(2)	-	-	-	1
15	Fort Nelson ROE & Capital Structure Deferral	(1)	-	-	-	-	1	-	-	-	(1)
16											
17	Total Deferred Charges for Rate Base	\$ (441)	\$ 7	\$ 94	\$ (24)	\$ 70	\$ (27)	\$ (56)	\$ 14	\$ (432)	\$ (433)
18											
19	Cross Reference						- Tab 9-FORECAST, Sch 28		- Tab 9-FORECAST, Sch 40		

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars	Forecast Balance 12/31/2014 (2)	Opening Bal. Transfer / Adjustment (3)	Gross Additions (4)	Less- Taxes (5)	Net Additions (6)	Amortization Expense (7)	Recoveries		Balance 12/31/2015 (10)	Mid-Year Average 2015 (11)
	(1)							Rider (8)	Tax on Rider (9)		
1	<u>Margin Related Deferral Accounts</u>										
2	Revenue Stabilization Adjustment Mechanism (RSAM)	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8)	\$ 2	\$ 6	\$ 8
3	Interest on CCRA / MCRA / RSAM / Gas Storage	-	-	-	-	-	-	-	-	-	-
4	Gas Cost Reconciliation Account (GCRA)	5	-	(6)	2	(5)	-	-	-	-	2
5											
6	<u>Energy Policy Deferral Accounts</u>										
7	Energy Efficiency & Conservation (EEC)	19	-	-	-	-	(2)	-	-	17	18
8											
9	<u>Non-Controllable Items Deferral Accounts</u>										
10	Property Tax Deferral	(39)	-	-	-	-	23	-	-	(17)	(28)
11	Interest Variance	(70)	-	-	-	-	21	-	-	(49)	(60)
12	Customer Service Variance Account	(66)	-	-	-	-	16	-	-	(50)	(58)

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION (Continued)
 FOR THE YEAR ENDING DECEMBER 31, 2015
 (\$000s)

FORECAST
 Schedule 68

Line No.	Particulars	Forecast Balance 12/31/2014	Opening Bal. Transfer / Adjustment	Gross Additions	Less-Taxes	Net Additions	Amortization Expense	Recoveries Rider	Tax on Rider	Balance 12/31/2015	Mid-Year Average 2015
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<u>Application Costs Deferral Accounts</u>										
2	Generic Cost of Capital Application	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ (3)	\$ -	\$ -	\$ 1	\$ 3
3	2015-2016 Revenue Requirement Application	-	-	50	(13)	37	(19)	-	-	19	9
4											
5	<u>Other Deferral Accounts</u>										
6	Gains and Losses on Asset Disposition	114	-	-	-	-	(6)	-	-	107	111
7	Negative Salvage Provision/Cost	14	-	11	-	11	(51)	-	-	(26)	(6)
8	Muskwa River Crossing COS	(347)	-	-	-	-	116	-	-	(231)	(289)
9	Fort Nelson Revenue Surplus/Deficit Account	(34)	-	-	-	-	34	-	-	-	(17)
10	Muskwa River Crossing Project Costs	-	817	-	-	-	(272)	-	-	545	681
11											
12	<u>Residual Deferred Accounts</u>										
13	Depreciation Variance	(43)	-	-	-	-	43	-	-	-	(22)
14	2012-2013 Revenue Requirement Application	-	-	-	-	-	-	-	-	-	-
15	Fort Nelson ROE & Capital Structure Deferral	-	-	-	-	-	-	-	-	-	-
16											
17	Total Deferred Charges for Rate Base	\$ (432)	\$ 817	\$ 55	\$ (11)	\$ 43	\$ (101)	\$ (8)	\$ 2	\$ 321	\$ 353
18											
19	Cross Reference										

- Tab 9-FORECAST, Sch 29

- Tab 9-FORECAST, Sch 41

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

Line No.	Particulars	Forecast Balance 12/31/2015 (2)	Opening Bal. Transfer / Adjustment (3)	Gross Additions (4)	Less- Taxes (5)	Net Additions (6)	Amortization Expense (7)	Recoveries		Balance 12/31/2016 (10)	Mid-Year Average 2016 (11)
	(1)							Rider (8)	Tax on Rider (9)		
1	<u>Margin Related Deferral Accounts</u>										
2	Revenue Stabilization Adjustment Mechanism (RSAM)	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8)	\$ 2	\$ -	\$ 3
3	Interest on CCRA / MCRA / RSAM / Gas Storage	-	-	-	-	-	-	-	-	-	-
4	Gas Cost Reconciliation Account (GCRA)	-	-	-	-	-	-	-	-	-	-
5											
6	<u>Energy Policy Deferral Accounts</u>										
7	Energy Efficiency & Conservation (EEC)	17	-	-	-	-	(2)	-	-	15	16
8											
9	<u>Non-Controllable Items Deferral Accounts</u>										
10	Property Tax Deferral	(17)	-	-	-	-	23	-	-	6	(6)
11	Interest Variance	(49)	-	-	-	-	21	-	-	(28)	(38)
12	Customer Service Variance Account	(50)	-	-	-	-	16	-	-	(34)	(42)

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

Line No.	Particulars	Forecast Balance 12/31/2015 (2)	Opening Bal. Transfer / Adjustment (3)	Gross Additions (4)	Less- Taxes (5)	Net Additions (6)	Amortization Expense (7)	Recoveries		Balance 12/31/2016 (10)	Mid-Year Average 2016 (11)
	(1)							Rider (8)	Tax on Rider (9)		
1	<u>Application Costs Deferral Accounts</u>										
2	Generic Cost of Capital Application	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ 0
3	2015-2016 Revenue Requirement Application	19	-	-	-	-	(19)	-	-	-	9
4											
5	<u>Other Deferral Accounts</u>										
6	Gains and Losses on Asset Disposition	107	-	-	-	-	(6)	-	-	101	104
7	Negative Salvage Provision/Cost	(26)	-	11	-	11	(54)	-	-	(69)	(47)
8	Muskwa River Crossing COS	(231)	-	-	-	-	116	-	-	(116)	(173)
9	Fort Nelson Revenue Surplus/Deficit Account	-	-	-	-	-	-	-	-	-	-
10	Muskwa River Crossing Project Costs	545	-	-	-	-	(272)	-	-	272	409
11											
12	<u>Residual Deferred Accounts</u>										
13	Depreciation Variance	-	-	-	-	-	-	-	-	-	-
14	2012-2013 Revenue Requirement Application	-	-	-	-	-	-	-	-	-	-
15	Fort Nelson ROE & Capital Structure Deferral	-	-	-	-	-	-	-	-	-	-
16											
17	Total Deferred Charges for Rate Base	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ (179)</u>	<u>\$ (8)</u>	<u>\$ 2</u>	<u>\$ 147</u>	<u>\$ 234</u>
18											
19	Cross Reference						- Tab 9-FORECAST, Sch 30		- Tab 9-FORECAST, Sch 42		

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

FORECAST
Schedule 71

Line No.	Account	Mid-year GPIS for Depreciation	Annual Salvage Rate %	2014 DEPRECIATION				Ending	
				Provision (Cr.)	Adjust- ments	Removal Costs	Proceeds on Disposal	12/31/2013	12/31/2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	INTANGIBLE PLANT								
2	461-00 Transmission Land Rights	\$ 8	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	471-00 Distribution Land Rights	20	0.00%	-	-	-	-	-	-
4	402-01 Application Software - 12.5%	444	0.00%	-	-	-	-	-	-
5	402-02 Application Software - 20%	95	0.00%	-	-	-	-	-	-
6									
7	TRANSMISSION PLANT								
8	461-00 Transmission Land Rights	-	0.00%	-	-	-	-	-	-
9	463-00 Measuring Structures	10	0.18%	-	-	-	-	-	-
10	465-00 Mains	675	0.14%	2	-	-	-	-	2
11	467-10 Measuring & Regulating Equipment	670	0.18%	1	-	-	-	-	1
12	467-20 Telemetry	6	0.00%	-	-	-	-	-	-
13									
14	DISTRIBUTION PLANT								
15	472-00 Structures & Improvements	257	0.16%	-	-	-	-	-	-
16	473-00 Services	2,325	1.24%	33	-	(29)	-	(11)	(8)
17	474-00 House Regulators & Meter Installations	518	0.75%	4	-	-	-	-	4
18	477-00 Meters/Regulators Installations	42	0.75%	-	-	-	-	(2)	(2)
19	475-00 Mains	2,243	0.33%	8	-	-	-	(26)	(18)
20	477-00 Measuring & Regulating Equipment	1,134	0.52%	6	-	-	-	-	6
21	477-00 Telemetry	13	0.00%	-	-	-	-	-	-
22	478-10 Meters	14	0.50%	-	-	-	-	-	-
23									
24	GENERAL PLANT & EQUIPMENT								
25	480-00 Land in Fee Simple	1	0.00%	-	-	-	-	-	-
26	- Frame Buildings	228	0.00%	-	-	-	-	-	-
27	- Masonry Buildings	428	0.00%	-	-	-	-	-	-
28	483-30 GP Office Equipment	6	0.00%	-	-	-	-	-	-
29	483-40 GP Furniture	8	0.00%	-	-	-	-	-	-
30	483-10 GP Computer Hardware	165	0.00%	-	-	-	-	-	-
31	483-20 GP Computer Software	22	0.00%	-	-	-	-	-	-
32	484-00 Vehicles	50	0.00%	-	-	-	-	-	-
33	486-00 Small Tools & Equipment	48	0.00%	-	-	-	-	-	-
34	- Telephone	24	0.00%	-	-	-	-	-	-
35									
36	TOTALS	<u>\$ 9,454</u>		<u>\$ 54</u>	<u>\$ -</u>	<u>\$ (29)</u>	<u>\$ -</u>	<u>\$ (39)</u>	<u>\$ (15)</u>
37									
38	Cross Reference								

- Tab 9-FORECAST, Sch 46

- Tab 9-FORECAST, Sch 66

NEGATIVE SALVAGE CONTINUITY
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

FORECAST
Schedule 72

Line No.	Account	GPIS for Depreciation	Annual Salvage Rate %	2015 DEPRECIATION				Ending	
				Provision (Cr.)	Open Bal Transfers	Removal Costs	Proceeds on Disposal	12/31/2014	12/31/2015
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	INTANGIBLE PLANT								
2	461-00 Transmission Land Rights	\$ 8	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	471-00 Distribution Land Rights	20	0.00%	-	-	-	-	-	-
4	402-01 Application Software - 12.5%	475	0.00%	-	-	-	-	-	-
5	402-02 Application Software - 20%	109	0.00%	-	-	-	-	-	-
6									
7	TRANSMISSION PLANT								
8	461-00 Transmission Land Rights	-	0.00%	-	-	-	-	-	-
9	463-00 Measuring Structures	10	0.09%	-	-	-	-	-	-
10	465-00 Mains	882	0.10%	5	-	-	-	2	7
11	467-10 Measuring & Regulating Equipment	670	0.19%	1	-	-	-	1	2
12	467-20 Telemetry	6	0.00%	-	-	-	-	-	-
13									
14	DISTRIBUTION PLANT								
15	472-00 Structures & Improvements	258	0.16%	-	-	-	-	-	-
16	473-00 Services	2,340	1.15%	28	-	(9)	-	(8)	11
17	474-00 House Regulators & Meter Installations	518	0.69%	4	-	(2)	-	4	6
18	477-00 Meters/Regulators Installations	59	0.75%	-	-	-	-	(2)	(2)
19	475-00 Mains	2,248	0.32%	7	-	-	-	(18)	(11)
20	477-00 Measuring & Regulating Equipment	1,350	0.47%	6	-	-	-	6	12
21	477-00 Telemetry	44	0.00%	-	-	-	-	-	-
22	478-10 Meters	13	0.47%	-	-	-	-	-	-
23									
24	GENERAL PLANT & EQUIPMENT								
25	480-00 Land in Fee Simple	1	0.00%	-	-	-	-	-	-
26	- Frame Buildings	239	0.00%	-	-	-	-	-	-
27	- Masonry Buildings	428	0.00%	-	-	-	-	-	-
28	483-30 GP Office Equipment	6	0.00%	-	-	-	-	-	-
29	483-40 GP Furniture	8	0.00%	-	-	-	-	-	-
30	483-10 GP Computer Hardware	184	0.00%	-	-	-	-	-	-
31	483-20 GP Computer Software	27	0.00%	-	-	-	-	-	-
32	484-00 Vehicles	19	0.00%	-	-	-	-	-	-
33	486-00 Small Tools & Equipment	45	0.00%	-	-	-	-	-	-
34	- Telephone	24	0.00%	-	-	-	-	-	-
35									
36	TOTALS	<u>\$ 9,991</u>		<u>\$ 51</u>	<u>\$ -</u>	<u>\$ (11)</u>	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ 25</u>
37									
38	Cross Reference								

- Tab 9-FORECAST, Sch 49

- Tab 9-FORECAST, Sch 68

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

FORECAST
Schedule 73

Line No.	Account	GPIS for Depreciation	Annual Salvage Rate %	2016 DEPRECIATION				Ending	
				Provision (Cr.)	Adjust- ments	Removal Costs	Proceeds on Disposal	12/31/2015	12/31/2016
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	INTANGIBLE PLANT								
2	461-00 Transmission Land Rights	\$ 479	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	471-00 Distribution Land Rights	20	0.00%	-	-	-	-	-	-
4	402-01 Application Software - 12.5%	499	0.00%	-	-	-	-	-	-
5	402-02 Application Software - 20%	124	0.00%	-	-	-	-	-	-
6									
7	TRANSMISSION PLANT								
8	461-00 Transmission Land Rights	-	0.00%	-	-	-	-	-	-
9	463-00 Measuring Structures	10	0.09%	-	-	-	-	-	-
10	465-00 Mains	5,519	0.10%	6	-	-	-	7	13
11	467-10 Measuring & Regulating Equipment	670	0.19%	1	-	-	-	2	3
12	467-20 Telemetry	6	0.00%	-	-	-	-	-	-
13									
14	DISTRIBUTION PLANT								
15	472-00 Structures & Improvements	258	0.16%	-	-	-	-	-	-
16	473-00 Services	2,385	1.15%	28	-	(9)	-	11	30
17	474-00 House Regulators & Meter Installations	518	0.69%	4	-	(2)	-	6	8
18	477-00 Meters/Regulators Installations	66	0.75%	-	-	-	-	(2)	(2)
19	475-00 Mains	2,431	0.32%	8	-	-	-	(11)	(3)
20	477-00 Measuring & Regulating Equipment	1,540	0.47%	7	-	-	-	12	19
21	477-00 Telemetry	125	0.00%	-	-	-	-	-	-
22	478-10 Meters	19	0.47%	-	-	-	-	-	-
23									
24	GENERAL PLANT & EQUIPMENT								
25	480-00 Land in Fee Simple	1	0.00%	-	-	-	-	-	-
26	- Frame Buildings	239	0.00%	-	-	-	-	-	-
27	- Masonry Buildings	581	0.00%	-	-	-	-	-	-
28	483-30 GP Office Equipment	6	0.00%	-	-	-	-	-	-
29	483-40 GP Furniture	1	0.00%	-	-	-	-	-	-
30	483-10 GP Computer Hardware	211	0.00%	-	-	-	-	-	-
31	483-20 GP Computer Software	24	0.00%	-	-	-	-	-	-
32	484-00 Vehicles	29	0.00%	-	-	-	-	-	-
33	486-00 Small Tools & Equipment	41	0.00%	-	-	-	-	-	-
34	- Telephone	24	0.00%	-	-	-	-	-	-
35									
36	TOTALS	<u>\$ 15,826</u>		<u>\$ 54</u>	<u>\$ -</u>	<u>\$ (11)</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 68</u>
37									
38	Cross Reference			- Tab 9-FORECAST, Sch 52				- Tab 9-FORECAST, Sch 70	

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

Line No.	Particulars	2013 ACTUAL (2)	2014 APPROVED (3)	2014 PROJECTED		Change (6)	Cross Reference (7)
				Existing 2014 Rates (4)	Revised Rates (5)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
						(Column (5) - Column (3))	
1	Cash Working Capital						
2	Cash Required for						
3	Operating Expenses	\$ 67	\$ 63	\$ 47	\$ 47	\$ (16)	- Tab 9-FORECAST, Sch 77
4							
5	Less - Funds Available:						
6	Reserve for Bad Debts	(45)	(14)	(13)	(13)	1	
7							
8	Withholdings From Employees	(24)	(22)	(24)	(24)	(2)	
9							
10	Subtotal	<u>(2)</u>	<u>27</u>	<u>10</u>	<u>10</u>	<u>(17)</u>	- Tab 9-FORECAST, Sch 40
11							
12	Other Working Capital Items						
13	Construction Advances	-	-	-	-	-	
14	Transmission Line Pack Gas	-	-	-	-	-	
15	Gas in Storage	-	-	-	-	-	
16	Inventory - Materials & Supplies	14	-	14	14	14	
17	Refundable Contributions	-	-	-	-	-	
18							
19	Subtotal	<u>14</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>14</u>	- Tab 9-FORECAST, Sch 40
20							
21	Total	<u>\$ 12</u>	<u>\$ 27</u>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ (3)</u>	

WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars (1)	2014 PROJECTED (2)	2015 FORECAST		Change (5)	Cross Reference (6)
			Existing 2014 Rates (3)	Revised Rates (4)		
1	Cash Working Capital					
2	Cash Required for					
3	Operating Expenses	\$ 47	\$ 58	\$ 67	\$ 20	- Tab 9-FORECAST, Sch 77
4						
5	Less - Funds Available:					
6	Reserve for Bad Debts	(13)	(14)	(14)	(1)	
7						
8	Withholdings From Employees	(24)	(25)	(25)	(1)	
9						
10	Subtotal	<u>10</u>	<u>19</u>	<u>28</u>	<u>18</u>	- Tab 9-FORECAST, Sch 41
11						
12	Other Working Capital Items					
13	Construction Advances	-	-	-	-	
14	Transmission Line Pack Gas	-	-	-	-	
15	Gas in Storage	-	-	-	-	
16	Inventory - Materials & Supplies	14	14	14	-	
17	Refundable Contributions	-	-	-	-	
18						
19	Subtotal	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>	- Tab 9-FORECAST, Sch 41
20						
21	Total	<u>\$ 24</u>	<u>\$ 33</u>	<u>\$ 42</u>	<u>\$ 18</u>	

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

Line No.	Particulars (1)	2015 FORECAST (2)	2016 FORECAST		Change (5)	Cross Reference (6)
			Existing 2014 Rates (3)	Revised Rates (4)		
1	Cash Working Capital					
2	Cash Required for					
3	Operating Expenses	\$ 67	\$ 55	\$ 66	\$ (1)	- Tab 9-FORECAST, Sch 77
4						
5	Less - Funds Available:					
6	Reserve for Bad Debts	(14)	(14)	(14)	-	
7						
8	Withholdings From Employees	(25)	(25)	(25)	-	
9						
10	Subtotal	<u>28</u>	<u>16</u>	<u>27</u>	<u>(1)</u>	- Tab 9-FORECAST, Sch 42
11						
12	Other Working Capital Items					
13	Construction Advances	-	-	-	-	
14	Transmission Line Pack Gas	-	-	-	-	
15	Gas in Storage	-	-	-	-	
16	Inventory - Materials & Supplies	14	14	14	-	
17	Refundable Contributions	-	-	-	-	
18						
19	Subtotal	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>	- Tab 9-FORECAST, Sch 42
20						
21	Total	<u>\$ 42</u>	<u>\$ 30</u>	<u>\$ 41</u>	<u>\$ (1)</u>	

	2014			2015			2016			
Particulars	Days	Expenses	Cash Working Capital	Days	Expenses	Cash Working Capital	Days	Expenses	Cash Working Capital	Cross Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
CASH WORKING CAPITAL										
Revenue Lag Days	38.7			38.6			38.6			- Tab 9-FORECAST, Sch 78
Expense Lead Days	34.4			33.9			34.1			- Tab 9-FORECAST, Sch 79
Net Lead/(Lag) Days	4.3	\$ 4,003	\$ 47	4.7	\$ 4,497	\$ 58	4.5	\$ 4,492	\$ 55	- Tab 9-FORECAST, Sch 74 - Tab 9-FORECAST, Sch 75
CASH WORKING CAPITAL, REVISED RATES										
Revenue Lag Days	38.7			38.7			38.7			- Tab 9-FORECAST, Sch 78
Expense Lead Days	34.4			33.4			33.5			- Tab 9-FORECAST, Sch 79
Net Lead/(Lag) Days	4.3	\$ 4,003	\$ 47	5.3	\$ 4,633	\$ 67	5.2	\$ 4,663	\$ 66	- Tab 9-FORECAST, Sch 74 - Tab 9-FORECAST, Sch 75
CASH WORKING CAPITAL CHANGE			\$ -				\$ 9			
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, 2014 TO 2016
(\$000s)

Line No.	Particulars	2014			2015			2016			Cross Reference
		Revenue At 2014 Rates (2)	Lag Days Service to Collection (3)	Dollar Days (4)	Revenue At 2014 Rates (5)	Lag Days Service to Collection (6)	Dollar Days (7)	Revenue At 2014 Rates (8)	Lag Days Service to Collection (9)	Dollar Days (10)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	REVENUE										
2											
3	Gas Sales and Transportation Service Revenue										
4	Residential and Commercial	\$ 4,001	38.4	\$ 153,686	\$ 4,324	38.4	\$ 166,045	\$ 4,358	38.4	\$ 167,349	- Tab 9-FORECAST, Sch 14
5	Industrials & Others	175	45.2	7,887	150	45.2	6,775	150	45.2	6,775	
6	Transportation Service	-	0.0	-	-	0.0	-	-	0.0	-	
7											
8	Total Sales and Transportation	4,175	38.7	161,573	4,473	38.6	172,820	4,508	38.6	174,124	
9											
10	Other Revenues										- Tab 9-FORECAST, Sch 18-20
11	Late Payment Charges	8	40.3	322	9	38.8	349	9	39.1	352	
12	Returned Cheque Charges	-	0.0	-	-	0.0	-	-	0.0	-	
13	Connection Charges	11	37.6	414	11	37.6	414	11	37.6	414	
14	Other Utility Income	(90)	38.3	(3,447)	-	0.0	-	-	0.0	-	
15											
16											
17	Total Revenue	\$ 4,104	38.7	\$ 158,862	\$ 4,493	38.6	\$ 173,583	\$ 4,528	38.6	\$ 174,890	
18											
19											
20	REVENUE, REVISED RATES										
21											
22	Gas Sales and Transportation Service Revenue										
23	Residential and Commercial	\$ 4,001	38.4	\$ 153,686	\$ 4,783	38.4	\$ 183,683	\$ 4,928	38.4	\$ 189,248	- Tab 9-FORECAST, Sch 14
24	Industrials & Others	175	45.2	7,887	188	45.2	8,493	197	45.2	8,900	
25	Transportation Service	-	0.0	-	-	0.0	-	-	0.0	-	
26											
27	Total Sales and Transportation	4,175	38.7	161,573	4,970	38.7	192,176	5,125	38.7	198,148	
28											
29	Other Revenues										- Tab 9-FORECAST, Sch 18-20
30	Late Payment Charges	8	40.3	322	9	38.8	349	9	39.1	352	
31	Returned Cheque Charges	-	0.0	-	-	0.0	-	-	0.0	-	
32	Connection Charges	11	37.6	414	11	37.6	414	11	37.6	414	
33	Other Utility Income	(90)	38.3	(3,447)	-	0.0	-	-	0.0	-	
34											
35											
36	Total Revenue	\$ 4,104	38.7	\$ 158,862	\$ 4,990	38.7	\$ 192,939	\$ 5,145	38.7	\$ 198,914	

	2014			2015			2016			
Particulars	Amount	Lead Days Expense to Payment	Dollar Days	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)	(9)	(10)	(11)
EXPENSES										
Operating And Maintenance Expenses	\$ 839	25.5	\$ 21,395	\$ 887	25.5	\$ 22,619	\$ 905	25.5	\$ 23,078	- Tab 9-FORECAST, Sch 4 - Tab 9-FORECAST, Sch 5
Transportation Costs	-	0.0	-	-	0.0	-	-	0.0	-	
Gas Purchases	2,214	40.2	89,003	2,524	40.2	101,465	2,543	40.2	102,229	
Taxes Other Than Income										- Tab 9-FORECAST, Sch 25 - Tab 9-FORECAST, Sch 26
Property Taxes	-	2.0	-	138	2.0	276	139	2.0	278	
Franchise Fees	-	0.0	-	-	0.0	-	-	0.0	-	
Carbon Tax	878	29.1	25,544	883	29.1	25,691	890	29.1	25,886	
GST - Net	-	0.0	-	38	38.8	1,486	39	38.8	1,499	
PST - Net	27	37.1	990	29	37.1	1,066	29	37.1	1,085	
Income Tax	46	15.2	699	(2)	15.2	(30)	(52)	15.2	(790)	- Tab 9-FORECAST, Sch 31 - Tab 9-FORECAST, Sch 32
Total Expenses	<u>\$ 4,003</u>	<u>34.4</u>	<u>\$ 137,631</u>	<u>\$ 4,497</u>	<u>33.9</u>	<u>\$ 152,573</u>	<u>\$ 4,492</u>	<u>34.1</u>	<u>\$ 153,265</u>	
EXPENSES, REVISED RATES										
Operating And Maintenance Expenses	\$ 839	25.5	\$ 21,395	\$ 887	25.5	\$ 22,619	\$ 905	25.5	\$ 23,078	- Tab 9-FORECAST, Sch 4 - Tab 9-FORECAST, Sch 5
Transportation Costs	-	0.0	-	-	0.0	-	-	0.0	-	
Gas Purchases	2,214	40.2	89,003	2,524	40.2	101,465	2,543	40.2	102,229	
Taxes Other Than Income										- Tab 9-FORECAST, Sch 25 - Tab 9-FORECAST, Sch 26
Property Taxes	-	2.0	-	138	2.0	276	139	2.0	278	
Franchise Fees	-	0.0	-	-	0.0	-	-	0.0	-	
Carbon Tax	878	29.1	25,544	883	29.1	25,691	890	29.1	25,886	
GST - Net	-	0.0	-	43	38.8	1,652	44	38.8	1,712	
PST - Net	27	37.1	990	32	37.1	1,186	33	37.1	1,231	
Income Tax	46	15.2	699	127	15.2	1,930	109	15.2	1,657	- Tab 9-FORECAST, Sch 31 - Tab 9-FORECAST, Sch 32
Total Expenses	<u>\$ 4,003</u>	<u>34.4</u>	<u>\$ 137,631</u>	<u>\$ 4,633</u>	<u>33.4</u>	<u>\$ 154,819</u>	<u>\$ 4,663</u>	<u>33.5</u>	<u>\$ 156,071</u>	

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 RATES							
2	Long-Term Debt		\$ 4,436	82.88%	6.83%	5.66%	\$ 303	- Tab 9-FORECAST, Sch 83
3	Unfunded Debt		(1,145)	-21.38%	1.75%	-0.37%	(20)	
4	Common Equity		<u>2,061</u>	<u>38.50%</u>	8.75%	<u>3.36%</u>	<u>180</u>	
5								
6			<u>\$ 5,352</u>	<u>100.00%</u>		<u>8.65%</u>	<u>\$ 463</u>	- Tab 9-FORECAST, Sch 40
7								
8								
9								
10	2014 REVISED RATES - PROJECTED							
11	Long-Term Debt		\$ 4,436	82.88%	6.83%	5.66%	\$ 303	- Tab 9-FORECAST, Sch 83
12	Unfunded Debt	\$ (1,145)						
13	Adjustment, Revised Rates	-	(1,145)	-21.38%	1.75%	-0.37%	(20)	
14	Common Equity		<u>2,061</u>	<u>38.50%</u>	8.75%	<u>3.36%</u>	<u>180</u>	- Tab 9-FORECAST, Sch 4
15								- Tab 9-FORECAST, Sch 40
16			<u>\$ 5,352</u>	<u>100.00%</u>		<u>8.65%</u>	<u>\$ 463</u>	

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

Line No.	Particulars	----- Capitalization ----- Amount		%	Average Embedded Cost	Cost Component	Earned Return	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	2015 AT 2014 RATES							
2	Long-Term Debt		\$ 6,058	54.51%	6.59%	3.59%	\$ 399	- Tab 9-FORECAST, Sch 84
3	Unfunded Debt		777	6.99%	2.00%	0.14%	16	
4	Common Equity		<u>4,279</u>	<u>38.50%</u>	0.19%	<u>0.08%</u>	<u>8</u>	
5								
6			<u>\$ 11,114</u>	<u>100.00%</u>		<u>3.81%</u>	<u>\$ 423</u>	- Tab 9-FORECAST, Sch 41
7								
8								
9								
10	2015 REVISED RATES							
11	Long-Term Debt		\$ 6,058	54.46%	6.59%	3.59%	\$ 399	- Tab 9-FORECAST, Sch 84
12	Unfunded Debt	\$ 777						
13	Adjustment, Revised Rates	6	783	7.04%	2.00%	0.14%	16	
14	Common Equity		<u>4,282</u>	<u>38.50%</u>	8.75%	<u>3.37%</u>	<u>375</u>	- Tab 9-FORECAST, Sch 5
15								- Tab 9-FORECAST, Sch 41
16			<u>\$ 11,123</u>	<u>100.00%</u>		<u>7.10%</u>	<u>\$ 790</u>	

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

Line No.	Particulars	----- Capitalization ----- Amount		%	Average Embedded Cost	Cost Component	Earned Return	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	2016 AT 2014 RATES							
2	Long-Term Debt		\$ 6,190	53.32%	6.37%	3.40%	\$ 394	- Tab 9-FORECAST, Sch 85
3	Unfunded Debt		950	8.18%	2.75%	0.22%	26	
4	Common Equity		<u>4,470</u>	<u>38.50%</u>	-1.45%	<u>-0.56%</u>	<u>(65)</u>	
5								
6			<u>\$ 11,610</u>	<u>100.00%</u>		<u>3.06%</u>	<u>\$ 355</u>	- Tab 9-FORECAST, Sch 42
7								
8								
9								
10	2016 REVISED RATES							
11	Long-Term Debt		\$ 6,190	53.27%	6.37%	3.39%	\$ 394	- Tab 9-FORECAST, Sch 85
12	Unfunded Debt	\$ 950						
13	Adjustment, Revised Rates	7	957	8.23%	2.75%	0.23%	26	
14	Common Equity		<u>4,474</u>	<u>38.50%</u>	8.75%	<u>3.37%</u>	<u>391</u>	
15								- Tab 9-FORECAST, Sch 6
16			<u>\$ 11,621</u>	<u>100.00%</u>		<u>6.98%</u>	<u>\$ 811</u>	- Tab 9-FORECAST, Sch 42

EMBEDDED COST OF LONG-TERM DEBT (per BCUC Approved RRA)
FOR THE YEAR ENDING DECEMBER 31, 2014 * per FNG REG Model updated 10 Oct 2013 *
(\$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	197,772 **	10.461%	160,923	16,834
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	Total FEI								\$ 1,579,806	\$ 108,002
22	Fort Nelson Division Portion of Long Term Debt								\$ 4,436	\$ 303
23										
24	*Includes adjustment of \$16,012 for BC Hydro Premium (Series A).							Average Embedded Cost		6.83%
25	**Includes adjustment of \$3,649 for BC Hydro Premium (Series B).									
26	Cross Reference							- Tab 9-FORECAST, Sch 80		

EMBEDDED COST OF LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$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%	\$ 55,857	\$ 6,733
2	Series B Purchase Money Mortgage	30-Nov-1991	30-Nov-2016	10.300%	157,274	2,228	160,512 **	10.461%	165,846	17,349
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	FEI 2015 Issue - Series A Renewal	30-Sep-2015	30-Sep-2045	5.150%	75,000	750	74,250 *	5.216%	19,110	997
13								0.000%	-	-
14								0.000%	-	-
15										
16	FEVI L/T Debt Issue - 2008	16-Feb-2008	15-Feb-2038	6.050%	250,000	2,001	247,999	6.109%	250,000	15,273
17	FEVI L/T Debt Issue - 2010	6-Dec-2010	6-Dec-2040	5.200%	100,000	1,164	98,836	5.278%	100,000	5,278
18										
19										
20	FEW Intercompany Loan 2014	1-Jun-2014	1-Jun-2019	5.110%	20,000	-	20,000	5.110%	20,000	1,022
21										
22	LILO Obligations - Kelowna							6.489%	20,034	1,300
23	LILO Obligations - Nelson							8.105%	3,245	263
24	LILO Obligations - Vernon							9.418%	9,609	905
25	LILO Obligations - Prince George							8.307%	25,028	2,079
26	LILO Obligations - Creston							7.451%	2,389	178
27										
28	Vehicle Lease Obligation							1.904%	9,243	176
29										
30	Total FEU Amalgamated								\$ 1,950,361	\$ 128,564
31	Fort Nelson Division Portion of Long Term								\$ 6,058	\$ 399
32										
33	*Includes adjustment of \$16,012 for BC Hydro Premium (original Series A issued Dec-1990). No further BCH Premium adjustment required on renewed Series A issue.							Average Embedded Cost		6.59%
34	**Includes adjustment of \$5,466 for BC Hydro Premium (Series B).									
35	Cross Reference							- Tab 9-FORECAST, Sch 81		

FORTISBC ENERGY INC. - Fort Nelson

Feb-5-2015

Tab 9
FORECAST
Schedule 85EMBEDDED COST OF LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2016
(\$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 B Purchase Money Mortgage	30-Nov-1991	30-Nov-2016	10.300%	\$ 157,274	\$ 2,228	\$ 160,512 *	10.461%	\$ 153,822	\$ 16,091
2										
3	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
4	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
5	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
6	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
7	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
8	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
9	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
10	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
11	FEI 2015 Issue - Series A Renewal	30-Sep-2015	30-Sep-2045	5.150%	75,000	750	74,250	5.216%	75,000	3,912
12	FEI 2016 Issue - Series B Renewal	30-Nov-2016	30-Nov-2046	5.400%	157,274	1,573	166,986 *	5.468%	14,737	806
13								0.000%	-	-
14										
15	FEVI L/T Debt Issue - 2008	16-Feb-2008	15-Feb-2038	6.050%	250,000	2,001	247,999	6.109%	250,000	15,273
16	FEVI L/T Debt Issue - 2010	6-Dec-2010	6-Dec-2040	5.200%	100,000	1,164	98,836	5.278%	100,000	5,278
17										
18										
19	FEW Intercompany Loan 2014	1-Jun-2014	1-Jun-2019	5.110%	20,000	-	20,000	5.110%	20,000	1,022
20										
21	LILO Obligations - Kelowna							6.511%	19,106	1,244
22	LILO Obligations - Nelson							8.237%	3,108	256
23	LILO Obligations - Vernon							9.564%	9,180	878
24	LILO Obligations - Prince George							8.442%	24,000	2,026
25	LILO Obligations - Creston							7.541%	2,294	173
26										
27	Vehicle Lease Obligation							1.630%	6,995	114
28										
29	Total FEU Amalgamated								<u>\$ 1,948,242</u>	<u>\$ 124,084</u>
30	Fort Nelson Division Portion of Long Term								<u>\$ 6,190</u>	<u>\$ 394</u>
31										
32	*Includes adjustment of \$5,466 for BC Hydro Premium (Series B).							Average Embedded Cost		<u>6.37%</u>
33										
34	Cross Reference							- Tab 9-FORECAST, Sch 82		

CALCULATION OF AMORTIZATION OF RSAM (RIDER 5)
FOR THE YEAR ENDING DECEMBER 31, 2015
(\$000s)

Line No.	Particulars (1)	2015 Volumes (TJ) (2)	2015 Amortization (\$000s) (3)	2015 Amortization of RSAM Unit Rider (\$/GJ) (4)
1	<u>RSAM (Rider 5) Calculation</u>			
2				
3	Schedule 1 - Residential	268.6		\$0.012
4	Schedule 2.1 - Commercial	208.3		\$0.012
5	Schedule 2.2 - Commercial	115.7		\$0.012
7	Schedule 25 - Transportation Service	55.8		\$0.012
8				
9		<u>648.4</u>	<u>\$8</u> ⁽¹⁾	
10				
11				
12	<u>Note 1: RSAM Rider Change</u>			
13				
14	In 2014, FortisBC Energy forecasts that there will be approximately \$-5,000 (net-of-tax) of RSAM additions.			
15	After offsetting the 2014 RSAM Rider recovery, the RSAM account including interest is now projected to be a			
16	debit balance of \$11,000 on a net-of-tax basis by the end of 2014. The RSAM balance is to be amortized			
17	over two years. Accordingly, the net-of-tax RSAM balance to be amortized in 2015 is a credit of			
18	\$6,000. On a pre-tax basis, this amounts to \$8,000 or a charge to customers of \$0.012/GJ			
19	in 2015, which is a \$0.045 decrease from the existing charge of \$0.084/GJ.			
20				
21				
22				
23	2015 Net-Of-Tax Amortization = 1/2 of Projected December 31, 2014 RSAM Balance			
24	= 1/2 * (\$11 RSAM + \$ RSAM Interest)			
25	= 1/2 * \$11			
26	= \$6 Net-of-tax amortization			
27				
28	2015 Pre-Tax Amortization = Net-of-tax amortization / (1 - tax rate)			
29	= \$6 / (1 - 26%)			
30	= \$8 Pre-tax amortization			

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



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER**

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

DRAFT ORDER

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

and

An Application by FortisBC Energy Inc.
for the Fort Nelson Service Area
for Approval of its 2015 and 2016 Revenue Requirements and to Amend its Schedule of Rates

BEFORE:

(Date)

WHEREAS:

- A. On December 3, 2014, FortisBC Energy Inc. submitted its 2015-2016 Revenue Requirements Application for the Fort Nelson Service Area (FEFN), seeking approval to recover a revenue deficiency of \$473 thousand in 2015 and \$153 thousand in 2016 through a permanent increase in its delivery rates, effective January 1, 2015 and January 1, 2016, respectively;
- B. In the Application, FEFN sought approval of an interim, refundable delivery rate increase of 24.26 percent, effective January 1, 2015, and approval of an interim decrease of \$0.045 per GJ for an interim RSAM Rate Rider of \$0.039 per GJ effective January 1, 2015;
- C. On December XX, 2014, the Commission issued Order G-XX-XX approving interim rates, on a refundable basis, as applied for, effective January 1, 2015;
- D. In the Application, FEFN sought approvals as follows:
 - a permanent delivery rate increase of 24.26 percent effective January 1, 2015, to recover the forecast revenue deficiency of \$473 thousand in 2015;

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER

2

- a permanent delivery rate increase of 7.58 percent (cumulative increase of 31.84 percent over the Test Period), effective January 1, 2016 to recover the forecast revenue deficiency of \$153 thousand in 2016 (cumulative \$626 thousand over the Test Period);
- the RSAM Rate Rider to be set to \$0.039 per GJ (a decrease of \$0.045 per GJ compared to 2014) as set out in Section 2.5 Table 2-4 effective January 1, 2015;
- to amortize the Fort Nelson Revenue Surplus/Deficit account as described in Section 7.4.2; and
- to establish a new rate base deferral account for the 2015-2016 Revenue Requirement Application (RRA) Costs as described in Section 7.4.1 of the Application;

E. The Commission has reviewed the Application and concludes that approval is warranted.

NOW THEREFORE pursuant to Sections 59 to 61 of the Utilities Commission Act, the Commission orders as follows:

1. FortisBC Energy Inc. FEFN delivery rates for 2015 and 2016 as set out in Appendix B of the Application are approved on a permanent basis, resulting in a 25.44 percent increase in FEFN delivery rates effective January 1, 2015, and a further 5.94 percent increase in FEFN delivery rates effective January 1, 2016.
2. FEFN RSAM Rate Rider is approved on a permanent basis at \$0.039 effective January 1, 2015.
3. The amortization of the Revenue Surplus/Deficit Account beginning in January 1, 2015 as described in Section 7.4.2 of the Application is approved.
4. The establishment of a new rate base deferral account for the 2015-2016 RRA Costs as described in Section 7.4.1 of the Application is approved.
5. FEI is directed to file amended Gas Tariff Rate Schedules for the Fort Nelson Service Area in accordance with this Order in a timely manner.

Deleted: 4.26

Deleted: 7.58

DATED at the City of Vancouver, In the Province of British Columbia, this day of <MONTH>, 20XX.

BY ORDER

Attachment 4.1

REFER TO LIVE SPREADSHEET MODEL

Provided in electronic format only

(accessible by opening the Attachments Tab in Adobe)

Attachment 5.5

December 6, 2013
Provincial Medium Term
Forecast: Run: 14

TABLE 156: HOUSING STARTS : SINGLES (UNITS)

[illegible]

December 6, 2013
Provincial Medium Term
Forecast: Run: 14

TABLE 156: HOUSING STARTS : SINGLES (UNITS)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
NEWFOUNDLAND	742 -12.9	598 -19.5	573 -4.1	471 -17.8	404 -14.3	343 -15.0	327 -4.6	293 -10.4	264 -9.8	243 -8.2	219 -10.0	208 -4.8	207 -0.6
PRINCE EDWARD ISLAND	391 -1.9	383 -2.0	377 -1.5	356 -5.6	336 -5.6	308 -8.5	291 -5.6	265 -8.7	241 -9.1	227 -6.1	225 -0.6	214 -5.2	212 -1.0
NOVA SCOTIA	1241 -4.2	1131 -8.8	1020 -9.8	977 -4.2	941 -3.6	877 -6.8	838 -4.5	797 -4.8	752 -5.6	707 -6.0	667 -5.7	648 -2.8	603 -7.0
NEW BRUNSWICK	865 -5.3	762 -11.9	677 -11.1	578 -14.6	536 -7.4	486 -9.3	446 -8.2	393 -11.8	361 -8.2	330 -8.6	307 -6.8	284 -7.6	256 -9.6
QUEBEC	9996 -6.0	9877 -1.2	9704 -1.7	9466 -2.5	8969 -5.2	8477 -5.5	8173 -3.6	7849 -4.0	7678 -2.2	7605 -1.0	7492 -1.5	7441 -0.7	7391 -0.7
ONTARIO	33440 -0.7	33165 -0.8	32949 -0.7	32676 -0.8	31917 -2.3	30772 -3.6	29618 -3.8	28892 -2.4	28410 -1.7	27836 -2.0	27415 -1.5	26956 -1.7	26585 -1.4
MANITOBA	4373 -0.1	4369 -0.1	4401 0.7	4344 -1.3	4227 -2.7	4057 -4.0	3983 -1.8	3950 -0.8	3905 -1.1	3877 -0.7	3898 0.5	3925 0.7	3935 0.2
SASKATCHEWAN	3033 -1.1	3010 -0.8	2983 -0.9	2965 -0.6	2921 -1.5	2839 -2.8	2776 -2.2	2761 -0.5	2759 -0.1	2767 0.3	2776 0.3	2828 1.9	2832 0.1
ALBERTA	13280 -2.4	13094 -1.4	12945 -1.1	12814 -1.0	12546 -2.1	12266 -2.2	11967 -2.4	11775 -1.6	11648 -1.1	11530 -1.0	11574 0.4	11548 -0.2	11565 0.1
BRITISH COLUMBIA	8258 -2.0	8119 -1.7	7995 -1.5	7848 -1.8	7609 -3.1	7302 -4.0	7017 -3.9	6808 -3.0	6636 -2.5	6520 -1.7	6484 -0.6	6405 -1.2	6359 -0.7
CANADA	75618 -2.1	74508 -1.5	73624 -1.2	72494 -1.5	70404 -2.9	67724 -3.8	65428 -3.4	63778 -2.5	62657 -1.8	61626 -1.6	61053 -0.9	60433 -1.0	59932 -0.8
TOTAL- PROVINCES	75619 -2.1	74508 -1.5	73626 -1.2	72496 -1.5	70405 -2.9	67727 -3.8	65435 -3.4	63785 -2.5	62656 -1.8	61643 -1.6	61057 -0.9	60457 -1.0	59945 -0.8
ERROR	-1	-1	-1	-1	-2	-3	-7	-7	1	-17	-4	-25	-12

Attachment 18.1

DEPARTMENT OF INDIAN AFFAIRS & NORTHERN DEVELOPMENT

INSTRUMENT NO. L5921

BAND COUNCIL RESOLUTION

Fort Nelson

BAND OF INDIANS

Fort Nelson I.R. # 2

I CERTIFY THAT THE WITHIN INSTRUMENT
IS DULY ENTERED AND REGISTERED IN THE
LAND REGISTRY, INDIAN AFFAIRS BRANCH,
DEPARTMENT OF INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT, AT OTTAWA.

AT 3:52 O'CLOCK P M. OF THE

12TH DAY OF Nov

AD ID 68 NUMBER L5921

FOR Fort Nelson NO. 2

IN THE PROVINCE OF BC

[Signature]
AUTHORIZING OFFICER

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION
INDIAN AFFAIRS BRANCH
COUNCIL RESOLUTION

143/31-5-4

2/25-66

NOTE: "From our Band Funds" must appear in all resolutions requesting expenditures from Band Funds.

of the FORT NELSON Band of Indians
(Name of Band)

in the FORT ST. JOHN Indian Agency
(Name of Agency)

in the Province of BRITISH COLUMBIA at a meeting, held at FORT NELSON
(Name of Province in full) (Name of Place)

this SECOND day of NOVEMBER A.D. 1965
(In Full) (Month)

DO HEREBY RESOLVE:

THAT THE COUNCIL OF THE FORT NELSON BAND ALLOW
THE FORT NELSON GAS TRANSMISSION CO. LTD. TO LAY,
CONSTRUCT, MAINTAIN AND OPERATE A GAS TRANSMISSION
LINE ACROSS THE FORT NELSON INDIAN RESERVE AS
SHOWN ON THE ATTACHED DRAWING AND AGREE TO
ACCEPT THE SUM OF (\$25.00) TWENTY-FIVE DOLLARS PER
ACRE FOR A PERPETUAL PERMIT.

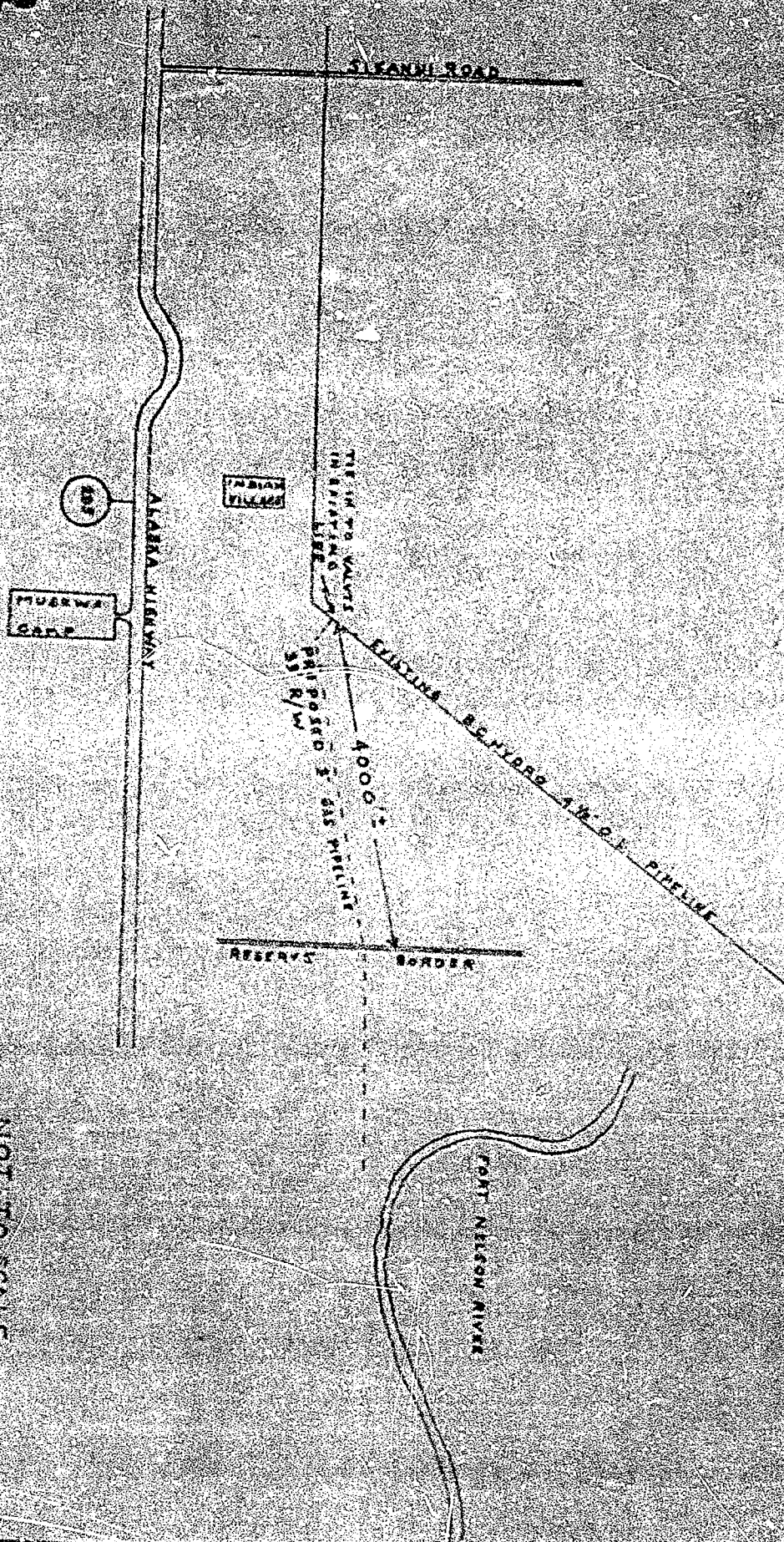
THAT MEMBERS OF THE FORT NELSON BAND WILL BE
ALLOWED INGRESS AND EGRESS ON AND THROUGH
THE PIPELINE RIGHT-OF-WAY.

[Signature]
(Chief)

(Councillor)	(Councillor)	(Councillor)
(Councillor)	<i>H. Dickie</i> (Councillor)	(Councillor)
(Councillor)	(Councillor)	(Councillor)
(Councillor)	(Councillor)	(Councillor)

FOR HEADQUARTERS USE ONLY					
1. TRUST ACCT.	2. CURRENT BALANCES		3. Expenditures	4. Authority Indian Act Sec.	5. Source of Funds <input type="checkbox"/> Capital <input type="checkbox"/> Revenue
	A. Capital	B. Reserve			
6. Recommended			7. Approved		
Date	Superintendent, Reserves and Trusts		Date	Director, Indian Affairs	

PROPOSED 3' PIPELINE
TO SUPPLY FT NELSON
WITH PROCESSED NATURAL GAS



NOT TO SCALE

DATE: 2-1-1965

Prep. by: R.H. JAHOWSKY
BANISTER CONSTRUCTION (1965) LTD.
FT. NELSON, B.C.

INSTRUMENT NO.

L5923

BAND COUNCIL RESOLUTION

Fort Nelson

BAND OF INDIANS

Fort Nelson I.R. #2

I CERTIFY THAT THE WITHIN INSTRUMENT
IS DULY ENTERED AND REGISTERED IN THE
LAND REGISTRY, INDIAN AFFAIRS BRANCH,
DEPARTMENT OF INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT, AT OTTAWA.

AT 3:56 O'CLOCK P.M. OF THE
12th DAY OF NOV

AD ID 68 NUMBER L5923

FOR Fort Nelson I.R. NO. 2

IN THE PROVINCE OF B.C.

[Signature]

AUTHORIZED OFFICIAL

5923



DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT
INDIAN AFFAIRS BRANCH
AND COUNCIL RESOLUTION

File: 975/31-5-4 Gen.

Chronological No.

3/68-69

H.Q. Reference

DUTY: The words "From our Band Funds" must appear in all resolutions requesting expenditure from Band Funds.

COUNCIL OF THE FORT NELSON BAND
AGENCY FORT ST JOHN
PROVINCE BRITISH COLUMBIA
PLACE FORT NELSON INDIAN RESERVE
DATE THIRD APRIL AD 19 68
DAY MONTH YEAR

FOR HEADQUARTERS USE ONLY

DO HEREBY RESOLVE:

THAT WE THE BAND COUNCIL OF THE FORT NELSON
BAND ALLOW THE FORT NELSON GAS TRANSMISSION
CO. LTD. TO LAY, CONSTRUCT, MAINTAIN AND OPERATE
A GAS TRANSMISSION LINE ACROSS THE FORT NELSON
INDIAN RESERVE AS SHOWN ON ATTACHED PLAN No 16926
AND AGREE TO ACCEPT THE SUM OF ⁽⁸⁾25.00 TWENTY-FIVE
DOLLARS PER ACRE FOR A PERPETUAL PERMIT
THAT MEMBERS OF THE FORT NELSON BAND WILL BE
ALLOWED INGRESS AND EGRESS ON AND THROUGH THE
PIPELINE RIGHT-OF-WAY.

George Brown
(Chair)
H. Dickie
(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

FOR HEADQUARTERS USE ONLY					
1. TRUST ACCT	2. CURRENT BALANCES		3. Expenditure	4. Authority Indian Act Sec.	5. Source of Funds <input type="checkbox"/> Capital <input type="checkbox"/> Revenue
	A. Capital	B. Reserve			
6. Recommended			7. Approved		
Date _____ Authorized Officer _____			Date _____ Assistant Deputy Minister, Indian Affairs		

1A-113
(12-60)

Department Of Indian Affairs & Northern Development

INSTRUMENT NO.

L 7205

Permit

& 3 Bel.

I CERTIFY THAT THE WITHIN INSTRUMENT
IS DULY FORWARDED AND RECEIVED IN THE
LANDS BRANCH, INDIAN AFFAIRS BRANCH
DEPARTMENT OF INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT, AT OTTAWA

AT 1:40 O'CLOCK PM OF THE

20th DAY OF Dec

IN THE YEAR 68 NUMBER L 7205

FOR Fort Nelson IN NO 2

IN THE PROVINCE OF B.C.

[Signature]
AUTHORIZED OFFICER

21

THIS AGREEMENT, made in quintuplicate, this twenty-fourth day of May,
the year of Our Lord, One Thousand Nine Hundred and Sixty-eight.

BETWEEN:

HER MAJESTY QUEEN ELIZABETH THE SECOND,
in the right of Canada, hereinafter
called "Her Majesty", represented by
the Minister of Indian Affairs and
Northern Development, hereinafter called
the "Minister".

AND

OF THE FIRST PART,

~~FORT NELSON GAS TRANSMISSION COMPANY LTD.~~
FORT NELSON TRANSMISSION COMPANY LTD.

1304 Sun Tower Building,
100 West Pinder St.,
Vancouver 3, B. C.
hereinafter called the "Permittee".

OF THE SECOND PART.

WHEREAS the lands hereinafter described are Reserve lands within the
meaning of the Indian Act, Chapter 149, Revised Statutes of Canada, 1952, as
amended;

AND WHEREAS Fort Nelson Gas Transmission Company, Ltd., has applied
for certain rights over the lands hereinafter described for the purpose of
excavating for, laying down, operating and maintaining thereon and thereunder
of a pipe line.

AND WHEREAS the Council for the Fort Nelson Band of Indians for whose
use and benefit the said Reserve has been set apart, have by Resolutions dated
the second day of November 1965, the third day of April 1966, and the 13th day
of June 1966, approved such application.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the
payments, covenants, conditions, stipulations, agreements, undertakings and
purposes hereinafter set forth, the Minister under authority of Section 28 (2)
of the Indian Act, Chapter 149, Revised Statutes of Canada, 1952, as amended,
doth hereby grant to the Permittee, its successors and permitted assigns,
the right to excavate for, lay down, construct, operate, maintain, inspect,
remove, replace, reconstruct and repair a pipe line or lines together with
all such drips, valves, fittings, meters and other equipment as may be necessary

or convenient in connection therewith for the carriage, conveyance, transportation and handling of oil, gas and related hydrocarbons, together with the right of ingress and egress for all purposes incidental to the grant, on the said lands being in Fort Nelson Indian Reserve number 2 in the Province of British Columbia, and more particularly described as follows:

In British Columbia; in Peace River District; in Fort Nelson Indian Reserve number 2, a pipe line right of way according to plan 55893 in the Canada Lands Survey Records at Ottawa, a copy of which is deposited in the Land Registry Office at Prince George as 17465; said right of way containing 5.07 acres, more or less.

hereinafter called the "said lands".

IT IS AGREED AND UNDERSTOOD that the aforesaid permission is subject to the following stipulations, provisos and conditions, that is to say:

1. THAT the rights hereby granted may be exercised from the first day of November, 1966, and for so long thereafter as the Permittee may desire to exercise the rights and privileges hereby granted.
2. THAT the Minister shall not, without the prior written consent of the Permittee, excavate, drill, install, erect or permit to be excavated, drilled, installed or erected on or under the said lands any pipe line, pit, well, foundation, pavement, or other structure or installation but otherwise the Minister shall have the right fully to use and enjoy the said lands except as the same may be necessary for the purposes herein granted to the Permittee.
3. THAT the Permittee will compensate the Minister for damage done to any crops, fences, timber and livestock on the said lands by the Permittee, its servants, workmen, agents or licensees or in any way due to any work, construction

or operation carried in, on, upon or under the said lands whether the same be negligently erected or constructed or not.

4. THAT the Permittee will, as soon as weather and soil conditions permit, bury and maintain all pipe lines so as not to interfere with the drainage or ordinary cultivation of the said lands.

5. THAT upon the discontinuance of the use of the said lands and the exercise of the rights hereby granted, the Permittee shall and will restore the said lands to the same condition, so far as may be practicable so to do, as the same were in prior to the entry thereon and the use thereof by the Permittee.

6. THAT the Permittee, performing and observing the covenants and conditions on its part to be performed and observed, shall and may peaceably hold and enjoy the rights, liberties and privileges hereby granted without hindrance, molestation or interruption on the part of the Minister or of any person, firm or corporation claiming by, through, under or in trust for, the Minister. For so long as the Permittee exercises the rights granted hereunder the Minister will not without the consent of the Permittee in writing grant to another person or corporation the right to construct a pipe line or lines across the said lands which consent shall not be unreasonably withheld.

7. THAT the Permittee shall pay all charges, taxes, rates and assessments, whatsoever which shall during the continuance of the rights hereby granted be due and payable in respect of the pipe line or the use by the Permittee of the said lands.

8. THAT it shall be lawful for the Minister or any person thereunto authorized by him at all reasonable times to enter upon the said lands for the purpose of examining the condition thereof.

9. THAT the said lands shall be used for the purpose aforesaid and for no other purpose.

10. THAT the Permittee, its servants, employees and workmen shall have and enjoy the right to unload and store material on the said lands for the erection, excavation, laying down, construction, operation, inspection,

.....

replacement, reconstruction, repair, maintenance and removal of the said pipe line and to do all such other acts and things as may be necessary or requisite for the purpose of excavating for, laying down, operating, maintaining, patrolling and removing the said pipe line.

11. THAT the Permittee shall have the right at any time upon ninety days notice to that effect to the Minister to cease the use and occupation of the said lands and in the event of the Permittee so doing this agreement shall terminate and the Permittee shall have within the ninety day notice period the right to remove or cause to be removed from the said lands all material and equipment of whatsoever nature or kind that the Permittee may have placed on or in the said lands.

12. THAT no waiver on behalf of the Minister of any breach of any of the provisions, conditions, covenants and agreements herein contained, whether negative or positive in form, shall take effect or be binding upon the Minister unless the same be expressed in writing under the authority of the Minister and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the right of the Minister with respect to any other or future breach.

13. THAT the Permittee will not fence the said lands or any part thereof and Her Majesty is to be allowed free access to and use of the said lands except for building purposes and insofar as it may be necessary for the Permittee to use the same for the purpose of excavating for, laying down, maintaining and patrolling the said pipe line.

14. THAT the Permittee will at all times hereafter indemnify and keep Her Majesty indemnified against all actions, claims and demands that may be lawfully brought or made against Her Majesty by reason of any act or omission by the Permittee, its servants, workmen, agents or licensees in the exercise or purported exercise of the rights hereby granted.

15. THAT the consideration in the sum of \$126.75 paid to the Minister on or before the execution of this agreement (receipt whereof is hereby acknowledged) is the consideration for the period commencing the first day of

November 1966 and ending the 31st day of October 1986 or to the earlier termination of this agreement. In the event that this agreement continues beyond the 31st day of October 1986 the parties hereto shall agree to the consideration to be paid for the ensuing period of twenty years and for each succeeding period of twenty years and such agreed consideration shall be paid by the Permittee to the Minister in advance of the commencement of such further twenty year period and succeeding twenty year periods. In the event that the Minister and the Permittee are unable to agree on the consideration to be paid for any succeeding period or periods of twenty years the matter shall be submitted to arbitration under the Exchequer Court of Canada.

16. THAT the Permittee shall not mortgage, assign or sublet the rights hereby granted without the written consent of the Minister. Notwithstanding the foregoing, the Permittee may, without such consent, mortgage or assign the said rights to its parent, a subsidiary or related company or to a trustee under a Deed of Trust and Mortgage or other financing arrangement provided a copy of any such mortgage or assignment is filed with the Minister.

17. THAT in the event the Permittee terminates the within Agreement there shall be no apportionment of any monies that have been paid pursuant to the terms of the within Agreement.

18. THAT there shall be in every respect of the essence of this Agreement.

19. THAT no Member of the House of Commons of Canada or the Senate shall be entitled to any share or part of the within Agreement or to any benefit to arise therefrom.

IN WITNESS WHEREOF the Minister has hereunto set his hand and the Permittee has hereunto affixed its corporate seal duly attested to by the hands of these proper signing officers duly authorized on that behalf.

SIGNED, SEALED & DELIVERED)

in the presence of

DEPARTMENT OF OPERATIONS
ECONOMIC DEVELOPMENT
Minister of Indian Affairs and
Northern Development

PORT NELSON TRANSMISSION CO. LTD.
PORT NELSON 448 TRANSMISSION CO. LTD.

J. J. Spring
President
FOO C. C. C.

BAND COUNCIL RESOLUTION

File: 97/31-5-4 Gen.

Chronological No.

2/63-10

H.Q. Reference

974/31-5-4-1

ATT: The words "From our Band Funds" must appear in all resolutions requesting expenditures from Band Funds.

COUNCIL OF THE	<u>FORT NELSON</u>	NAME	FOR HEADQUARTERS USE ONLY
AGENCY	<u>FORT ST. JOHN</u>		
PROVINCE	<u>BRITISH COLUMBIA</u>		
PLACE	<u>FORT NELSON INDIAN RESERVE</u>		
DATE	<u>THIRD</u> <u>APRIL</u> <u>68</u>	DAY MONTH YEAR	

WE HEREBY RESOLVE:

AND AGREE THAT OUR BAND COUNCIL RESOLUTION DATED NOVEMBER 2, 1965 BE AMENDED TO READ:

ALLOW THE FORT NELSON GAS TRANSMISSION CO. LTD. TO LAY, CONSTRUCT, MAINTAIN AND OPERATE A GAS TRANSMISSION LINE ACROSS THE FORT NELSON INDIAN RESERVE AND APPROVE THE REVISION IN WIDTH TO 40 (FORTY) FEET OF THE RIGHT-OF-WAY AND FURTHER AGREE TO ACCEPT THE SUM OF (25.00) TWENTY-FIVE DOLLARS PER ACRE FOR THE 5.07 ACRES REQUIRED TO WIDEN THE RIGHT-OF-WAY FROM THE ORIGINAL (33) THIRTY-THREE FEET TO (40) FORTY FEET FOR A PERPETUAL PERMIT.

THAT MEMBERS OF THE FORT NELSON BAND WILL BE ALLOWED INGRESS AND EGRESS ON AND THROUGH THE PIPING RIGHT-OF-WAY.

Anderson, John
(Chair)
H. B. Smith
(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Chair (Day)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

FOR HEADQUARTERS USE ONLY					
1. THIS ACT	2. CURRENT BALANCE		3. Expenditure	4. Authority Indian Act Sec.	5. Source of Funds <input type="checkbox"/> Capital <input type="checkbox"/> Revenue
6. Recommended			7. Approved		
Date	Authorized Officer		Date	Assistant Deputy Minister, Indian Affairs	



DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT
INDIAN AFFAIRS BRANCH

BAND COUNCIL RESOLUTION

File: 975/31-5-2

Chronological No.

6/68-69

H.Q. Reference

NOTE: The words "From our Band Funds" must appear in all resolutions requesting expenditures from Band Funds.

COUNCIL OF THE Fort Nelson BAND
AGENCY Fort St. John
PROVINCE British Columbia
PLACE Fort Nelson Indian Reserve
DATE Thirteenth June AD 19 68
DAY MONTH YEAR

FOR HEADQUARTERS USE ONLY

DO HEREBY RESOLVE:

AND AGREE TO AGREE TWO BAND COUNCIL RESOLUTIONS DATED APRIL 3, 1968, CONCERNING FORT NELSON GAS TRANSMISSION COMPANY TO READ:
"THE COMPENSATION APPROVED FROM \$25.00 (TWENTY-FIVE DOLLARS) PER ACRE TO BE FOR A PERMIT FOR AS LONG AS REQUIRED AT A RATE OF \$25.00 (TWENTY-FIVE DOLLARS) PER ACRE FOR THE FIRST 20 YEARS, WITH TERMS AND COMPENSATION TO BE REVIEWED AT THE END OF THE FIRST AND SUBSEQUENT 20 YEAR PERIODS AS DETAILED IN THE ATTACHED FORM OF PERMIT."

*See L-5744
for original*

W. George Bell

(Chair)

H. H. Dickie

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

(Councilor)

1. TRUST ACCT		2. CURRENT EXPENSES		3. FOR HEADQUARTERS USE ONLY	
		A. Capital	B. Revenue	A. Expenses	B. Authority Indian Act Sec.
3. Recommended					
Date		Authorized Officer		Date	Assistant Deputy Minister, Indian Affairs

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION
INDIAN AFFAIRS BRANCH
BAND COUNCIL RESOLUTION

NOTE: The words "From our Band Funds" must appear in all resolutions requesting of monies from Band Funds.

The Council of the Fort Nelson Band of Indians,
(Name of Band)
in the Fort St. John Indian Agency,
(Name of Agency)
in the Province of British Columbia at a meeting held at Fort Nelson
(Name of Province & full) (Name of Place)
this Second day of November A.D. 1951
(In Full) (Month)

DO HEREBY RESOLVE:

That the Council of the Fort Nelson Band allow the Fort Nelson Gas Transmission Co., Ltd. to lay construct, maintain and operate a Gas Transmission Line across the Fort Nelson Indian Reserve as shown on the attached drawing and agree to accept the sum of \$25.00 Twenty-five Dollars per acre for a perpetual permit.

That members of the Fort Nelson Band will be allowed ingress and egress on and through the Pipeline Right-of-way.

See L-5921 for original

George Bean
(Chief)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

H. Rickle

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

(Councillor)

FOR HEADQUARTERS USE ONLY	
1. TRUST	2. CURRENT BALANCE
ACCT	A. Cash B. Reserve
3. Recommended	4. Approved
Date	Date
Superintendent, Reserves and Trusts	Director, Indian Affairs



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Date March 6th 1972

* Assignment of Agreement of Sale
over the land hereunder described, and hereby make application under the provisions of the "Land Registry Act"
and claim registration of a charge accordingly.

The full name, address, and occupation of the person so entitled to be registered as owner of the charge is
Fort Nelson Gas Ltd., 100 West Pender Street, Vancouver, B.C.
a body corporate.

† Not applicable where the applicant is a corporation. Strike out words not applicable.

XXXXXXXXXXXXX.† [Or]
XXXXXXXXXXXXX.† [Or]

(Adapt to suit circumstances.)

† For use where the application is made by a solicitor or agent.

verily believe that the person so entitled to be registered as owner of the above is a British subject, nor is not a British subject, it.

The fee-simple is registered in Vol. , Fol. 98344¹, of the Register.

DESCRIPTION OF LAND

MUNICIPALITY OR ASSESSMENT DISTRICT	LOT OR SECTION	ADMEASUREMENT OR ACREAGE
Peace River District	Plan C.G. 789 and Block 1543	<u>39704 K. P.W.</u>

LIST OF INSTRUMENTS

DATE	PARTIES	CHARACTER OF DEED
9th Dec. 1971	British Columbia Hydro and Power Authority and Fort Nelson Gas Ltd.	Assignment of Right-of-Way

And I solemnly declare that I have investigated and ascertained the value of the interest covered by the charge, registration of which is hereby applied for, and that the true value thereof at the date of this application is \$1.00 dollars: [in the case of a Solicitor or Agent, add] and I am duly authorized by the owner to make this application [in the case of an Agent, add] and I reside in the Province of British Columbia, and am of the full age of twenty-one years.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the "Canada Evidence Act."

DECLARED before me this

day of **March**

at Vancouver

(Signature) *Robert K. Cook*

(Full post-office address)

British Columbia. For mailing notices and documents.

c/o Andrews & Swinton
Barristers and Solicitors,
9th Floor, 900 W. Hastings St.,
Vancouver, B.C.

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
A Commissioner for taking Affidavits for British Columbia.

* Note: Insert here the estate less than the fee simple, or encumbrance or equitable interest claimed in, over, or upon the land. e.g., mortgage in fee simple for \$500 estate for life, in pendens (according to circumstances, upon, in, over)

G 4385 (b)

THIS AGREEMENT made this 20th-day of December, 1971.

MEMORANDUM OF REGISTRATION
Registered the 16 Day of March, 1972
on application received at the time written
or stamped on the application.

BETWEEN: BRITISH COLUMBIA HYDRO AND POWER AUTHORITY, of 970 Burrard Street, in the City of Vancouver, in the Province of British Columbia,

(hereinafter referred to as the "Assignor")

OF THE FIRST PART

AND: FORT NELSON GAS LTD., of 100 West Pender Street, in the City of Vancouver, in the Province of British Columbia,

(hereinafter referred to as the "Assignee")

OF THE SECOND PART

WHEREAS by Order in Council #204 approved on the 26th day of January, 1962, Her Majesty the Queen did grant unto the Assignor, its successors and assigns, rights of way over those portions of unsurveyed Crown Land in Peace River District shown outlined in red on Plan C.G. 789 except thereout the 0.07 acre parcel, the 19.14 acre parcel and the 0.88 acre parcel shown on the said plan which lie between the left bank of the Fort Nelson River and the north easterly limit of the Alaska Highway as shown on Plan H-543.

AND WHEREAS the Assignor has agreed to sell to the Assignee and the Assignee has agreed to purchase from the Assignor all the right, title, interest, privilege and advantage of, in and to the said rights of way.

NOW THIS AGREEMENT WITNESSETH that in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration now paid by the Assignee to the Assignor (the receipt whereof the Assignor doth acknowledge) the Assignor doth, subject to the consent of the Minister of Lands, Forests and Water Resources, grant, assign, transfer and set over unto the Assignee, its successors and assigns, the said rights of way and all the right, title, interest

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G 1385

privilege and advantage thereto, therein and thereof, to have and to hold the same unto and to the use of the Assignee forever subject to the terms, covenants and conditions in the said Order in Council contained.


AND the Assignee in consideration of the premises, and for itself, its successors and assigns, promises and agrees with the Assignor, and its respective successors and assigns, that it will take the assignment of the said rights of way subject to all and each of the terms and conditions contained in the said Order in Council and will be bound by and keep and observe and perform the same in the same manner and to the same extent as if it had originally been bound by the said Order in Council.

THIS AGREEMENT shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their Corporate Seals under the hands of their proper officers in that behalf on the day and year first above-written.

The Common Seal of BRITISH COLUMBIA HYDRO AND POWER AUTHORITY was hereunto affixed in the presence of:

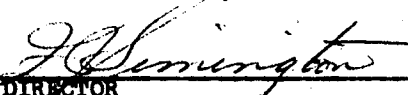
APPROVED
as to form only
Solicitor
B. C. Hydro and
Power Authority


DIRECTOR

APPROVED
as to form only
MANAGER
DISTR. DIV.


SECRETARY

The Common Seal of FORT NELSON GAS LTD. was hereunto affixed in the presence of:


DIRECTOR



SECRETARY

G 4385

ACKNOWLEDGMENT OF OFFICER OF A CORPORATION

I HEREBY CERTIFY that, on the 24 day of *February*, 19 72, at Vancouver, in the Province of British Columbia, GEOFFREY GASTON WOODWARD, who is personally known to me, appeared before me and acknowledged to me that he is the Secretary of British Columbia Hydro and Power Authority, and that he is the person who subscribed his name to the annexed instrument as Secretary of the said British Columbia Hydro and Power Authority and affixed the seal of the said British Columbia Hydro and Power Authority to the said Instrument, that he was first duly authorized to subscribe his name as afore-said, and affix the said seal to the said Instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY whereof I have hereunto set my Hand at Vancouver, in the Province of British Columbia, this 24 day of *February*, in the year of our Lord One thousand nine hundred and seventy-two.


A Commissioner for taking affidavits for British Columbia.

G 4385

SUBSTITUTE FOR FORM C

Date: March 6th, 1972

Nature of Interest: Assignment of
Right-of-Way

Declared value: \$1.00

Disposition of C/T: N/a

Please merge: n/a

Applicant:

R.R. Dodd
(R.R. Dodd)

as solicitor for Fort Nelson Gas Ltd.

Telephone No. (604)
681-5584

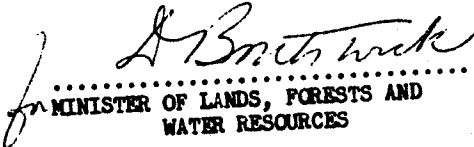
Address: Andrews & Swinton
9th Floor-900 West Hastings St.,
Vancouver, B.C.

1972 MAR 13 PM 4 25 .1

TO WHOM IT MAY CONCERN

I, the undersigned, hereby give my licence and authority to an Assignment dated December 9, 1971 by British Columbia Hydro and Power Authority of all right, title, estate, and interest in and to the right-of-way granted to British Columbia Hydro and Power Authority pursuant to Order-in-Council No.204 approved January 26th, 1962 unto Fort Nelson Gas Ltd. subject to the conditions and provisions contained in the said Order-in-Council without prejudice to any rights which Her Majesty the Queen has or may have against the said British Columbia Hydro and Power Authority under the conditions and provisions in the said Order-in-Council, PROVIDED that this licence is restricted to the particular Assignment hereby authorized and save as aforesaid the conditions and provisions contained in the said Order-in-Council shall remain in full force and effect.

DATED AT VICTORIA, British Columbia, this 1st day of February 1972.


.....
MINISTER OF LANDS, FORESTS AND
WATER RESOURCES



G-1385

39704-K

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204.

I hereby certify that the following is a true copy of a Minute of the Honourable the Executive Council of the Province of British Columbia, approved by His Honour the Lieutenant-Governor on the 26th day of January, A.D. 1962.

To His Honour

The Lieutenant-Governor in Council:

The undersigned has the honour to

DEPUTY PROVINCIAL SECRETARY.

reports:

From the British Columbia Power Commission, Post Office Box 500, Victoria, B.C. has applied for a right-of-way over certain Crown lands for the laying down, construction, operation, maintenance, inspection, alteration, removal, replacement, reconstruction, and/or repair of one or more pipelines together with the right to erect or install all the works of the British Columbia Power Commission necessary for its undertakings (hereinafter collectively referred to as installations), including but without limiting the generality of the foregoing, all such compressors and other stations, structures, communication systems, including pole-lines, drips, valves, fittings, meters, and other equipment and appurtenances as may be necessary or convenient in connection therewith for the carriage, conveyance, transportation, storage and/or handling of natural gas, oil, and other liquid or gaseous hydrocarbons and any product or by-product thereof together with the right of ingress and egress to and from the same for its servants, agents, contractors, subcontractors with vehicles, supplies, and equipment for all purposes necessary or incidental to its undertakings.

AND TO RECOMMEND THAT pursuant to Section 70 of the Land Act being Chapter 206 of the Revised Statutes of British Columbia, 1960, and all other powers thereunto enabling Her Majesty the Queen, in right of the Province of British Columbia (hereinafter referred to as the Grantor), in consideration of the payment of the sum of five hundred and seventeen dollars and seven cents (\$517.07) (the receipt whereof is hereby acknowledged) doth grant unto the British Columbia Power Commission, its successors and assigns (hereinafter referred to as the Grantee) the full, free and uninterrupted right and privilege to enter, labour and pass along, over and under the Crown lands shown outlined in red on Plan C.O. 789 on file in the Land Registry Office, Kamloops, B. C., except thereof the 0.07 acre parcel, the 19.14 acre parcel and the 0.88 acre parcel shown on the said plan which lie between the left bank of the Fort Nelson River and the north easterly limit of the Alaska Highway as shown on Plan H-543, (hereinafter referred to as the Crown lands) for all purposes necessary or incidental to the operation of a pipeline.

AND TO FURTHER RECOMMEND THAT subject to all the provisions hereinafter contained the term of the right-of-way herein granted shall be the period during which the right-of-way is required by the Grantee, subject, however, to the provisions of Clause 3.

1. That the Grantee shall pay and discharge all taxes, rates, duties and assessments whatever, now or hereafter charged upon or payable in respect of the said right-of-way, and installations.
2. That the Crown lands shall be used solely for the purposes aforesaid and for no other purposes.

3. That the Grantee shall, as soon as weather and soil conditions permit, and insofar as it is practicable so to do, bury and maintain the installations so as not to interfere with the drainage or ordinary cultivation of the Crown lands, and in no case shall the top of any pipeline be less than twenty-four (24) inches below the normal ground level except that the pipeline may be above ground in spanning ravines, rivers and other topographical features in accordance with standard practice for pipeline construction. Provided, however, that after the pipeline is in place, the excavation shall be carefully back-filled and any part of the surface of the Crown lands used by the Grantee in the laying down, construction, alteration, removal, replacement, reconstruction and repair of the pipeline shall be graded, and all surplus materials removed and the Crown lands restored to a condition satisfactory to the Minister of Lands and Forests, which restoration may include reseedling of the Crown lands with suitable grasses and legumes.
4. That the Grantee shall at all times wholly indemnify the Grantor from and against all loss, damage, injury, and expense to which the Grantor may be put by reason of any damage or injury to persons or property caused by any of the Grantee's pipes or installations, herein provided for, or by any substance being carried in the pipes or installations as well as against any damage or injury resulting from the imprudence, neglect or want of skill of the employees or agents of the Grantee in connection with the laying down, maintenance, removal, and repair of the pipeline or installations.
5. That if the Grantee shall, over any period of two (2) years or over such extended period as may be granted in writing by the Minister of Lands and Forests, fail to make diligent use of the Crown lands for the purposes aforesaid, the rights and privileges granted herein shall cease and terminate forthwith and the Grantee shall, within two (2) years from the date of such termination or within such extended period as may be granted by the Minister of Lands and Forests, have the right to remove its installations. Any installations of the Grantee not so removed shall become the property of the Grantor, provided, however, that the Grantee shall in any event leave the Crown lands in a safe condition satisfactory to the Minister of Lands and Forests.
6. That notwithstanding any rule of law or equity, but subject to the provisions of Clause 5, the installations brought onto, laid or erected upon or buried under the Crown lands by the Grantee shall remain the property of the Grantee, and during the term of this right-of-way the Grantee shall have the right at any time and from time to time to remove in whole or in part any of its installations.
7. That the Grantee performing and observing the conditions and provisions herein contained shall and may peaceably hold and enjoy the rights, liberties and privileges hereby granted without hindrance, molestation or interruption on the part of the Grantor subject, however, to all the provisions herein contained. JF
8. That nothing herein contained shall be deemed to vest in the Grantee any title to timber, gold, silver or any minerals, coal, petroleum, natural gas, building and construction stone, limestone, marble, shale, clay, sand, gravel, volcanic ash, earth, soil, diatomaceous earth, marl, or peat, on or under the Crown lands except only the parts thereof that are necessary to be dug, carried away or used in the construction of the installations of the Grantee.
9. That any Crown timber cut or destroyed on the Crown lands shall be paid for at a stumpage rate (inclusive of royalty) to be set by the Minister of Lands and Forests. Billing will be on the basis of a cruise acceptable to the Minister of Lands and Forests but in the event of a subsequent sale of timber exceeding in volume the amount of the cruise then any excess over the cruise figures will be billed at the full rate of stumpage provided, however, that notwithstanding the foregoing the Grantor may dispose of timber on the Crown lands under the provisions of the Forest Act.
10. That slash and debris created in connection with clearing the Crown lands shall be disposed of in keeping with the requirements of the Forest Act, as required by the Forest Officer in charge.

11. That the Grantee shall without cost give and grant to any Provincial authority or railway owned or controlled by the Province requiring the same right of entry in and upon the Crown lands for the purpose of constructing and maintaining highway and railway crossings in accordance with the terms of any valid laws, orders, and regulations in respect to the construction and maintenance of such crossings applicable to the operation of the Grantee.
12. That the Grantee at its own expense shall provide and install easings, culverts or other like fabricated materials required to protect the installations over which any highway or railway crossing may be constructed by any Provincial authority or railway owned or controlled by the Province up to the extent of one hundred (100) lineal feet on each side respectively of the installations crossed in respect to any one crossing. All other costs of constructing any such crossing in accordance with the laws, orders and regulations applicable to the operations of the Grantee shall be borne by the Provincial authority or Provincially owned or controlled railway constructing the same.
13. That the Grantor shall at all times be entitled to the use and possession of the surface of the Crown lands and to dispose of same for any purposes whatsoever subject to the rights hereby granted.
14. That this grant is and shall be of the same force and effect to all intents and purposes as a covenant running with the land, and these presents, including all the conditions and provisions herein contained, shall extend to and be binding upon and secure to the benefit of the Grantee and the Grantor and their respective heirs, executors, administrators, successors and assigns.
15. That this grant is made and accepted subject to prior rights existing in favour of third parties, if any.
16. That the right-of-way granted herein does not extend to any highway within the meaning of the Highway Act.
17. That the installations herein provided for, shall be in use by the Grantee on or before the 1st day of December, 1963, or within such extended time as may be granted by the Minister of Lands and Forests.
18. That upon breach by the Grantee of any of the provisions herein contained and upon failure of the Grantee to rectify the breach within sixty (60) days from the date of registered notice thereof, mailed by the Minister of Lands and Forests to the Grantee at its Registered Office or chief place of business the Minister of Lands and Forests may terminate the right-of-way by like notice to the Grantee by registered mail, provided, however, that in the event of such termination the Grantee shall within two (2) years from the date of such termination or within such extended period as may be granted by the Minister of Lands and Forests have the right to remove its installations. Any installations of the Grantee not so removed shall become the property of the Grantor, provided, however, that the Grantee shall in any event leave the Crown lands in a safe condition satisfactory to the Minister of Lands and Forests.
19. That the Grantee shall observe all and singular the provisions of the land laws, for the time being, of the Province.
20. That the Grantee shall not assign the rights and privileges granted herein without the written consent of the Minister of Lands and Forests, provided, however, that such consent shall not be required in the event of the Grantee mortgaging or pledging the rights and privileges granted herein to secure the payment of any bonds or other indebtedness of the Grantee.
21. That the Grantee shall abide by and comply with all lawful bylaws, rules, and regulations of every municipality or other authority which in any manner relate to or affect the Crown lands.
22. That it shall be lawful for the Minister of Lands and Forests or for any person authorized by him at all reasonable times to enter upon the Crown lands to determine that the provisions herein are being fully complied with by the Grantee.

- 23. That this grant shall be subject to all rights of free miners under the mining laws of the Province for the time being, and to the laws of the Province from time to time with respect to the acquisition of minerals, precious or base, including phosphate, coal, petroleum and any gas or gases.
- 24. That the Grantor shall not be liable for damages caused by vandalism or for any other interference to the Grantee's installations.
- 25. That the Grantee, its contractors, agents, or employees shall be permitted to pass or repass over the Crown lands for the purposes of ingress and egress, including the right to construct, maintain and use on the Crown lands any access road or roads reasonably required in connection only with the exercise of the rights and privileges granted herein, provided, however that the Grantee shall not extend to other parties any right to the use of such road or roads and that the Grantor reserves the right to grant right of-way for any purpose across or along the said road or roads.
- 26. That the British Columbia Forest Service shall have free access to and use of roads and trails constructed by the Grantor on the Crown lands.
- 27. That the Grantor may request the Grantee to relocate the installations when it is in the public interest to do so and, in the event that the Grantor makes such a request and, where the site of the relocated installations will be on lands of the Crown, the Grantor shall grant to the Grantee a right-of-way on such lands on terms substantially identical to those enjoyed by the Grantee in respect of the right-of-way over Crown lands required to be relinquished by it, then in such events the Grantor will, within sixty (60) days after receipt of such request, commence and diligently continue to comply with the said request. The costs and expenses of the relocation shall be borne in the following manner, namely, if the total length of relocation required to accommodate the work in respect of which a request or requests is or are made exceeds one thousand (1,000) yards the Grantor shall bear the costs and expenses of the relocation of the first one thousand (1,000) yards and the costs and expenses of the relocation of the remainder shall be borne by the Grantee. If the relocation required as aforesaid is less than one thousand (1,000) yards the Grantee shall bear the costs and expenses thereof in full.
- 28. That this grant shall be subject to a reserve on Lot 1630, Penco River District established pursuant to Order-in-Council Number 273, approved the 6th day of February, 1951, for the use of the North West Highway System, Department of National Defence, Canada, as a bridge site.

DATED this 26th day of January A.D. 1962.

"Ray Williston"

.....
Minister of Lands and Forests



APPROVED this 26th day of January A.D. 1962.

"W.A.G. Bennett"

.....
Presiding Member of the Executive Council

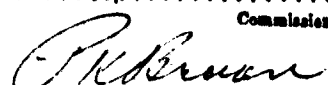
The terms and conditions set forth above are
hereby accepted and agreed to.
Dated at, Vancouver...this...28th...day
of.....March..., 1962.

British Columbia Power Commission

File: 0232919

APPROVED

Secretary

.....
Commissioner

.....
Secretary

G 4385

Assigned unto Fort Nelson Gas Ltd. pursuant to an indenture dated December 9, 1971. *LS.*

Signed copy

BETWEEN:

FORT NELSON INDIAN BAND

AND:

FORT NELSON GAS LTD.

AGREEMENT

BARRISTERS AND SOLICITORS

File FOR 2917

1300 - 1080 W 13th AVENUE STE 111
VANCOUVER B.C. V6J 1P8

1001 147 2902

THIS AGREEMENT made the 24th day of February, 1982.

BETWEEN:

FORT NELSON INDIAN BAND, Box 1140,
Fort Nelson, British Columbia;

(hereinafter called the "Band")

OF THE FIRST PART

AND:

FORT NELSON GAS LTD., 1300 - 1090
West Georgia Street, Vancouver,
British Columbia, V6E 3X9
(Incorporation No. 53136)

(hereinafter called the "Company")

OF THE SECOND PART

WHEREAS:

A. The Company has certain works, as hereinafter defined, on the Fort Nelson Indian Reserve, Lot 2313, (hereinafter called the "Land");

B. The Parties hereto desire to enter into this agreement to define their relationship in respect to the works, as hereinafter defined;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT:

1. The Band for and in consideration of the sums set out in Column B of Schedule 1 attached hereto and other valuable consideration, the receipt of which they hereby acknowledge, hereby grants for the periods set out in Column C of Schedule 1 to the Company the right, liberty and right of way for the Company, its servants, agents, licensees of the Company and all others:

- (a) to excavate for, install, operate, maintain, remove and replace (with pipe of the initial or any other size) one or more underground pipe lines of whatsoever kinds or dimensions with necessary and proper aboveground or underground valves, meters, anchors and other appliances and fittings, and devices for controlling corrosion, all for use in connection with such line or lines, for the transmission and dis-

- (b) (i) to trim or fell all or any trees or growth now or hereafter on the Right of Way,
- (ii) to clear the Right of Way and keep it cleared of all or any part of any trees, growth, buildings, or obstructions now or hereafter on the Right of Way,

which might, in the opinion of the Company, interfere with or endanger the excavation for, installation, operation, maintenance, removal or replacement of the Works or any part thereof;

- (c) to install, maintain and use gates in all fences which now or hereafter shall cross the Right of Way; and
- (d) generally to do all acts required for the efficient maintenance, superintendence operation and regulation of the Works.

2. The Band hereby covenants with the Company:

- (a) not to make, place, erect or maintain any building, structure, foundation, pavement, excavation, well, pile of material or obstruction or to plant any growth upon the Right of Way which, in the opinion of the Company, might interfere with or endanger the installation, operation, maintenance, removal or replacement of the Works or any part thereof or which might obstruct access by the Company's servants, agents or licensees to the Works or any part thereof;
- (b) not to carry out blasting on or adjacent to the Right of Way unless permission in writing from the Company has been first received, which permission shall not be unreasonably withheld;
- (c) not to diminish or substantially add to the ground cover over the Works or any part thereof and, in particular, without in any way limiting the generality of the foregoing,

the Company, in any way whatsoever interfere with or injure the Works or any part thereof or impair the operating efficiency thereof; and

- (e) the Company will, as often as its servants or agents shall enter upon the said lands to construct, re-construct, maintain, inspect, renew or repair the said gas pipeline, forthwith restore the surface soil and surfacing materials of the said lands to, as nearly as practical, the same condition as it was prior to the entry for the aforesaid purpose or purposes.

3. The Company hereby covenants with the Band:

- (a) to pay compensation to the Band for any damage done to buildings outside the Right of Way, and to crops (other than timber), livestock, drains, ditches, culverts, fences, bridges, roads and fruit, nut or ornamental trees anywhere on the Land caused by the Company in the exercise of its rights hereunder and without negligence on the part of the Band;
- (b) to pay all royalties, scaling fees and other charges which may be levied by the Crown against any timber that the Company cuts on the Right of Way;
- (c) that it will, as soon as weather and soil conditions permit, and insofar as it is practicable to do so, bury and maintain all pipelines installed hereunder so as not to interfere with the drainage or ordinary cultivation and use of the land; and
- (d) to pay compensation to the Band for all merchantable timber cut or damages on the land by the Company in the exercise of its rights hereunder.

4. It is mutually agreed between the Band and the Company that:

- (a) the Company may at any time hereafter, without the consent of the Band, abandon all or any

- (c) the title to all timber shall be construed as running with the land, that no part of the fee of the soil shall pass to or be vested in the Company under or by these presents and that the Band may fully use and enjoy the land subject only to the rights and restrictions herein provided;
- (d) the expressions "Band" and "Company" herein contained shall be deemed to include the executors, administrators, successors and assigns of such parties wherever the context so admits; and
- (e) wherever the singular and masculine are used in this Agreement, they shall be construed as meaning the plural or the feminine or body corporate where the context or the parties hereto so require.

IN WITNESS WHEREOF the Band and the Company have caused these presents to be executed as of the day and year first above written.

R. J. Gulbreath
Fort Nelson, B. C.
Address
Band Manager
Occupation

George Bahn chief

P. D. Erickson
Fort Nelson, B. C.
 Address
Band manager
 Occupation

Angus Dickie - councillor
Colin Dickie - Councillor

The Common Seal of FORD

CONSENTED to by the Department of Indian Affairs by

SCHEDULE I

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>Right of Way Area</u>	<u>Consideration for Right of Way</u>	<u>Term of Agreement</u>
(i) all that area outlined in red on plan attached hereto as Schedule II.	Construction of three thousand feet (3,000 ft.) of natural gas line (hereinafter called the "Line") along the Sikanni road commencing at the point where the line will be connected to the natural gas line lying in the ease- ment area shown in Schedule II attached hereto. The construc- tion of the Line including all materials and labour shall be at the sole cost of the Company and shall comply with the terms of Paragraph 3(c). The Company shall commence diligently and thereafter with dispatch to construct the Line as soon as is permitted by weather con- ditions in the spring of 1982.	November 1, 1981 to September 30, 2001
(ii) all that portion of the right of way granted to the Fort Nelson Transmission Co. Ltd. by Her Majesty the Queen in Right of Way of the Province	\$1.00	in perpetuity

and assigned to the Company
on the 24th day of
September, 1981 which
Right of Way is shown
outlined in red on Plan 16900
(hereinafter called Plan 16900)
on file in the Prince George
Land Title Office which is
running through the Land.

(iii)

all that portion of	\$1.00	in perpetuity
the right of way shown		
on Plan 16926 on file		
in the Prince George		
Land Title Office which		
runs through the Land and		
is shown outlined in red		
on Plan attached as		
Schedule III hereto.		

(iv)

all that portion of	\$1.00	in perpetuity
the Right of Way granted		
to British Columbia Hydro		
and Power Authority by Her		
Majesty the Queen in Right		
of the Province of British		
Columbia and shown on		
Plan C.G. 789. registered		
in the Prince George Land		
Title Office and assigned		
to the Company by agreement		
dated the 9th day of December,		
1971 and the 9th day of		
January, 1976 which runs		
through the Land and is		
shown outlined in red on		
Schedule IV attached hereto.		

CANADA

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

THIS INDENTURE made in quadruplicate and dated the 28th day of
March, 1983

BETWEEN:

HER MAJESTY THE QUEEN
in the right of Canada

("Her Majesty")

OF THE FIRST PART

AND:

FORT NELSON GAS LTD., a body corporate, duly
incorporated under the laws of the Province of
British Columbia and having its registered
office at 1300-1090 West Georgia Street,
Vancouver, British Columbia, V6E 3X9;

("the Permittee")

OF THE SECOND PART

WHEREAS:

A. The Permittee has applied to use and occupy a portion of Fort
Nelson Indian Reserve No. 2, Lot 2313, in the Province of British Columbia;

B. The Council of the Fort Nelson Band of Indians, ("the Band")
for whose use and benefit the said Reserve has been set apart, has by
Resolution dated *may 31/1983* recommended approval of the applica-
tion;

C. NOW THEREFORE the Minister of Indian Affairs and Northern
Development, ("the Minister") on behalf of Her Majesty, under authority
of Section 28(2) of the Indian Act Chapter 16, R.S.C. 1970, doth hereby
grant the Permittee the right to use and occupy that parcel or tract of
land situate in the Fort Nelson Indian Reserve No. 2, Lot 2313, in the
Province of British Columbia, and outlined in red on plan attached
hereto as Schedule "A" ("the Permit Area"); for a period of twenty (20)
years commencing on the 1st day of November, 1977 and to be fully completed
and ended on the 31st day of October, 1997 ("the period").

In consideration for which the Permittee covenants to construct three
thousand feet (3,000 ft.) of two inches (2") main natural gas line

(hereinafter called the "Line") in an easterly direction along the Sikanni Road commencing at the point marked "P" where the Line will be connected to the natural gas line lying in the Permit Area all shown in Schedule "A" attached hereto. The construction of Line including all materials and labour shall be at the sole cost of the Permittee and shall be completed by July 31, 1983.

IN CONSIDERATION OF THE RIGHT, LICENCE AND AUTHORITY GRANTED HEREIN BY HER MAJESTY, THE PERMITTEE COVENANTS AND AGREES AS FOLLOWS:

1. To use the Permit Area for a gas and oil pipeline right-of-way and for no other purpose. The Permittee may have access to the Permit Area for the purposes of laying down, construction, operation, maintenance, inspection, removal, replacement, reconstruction and repair of the pipeline, together with all such drips, valves, fittings, meters, and other equipment and appurtenances as may be necessary or convenient in connection therewith for the transportation and handling of petroleum or petroleum products, water, and/or gas through or by means of the same together with the right of ingress and egress or for a purpose incidental to the Permit.
2. To at all times hereafter indemnify and keep Her Majesty indemnified against all actions, claims and demands that may be made against Her Majesty by reason of any act or omission by the Permittee in the exercise or purported exercise of the rights hereby granted.
3. To not assign, transfer, or otherwise encumber the rights hereby granted.
4. To observe, fulfill and comply with all relevant and applicable laws, by-laws and regulations of every federal or Band Authority and the Permittee shall not commit nor suffer any breach thereof to be committed on the Permit Area.
5. To not commit or permit either by itself, or its agents or servants, the commission of any voluntary waste, spoilage or destruction, nor dump any rubbish or any other matter of an offensive nature anywhere on the said Indian Reserve except in such places and at such times as may be designated by the Minister's representative.
6. To pay and discharge all applicable rates, taxes, duties and assessments whatsoever now charged or hereafter to be charged upon the Permit Area or upon the Permittee or occupier in respect thereof or payable by either in respect thereof.

7. To, at its own expense, and during the period of this permit, keep and maintain the Permit Area in a condition satisfactory to the Minister's representative.

8. To, at the expiration or sooner determination of the period, peaceably yield up use and occupation of the Permit Area to Her Majesty, in a neat, clean and tidy state, free from all debris.

9. To maintain at its own cost with one or more companies satisfactory to Her Majesty, comprehensive general liability insurance in the joint names of itself and Her Majesty in a form satisfactory to Her Majesty against claims for personal injury, death or property damage occurring on or about the Permit Area arising out of or resulting from its use and occupation of the Permit Area such insurance to afford protection to the limit of One Hundred Thousand Dollars (\$100,000.00) or to such limit as may be set from time to time by the Minister in writing.

10. To release Her Majesty, Her heirs, successors and assigns, from all liability for damage caused by any of the perils against which it has covenanted to insure, and the Permittee covenants to indemnify and save harmless Her Majesty against and from all actions, claims and demands whatsoever relating to such damage.

11. To send to the Minister certificates evidencing every policy of insurance which it has covenanted to take out immediately after the certificates of insurance are issued and covenants further to send a Certificate of Renewal to the Minister at least five (5) days before the expiry of any policy in force or other evidence satisfactory to the Minister that the insurance has been renewed or replaced. If the Permittee does not effect such insurance or renewal or does not send the Certificates to the Minister, Her Majesty may procure such insurance and the Permittee will pay the premium paid by Her Majesty for the insurance as a fee payable forthwith, with interest at the prevailing chartered banks' rate until fully paid.

HER MAJESTY AND THE PERMITTEE COVENANT EACH WITH THE OTHER AS FOLLOWS:

12. If the Permittee is in default in the performance of any of the terms, conditions and covenants of this Agreement, the Minister, may give notice to the Permittee, by double-registered mail, of the revocation or cancellation of this Permit within thirty (30) days from the receipt of such notice. In the event that the default is not rectified within thirty (30) days, this Permit shall be automatically cancelled, unless the Minister, provides an extension of time for remedying the default, which extension shall be in writing, and in any event shall not be

longer than ninety (90) days from the date of the receipt by the Permittee of the original notice. PROVIDED HOWEVER, that such revocation shall not prejudice the Minister's right of action arising from, under or in respect of this Permit.

13. The Permittee, if not in default in the performance of any of the terms, conditions, and covenants of this Agreement, may give notice to the Minister and the Band, by double-registered mail, that it desires to terminate the rights and obligations under the Permit. In the event of such notice being given, the parties shall negotiate in good faith for the termination of the Permit. In the event of such termination, the Permittee shall reclaim the right-of-way to the satisfaction of the Minister.

14. That no waiver on behalf of the Minister of any breach shall take place or be binding unless the same be expressed in writing over the signature of the Minister, or the signature of his Deputy or Director, and any waiver so expressed shall extend only to the particular breach to which such waiver will specifically relate and shall not be deemed to be a general waiver or to limit or affect the rights of the Minister with respect to any or other future breach.

15. That wherever in this Permit it is required or permitted that notice or demand be given or served by either party to this Permit to or on the other, such notice or demand shall be given or served in writing and forwarded by registered mail, addressed as follows:

To the Minister:

The Minister of Indian Affairs and
Northern Development, Vancouver,
British Columbia

To the Permittee:

c/o 1300-1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

To the Band:

such address may be changed from time to time by either party by serving notice to the other as above provided.

16. That this Permit is granted solely for the aforesaid purpose and does not create any rights of tenancy or any possessory rights of exclusive use or occupation by implication or otherwise.

17. That no member of the House of Commons shall be admitted to any share or part of the within Permit or to any benefit arising therefrom.

18. Time shall be of the essence of the Permit.

19. Notwithstanding anything in this Permit contained, the Permittee on behalf of itself and its officers, acknowledges and agrees that this Permit does not confer or give rise to any greater right or rights upon the Permittee and its officers, than the Minister is authorized to confer by sub-Section 28(2) of the Indian Act.

20. The Permittee and the Minister mutually covenant and agree that this Permit is given under Section 28(2) of the Indian Act, RSC 1970, Chapter 106, and the rights given hereby shall be construed as a licence only and shall not be deemed to grant, convey or confer on the Permittee any right in rem or any estate or interest in the title to that portion of Fort Nelson Indian Reserve No. 2 comprising the Permit Area.

IN WITNESS WHEREOF June 9 1983 on behalf of Her Majesty has hereunto set his hand and seal and the Permittee has caused these presents to be executed and its common seal affixed hereto by its proper officers duly authorized in that behalf as of the date and year first above written.

Signed, Sealed and Delivered)
by)
in the presence of:)

Name

Address

Occupation

Director of Operations
British Columbia Region

The Common Seal of)
FORT NELSON GAS LTD.)
was hereunto affixed)
in the presence of:)

Authorized Signature

c/s

Approved by Sam Capot Blanc and George Behn
on behalf of the Fort Nelson Indian Band.

FORT NELSON INDIAN BAND

FORT NELSON INDIAN BAND

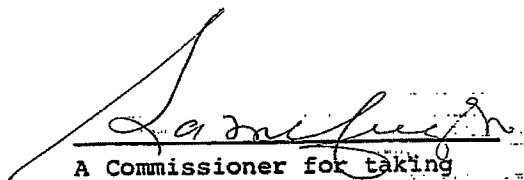
LAND REGISTRY ACT

FOR MAKER

I HEREBY CERTIFY that, on the *9th* day of *June*, 19*83* at the City of Vancouver, in the Province of British Columbia, *D. CLEGG*, who is personally known to me, appeared before me and acknowledged to me that he is the person who subscribed his name to the annexed instrument on behalf of Her Majesty the Queen in right of Canada, that he was first duly authorized to subscribe his name as aforesaid by virtue of a Delegation of Authority under the Indian Act, signed by the Minister of Indian Affairs and Northern Development, and dated June 10, 1980.

IN TESTIMONY whereof I have hereunto set my hand at the City of Vancouver, Province of British Columbia, this

9th day of *June*, in the year of our Lord one thousand nine hundred and eighty *Three*


A Commissioner for taking Affidavits within British Columbia.

LAND TITLE ACT

Form 6
(Section 46)

PROOF OF EXECUTION BY CORPORATION

I CERTIFY that on the 28th day of March, 19 83 ,
at Vancouver, in British Columbia,

(~~whose identity has been proved by the evidence on oath of~~ FRANK SIMINGTON

who is) personally known to me, appeared before me and acknowledged to me that he/~~she~~ is the authorized

FORT NELSON GAS LTD.

signatory of

and that he/~~she~~ is the person who subscribed his/~~her~~ name and affixed the seal of the corporation to the instrument, that he/~~she~~ was authorized to subscribe his/~~her~~ name and affix the seal to it, †(and that the corporation existed at the date the instrument was executed by the corporation.)

IN TESTIMONY of which I set my hand and seal of office,

at Vancouver, British Columbia

this 8th day of June, 19 83

TERRY V. SEIBOLD, Commissioner for taking Affidavits for British Columbia

*Where the person making the acknowledgment is personally known to the officer taking it, strike out these words in brackets.
†These words in brackets may be added, if the applicant wishes the registrar to exercise his discretion under section 162(5) not to call for further evidence of the existence of the corporation.

‡Write name and qualifications under section 48, e.g., A Commissioner for Taking Affidavits for British Columbia.

LAND TITLE ACT

Form 6
(Section 46)

PROOF OF EXECUTION BY CORPORATION

I CERTIFY that on the 28th day of March, 1983 ,
at Vancouver, in British Columbia,

(~~whose identity has been proved by the evidence on oath of~~ ROBERT DODD

who is) personally known to me, appeared before me and acknowledged to me that he/~~she~~ is the authorized

FORT NELSON GAS LTD.

signatory of

and that he/~~she~~ is the person who subscribed his/~~her~~ name and affixed the seal of the corporation to the instrument, that he/~~she~~ was authorized to subscribe his/~~her~~ name and affix the seal to it, †(and that the corporation existed at the date the instrument was executed by the corporation.)

IN TESTIMONY of which I set my hand and seal of office,

at Vancouver, British Columbia

this 8th day of June, 19 83

TERRY V. SEIBOLD, Commissioner for taking Affidavits for British Columbia

*Where the person making the acknowledgment is personally known to the officer taking it, strike out these words in brackets.
†These words in brackets may be added, if the applicant wishes the registrar to exercise his discretion under section 162(5) not to call for further evidence of the existence of the corporation.

‡Write name and qualifications under section 48, e.g., A Commissioner for Taking Affidavits for British Columbia.

Deposited in the Land Registry Office at
Prince George.

This Day of 19

FORT NELSON GAS LIMITED

PLAN OF GAS PIPELINE RIGHT-OF-WAY
WITHIN DISTRICT LOT 2313
PEACE RIVER DISTRICT
FORT NELSON INDIAN RESERVE No. 2 BRITISH COLUMBIA
SCALE: 1"=400'

LEGEND.

Bearings are astronomic derived from Plan 22573.

- VI Double width.
- IC Double 1/2" x 1/2" x 30" galvanized iron bar post set
- CLP Double coping iron bar post set
- PCP Double standard pipe post set
- PCN Double standard concrete post set.
- D Double 5' high iron reference post set
- NR Double 5' high iron reference post set

Note: This plan lies within the Peace River-Liard Regional District.

BOOK OF REFERENCE

Page	Area	Distance
1 of 213	255.2021	748.34 Feet

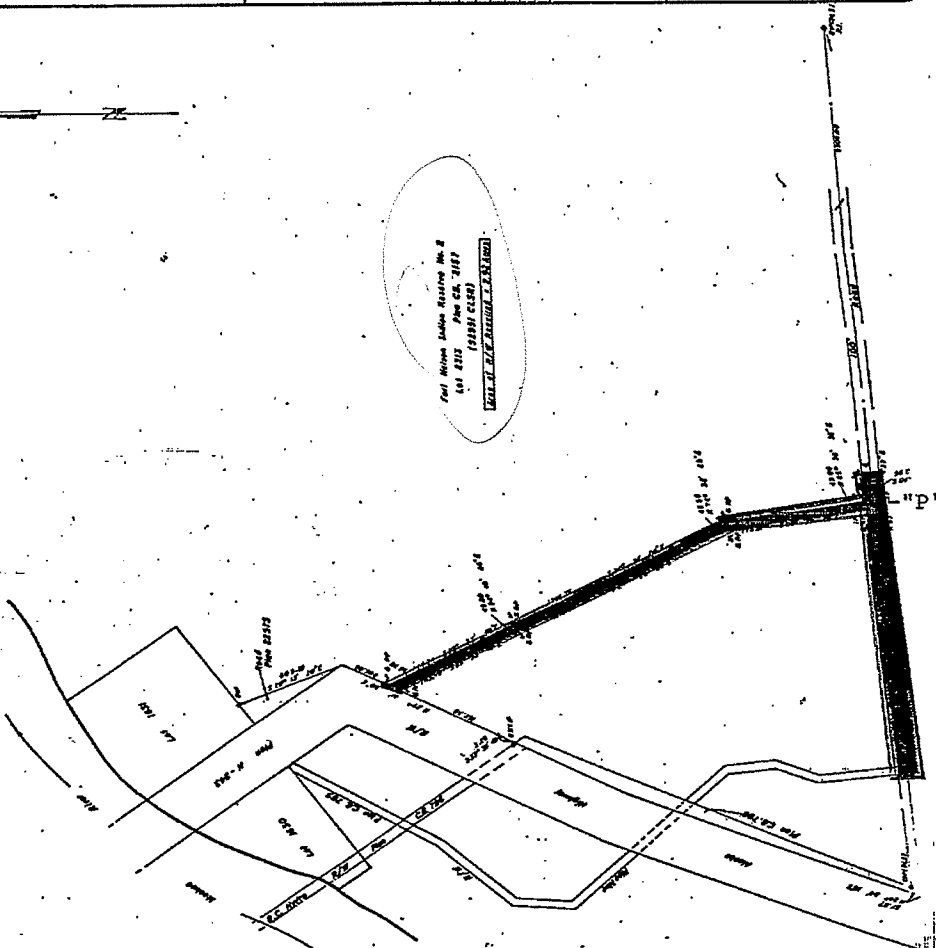
APPROVAL.

AFFIDAVIT:
I, C.W. Stables of the City of Dawson Creek, British Columbia Land Surveyor, Make Oath and Say that I was Present at and Did Personally Supervise the Survey represented by this Plan and that My Survey and Plan are Correct. The said Survey was completed on
The Day of 19

Signed Before Me
C.W. Stables
B.C.L.S.

This Day of 19

A Commissioner for Taking Affidavits Within
The Province of British Columbia



746152
RES

BAND COUNCIL RESOLUTION
RÉSOLUTION DE CONSEIL DE BANDE

Chronological No. - Numéro consécutif

File Reference - N° de réf. du dossier

NOTE: The words "From our Band Funds", "Capital" or "Revenue", whichever is the case, must appear in all resolutions requesting expenditures from Band Funds.
NOTA: Les mots "des fonds de notre bande", "Capital" ou "revenu", selon le cas doivent paraître dans toutes les résolutions portant sur des dépenses à même les fonds des bandes.

THE COUNCIL OF THE
LE CONSEIL DE LA BANDE INDIENNE **Fort Nelson Indian Band**

AGENCY

DISTRICT **Prince George**

PROVINCE **British Columbia**

PLACE **Fort Nelson, B.C.**

NOM DE L'ENDROIT

DATE **31st May AD 1983**
DAY - JOUR MONTH - MOIS YEAR - ANNEE

Current Capital Balance

Solde de capital \$

Committed - Engagé \$

Current Revenue balance

Solde de revenu \$

Committed - Engagé \$

DO HEREBY RESOLVE:

DÉCIDE, PAR LES PRÉSENTES:

To accept the permit dated March 28,

1983, with Fort Nelson Gas Limited.

Certified True Copy of Original

Land Operational Records Officer
British Columbia Region

A quorum for this Bande
Pour cette bande le quorum est

consists of **3**
fixé à

Council Members
Membres du Conseil

Sam Capot-Blanc
(Councillor - conseiller)

Eliha Badine
(Councillor - conseiller)

Eliha Badine
(Councillor - conseiller)

George Behn
(Councillor - conseiller)

George Behn
(Councillor - conseiller)

George Behn
(Councillor - conseiller)

George Behn
(Councillor - conseiller)

Carole Dickie
(Councillor - conseiller)

Carole Dickie
(Councillor - conseiller)

Dale Badine
(Councillor - conseiller)

Dale Badine
(Councillor - conseiller)

FOR DEPARTMENTAL USE ONLY - RÉSERVÉ AU MINISTÈRE

1. Band Fund Code Code du compte de bande	2. COMPUTER BALANCES - SOLDES D'ORDINATEUR A. Capital \$	B. Revenue - Revenu \$	3. Expenditure Dépenses \$	4. Authority - Autorité Indian Act Sec Art. de la Loi sur les Indiens	5. Source of Funds Source des fonds Capital <input type="checkbox"/> Revenue <input type="checkbox"/>
6. Recommended - Recommandable			Approved - Approuvable		
Date			Date		
Recommending Officer - Recommandé par			Approving Officer - Approuvé par		

090128

SEP 30 10 40 AM '63

EXAMINED	<u><i>A. H. Apple</i></u>
ACCEPTED	<u><i>[Signature]</i></u>
INSPECTED	<u><i>K. J. Howard</i></u>
ABSTRACT ENTRIES CONFIRMED	<u><i>Edward E. Clark</i></u>