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October 3, 2017

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

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

**Re: FortisBC Inc. (FBC)**

**Multi-Year Performance Based Ratemaking Plan for 2014 through 2019 approved by British Columbia Utilities Commission (the Commission) Order G-139-14 (PBR Plan) – Annual Review for 2018 Rates (the Application)**

**Evidentiary Update to the Application (Exhibit B-2)**

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On August 8, 2017, FBC filed the Application referenced above. On October 3, 2017, FBC filed its responses to information requests in the proceeding, which stated that the Company would be filing this Evidentiary Update concurrently with its responses. The following two items have resulted in changes to the Application and resulting rates effective January 1, 2018, which are reflected in this Evidentiary Update:

1. Update to AWE-BC; and
2. Updates to certain deferral account balances and amortization expense.

Each of the two items is discussed in more detail below.

### **1. Update to AWE-BC**

At the time of filing the Application, the latest available BC-AWE result was for May 2017, which was used as a placeholder for June 2017. The June AWE-BC result is now available, and is \$944.56 as compared to \$939.99 used in the Application as the June 2017 placeholder. During the issuance of the June AWE-BC results, Statistics Canada updated the May AWE-BC results to \$939.88 as compared to \$939.99, and this amount has also been updated in FBC's I-Factor calculation.

### **2. Updates to Deferral Account Balances and Amortization Expense**

In its response to BCUC IR 1.23.1, FBC identified a correction to one deferral account and updates to five other deferral accounts. One further correction was identified in the response

to CEC IR 1.36.1. These changes affect the opening balances and/or amortization expense for 2018.

### Summary of Impacts:

The combined impact of the items identified above, and the original \$0.400 million deficiency identified in the Application, is a revenue deficiency of \$0.619 million. This results in a rate increase of approximately 0.17 percent.

The impacts of each of the items are set out in the table below.

**Table 1: Revenue Requirement Impacts of Evidentiary Update**

Evidentiary Update - 2018 Rates			
Line Item	Reference	Revenue Deficiency Impact (\$ millions)	Rate Impact
<b>August 8, 2017 Filing</b>		<b>\$ 0.400</b>	<b>0.11%</b>
June AWE Update	Application, Page 18	0.009	0.00%
Deferral Account Updates	BCUC IR 1.23.1, CEC IR 1.36.1	0.210	0.06%
<b>October 3, 2017 Evidentiary Update</b>		<b>\$ 0.619</b>	<b>0.17%</b>

FBC has completed the revisions to its financial schedules that result from the items listed above. Attached as Appendix A are revised Section 11 Financial Schedules which reflect the changes identified above. FBC has also attached an amended Draft Order to this Evidentiary Update as Appendix B.

If there are any further changes to FBC 2018 rates resulting from the Commission's decision in this Application, or in other applications, any such items will be reflected in the compliance filing following the Commission's decision in this Application.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Registered Parties

**Appendix A**

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**REVISED FINANCIAL SCHEDULES**

FORTISBC INC.

October 3, 2017

Section 11

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

Schedule 1

Line No.	Particulars	2018 Forecast		Cross Reference
	(1)	(2)	(3)	(4)
1	<b>VOLUME/REVENUE RELATED</b>			
2	Customer Growth and Volume	5.788		
3	Change in Other Revenue	(0.360)	5.428	
4				
5	<b>POWER SUPPLY</b>			
6	Power Purchases (net of customer growth and volume)	(3.145)		
7	Wheeling	0.243		
8	Water Fees	(0.120)	(3.022)	
9				
10	<b>O&amp;M CHANGES</b>			
11	Gross O&M Change	1.042		
12	Capitalized Overhead Change	(0.157)	0.886	
13				
14	<b>DEPRECIATION EXPENSE</b>			
15	Depreciation from Net Additions	2.430	2.430	
16				
17	<b>AMORTIZATION EXPENSE</b>			
18	CIAC from Net Additions	(0.224)		
19	Deferrals	(5.169)	(5.393)	
20				
21	<b>FINANCING AND RETURN ON EQUITY</b>			
22	Financing Rate Changes	(1.165)		
23	Financing Ratio Changes	0.044		
24	Rate Base Growth	2.467	1.345	
25				
26	<b>TAX EXPENSE</b>			
27	Property and Other Taxes Changes	0.632		
28	Other Income Taxes Changes	(1.688)	(1.056)	
29				
30				
31	Revenue Deficiency (Surplus)		\$ 0.619	Schedule 16, Line 6, Column 4
32				
33	Revenue at Existing Rates		356.340	Schedule 16, Line 5, Column 3
34	Rate Change		0.17%	

**FORTISBC INC.**

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

Schedule 2

Line No.	Particulars (1)	2017 Approved (2)	2018 at Revised Rates (3)	Change (4)	Cross Reference (5)
1	Plant in Service, Beginning	\$ 1,912,643	\$ 1,966,584	\$ 53,941	Schedule 6.1, Line 14, Column 3
2	Opening Balance Adjustment	-	11,268	11,268	Schedule 6.1, Line 14, Column 4
3	Net Additions	61,107	73,890	12,783	Schedule 6.1, Line 14, Columns 5+6+7
4	Plant in Service, Ending	1,973,750	2,051,742	77,992	
5					
6	Accumulated Depreciation Beginning	\$ (553,121)	\$ (591,854)	\$ (38,733)	Schedule 7.1, Line 14, Column 5
7	Opening Balance Adjustment	-	-	-	
8	Net Additions	(48,305)	(43,454)	4,851	Schedule 7.1, Line 14, Columns 6+7+8+9
9	Accumulated Depreciation Ending	(601,426)	(635,308)	(33,882)	
10					
11	CIAC, Beginning	\$ (176,357)	\$ (187,217)	\$ (10,860)	Schedule 9, Line 1, Column 2
12	Opening Balance Adjustment	-	-	-	
13	Net Additions	(6,027)	(6,120)	(93)	Schedule 9, Line 1, Column 4
14	CIAC, Ending	(182,384)	(193,337)	(10,953)	
15					
16	Accumulated Amortization Beginning - CIAC	\$ 64,660	\$ 68,323	\$ 3,664	Schedule 9, Line 3, Column 2
17	Opening Balance Adjustment	-	-	-	
18	Net Additions	3,689	3,913	224	Schedule 9, Line 3, Column 4
19	Accumulated Amortization Ending - CIAC	68,349	72,236	3,887	
20					
21	Net Plant in Service, Mid-Year	\$ 1,253,056	\$ 1,281,219	\$ 28,162	
22					
23	Adjustment for timing of Capital additions	\$ 2,987	\$ 12,644	\$ 9,657	
24	Capital Work in Progress, No AFUDC	8,387	8,921	534	
25	Unamortized Deferred Charges	12,392	11,885	(507)	Schedule 11, Line 12, Column 8
26	Working Capital	2,906	1,582	(1,325)	Schedule 13, Line 15, Column 3
27	Utility Plant Acquisition Adjustment	5,679	5,493	(186)	
28					
29	Mid-Year Utility Rate Base	\$ 1,285,408	\$ 1,321,742	\$ 36,335	

**FORMULA INFLATION FACTORS  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Line No.	Particulars	Reference	2014	2015	2016	2017	2018	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	<b>Cost Drivers for Formulaic Capital and O&amp;M</b>							
2	CPI		0.473%	0.879%	0.980%	1.627%	1.979%	
3	AWE		2.277%	1.646%	2.050%	1.250%	1.473%	
4	Labour Split							
5	Non Labour		45.000%	45.000%	45.000%	45.000%	45.000%	
6	Labour		55.000%	55.000%	55.000%	55.000%	55.000%	
7	CPI/AWE	(Line 2 x Line 5) + (Line 3 x Line 6)	1.465%	1.301%	1.569%	1.420%	1.701%	
8	Productivity Factor		-1.030%	-1.030%	-1.030%	-1.030%	-1.030%	
9	Net Inflation Factor for Costs	Line 7 + Line 8	0.435%	0.271%	0.539%	0.390%	0.671%	
10								
11	Average Customer Growth		0.326%	0.181%	0.613%	0.494%	0.629%	
12	Inflation Factor	(1 + Line 9) x (1 + Line 11)	100.758%	100.452%	101.155%	100.886%	101.304%	

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**CAPITAL EXPENDITURES  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 4

Line No.	Particulars	CapEx	Forecast CapEx	Total CapEx	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b><u>2013</u></b>				
2	Base	\$ 41,875			
3	<b><u>2014</u></b>				
4	Net Inflation Factor	100.758%			Schedule 3, Line 12, Column 3
5	Formula Capex	42,193			
6	<b><u>2015</u></b>				
7	Net Inflation Factor	100.452%			Schedule 3, Line 12, Column 4
8	Formula Capex	42,384			
9	<b><u>2016</u></b>				
10	Net Inflation Factor	101.155%			Schedule 3, Line 12, Column 5
11	Formula Capex	\$ 42,874			
12	<b><u>2017</u></b>				
13	Net Inflation Factor	100.886%			Schedule 3, Line 12, Column 6
14	Formula Capex	\$ 43,254			
15	<b><u>2018</u></b>				
16	Net Inflation Factor	101.304%			Schedule 3, Line 12, Column 7
17	Formula Capex	\$ 43,818		\$ 43,818	
18					
19					
20	<b>Capital Tracked Outside of Formula</b>				
21	Pension & OPEB (Capital Portion)		\$ 3,630		
22	Mandatory Reliability Standards Incremental Capital		50		
23	AMI Sustainment Capital		265		
24	Corra Linn Spillway Gate Replacement		20,615		
25	Ruckles Substation Rebuild		2,238		
26	Upper Bonnington Old Units Refurbishment		7,092		
27	Total		\$ 33,890	\$ 33,890	
28					
29	<b>Total Capital Expenditures before CIAC</b>			<u>\$ 77,708</u>	

**CAPITAL EXPENDITURES TO PLANT RECONCILIATION  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 5

Line No.	Particulars (1)	2018 (2)	Cross Reference (3)
1	<b>CAPITAL EXPENDITURES</b>		
2			
3	Formula Capital Expenditures	\$ 43,818	Schedule 4, Line 17, Column 4
4	Forecast Capital Expenditures	3,945	Schedule 4, Lines 21 to 23, Column 3
5	Total Regular Capital Expenditures	<u>\$ 47,763</u>	
6			
7	<b>CPCN and Special Projects</b>		
8	Corra Linn Spillway Gate Replacement	20,615	Schedule 4, Line 24, Column 3
9	Ruckles Substation Rebuild	2,238	Schedule 4, Line 25, Column 3
10	Upper Bonnington Old Units Refurbishment	7,092	Schedule 4, Line 26, Column 3
11	Total CPCN and Special Projects	<u>\$ 29,945</u>	
12			
13	<b>Total Capital Expenditures</b>	<u>\$ 77,708</u>	
14			
15			
16	<b>RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT</b>		
17			
18	Regular Capital Expenditures	\$ 47,763	
19	Add - Capitalized Overheads	8,789	Schedule 20, Line 31, Column 4
20	Add - Direct Overheads	5,000	
21	Add - AFUDC	692	
22	Less: Removal costs	(2,577)	Schedule 7.1, Line 14, Column 8 - Row 30
23	Gross Capital Expenditures	<u>\$ 59,667</u>	
24	Change in Work in Progress	-	
25	<b>Total Additions to Plant</b>	<u>\$ 59,667</u>	
26			
27			
28	<b>CPCN and Special Projects</b>	\$ 29,945	
29	Add - AFUDC	2,114	
30	Less: Removal costs	(1,381)	
31	Gross Capital Expenditures	<u>30,678</u>	
32	Change in Work in Progress	(5,391)	
33	<b>Total Additions to Plant</b>	<u>\$ 25,287</u>	
34			
35	<b>Grand Total Additions to Plant</b>	<u>\$ 84,954</u>	Schedule 6.1, Line 14 , Columns 5+6



**PLANT IN SERVICE CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Line No.	Account	Particulars	12/31/17	Opening Bal. Adjustment	CPCNs	Additions	Retirements	12/31/18	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		<b>Hydraulic Production Plant</b>							
2	330	Land Rights	\$ 962	\$ -	\$ -	\$ -	\$ -	\$ 962	
3	331	Structures and Improvements	15,711	66	36	349	(15)	16,148	
4	332	Reservoirs, Dams & Waterways	33,805	161	175	852	(50)	34,943	
5	333	Water Wheels, Turbines and Gen.	95,943	8	3,548	44	(553)	98,990	
6	334	Accessory Equipment	42,956	74	1,477	393	(456)	44,444	
7	335	Other Power Plant Equipment	45,832	103	-	546	(19)	46,462	
8	336	Roads, Railroads and Bridges	1,287	-	-	-	-	1,287	
9			<u>\$ 236,495</u>	<u>\$ 412</u>	<u>\$ 5,237</u>	<u>\$ 2,184</u>	<u>\$ (1,093)</u>	<u>\$ 243,235</u>	
10		<b>Transmission Plant</b>							
11	350	Land Rights-R/W	\$ 9,673	\$ 38	\$ -	\$ 202	\$ -	\$ 9,912	
12	350.1	Land Rights-Clearing	8,903	38	-	202	-	9,142	
13	353	Station Equipment	233,834	2,550	175	13,506	(227)	249,838	
14	355	Poles Towers & Fixtures	108,798	647	-	3,427	(301)	112,571	
15	356	Conductors and Devices	104,147	533	-	2,822	(332)	107,170	
16	359	Roads and Trails	1,121	-	-	-	-	1,121	
17			<u>\$ 466,476</u>	<u>\$ 3,807</u>	<u>\$ 175</u>	<u>\$ 20,158</u>	<u>\$ (860)</u>	<u>\$ 489,755</u>	
18		<b>Distribution Plant</b>							
19	360	Land Rights-R/W	\$ 3,604	\$ -	\$ -	\$ -	\$ -	\$ 3,604	
20	360.1	Land Rights-Clearing	10,330	-	-	-	-	10,330	
21	362	Station Equipment	255,248	-	-	-	(423)	254,825	
22	364	Poles Towers & Fixtures	257,381	3,653	-	19,341	(484)	279,891	
23	365	Conductors and Devices	293,544	1,090	-	5,773	(786)	299,621	
24	368	Line Transformers	132,655	545	-	2,887	(1,461)	134,626	
25	369	Services	9,521	-	-	-	-	9,521	
26	370	Meters	415	-	-	-	(20)	395	
27	370.1	AMI Meters	38,755	164	-	866	-	39,784	
28	371	Installation on Customers' Premises	938	-	-	-	-	938	
29	373	Street Lighting and Signal System	11,921	-	-	-	(57)	11,864	
30			<u>\$ 1,014,311</u>	<u>\$ 5,452</u>	<u>\$ -</u>	<u>\$ 28,867</u>	<u>\$ (3,231)</u>	<u>\$ 1,045,399</u>	

FORTISBC INC.

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**PLANT IN SERVICE CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 6.1

Line No.	Account	Particulars	12/31/17	Opening Bal. Adjustment	CPCNs	Additions	Retirements	12/31/18	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		<b>General Plant</b>							
2	389	Land	\$ 10,993	\$ -	\$ -	\$ -	\$ -	\$ 10,993	
3	390	Structures - Frame & Iron	337	-	-	-	-	337	
4	390.1	Structures - Masonry	45,884	138	19,875	733	-	66,630	
5	391	Office Furniture & Equipment	6,368	30	-	161	(521)	6,039	
6	391.1	Computer Equipment	99,059	800	-	4,236	(2,600)	101,495	
7	391.2	AMI Software	10,353	60	-	315	-	10,728	
8	392	Transportation Equipment	27,595	380	-	2,012	(1,749)	28,238	
9	394	Tools and Work Equipment	15,385	141	-	748	(495)	15,780	
10	397	Communication Structures & Equipment	27,792	47	-	250	(515)	27,574	
11	397.1	AMI Communications Structure & Equipment	5,535	-	-	3	-	5,537	
12			<u>\$ 249,302</u>	<u>\$ 1,597</u>	<u>\$ 19,875</u>	<u>\$ 8,458</u>	<u>\$ (5,880)</u>	<u>\$ 273,351</u>	
13									
14		<b>Total Plant in Service</b>	<u>\$ 1,966,584</u>	<u>\$ 11,268</u>	<u>\$ 25,287</u>	<u>\$ 59,667</u>	<u>\$ (11,064)</u>	<u>\$ 2,051,742</u>	
15									
16		Cross Reference			Schedule 5 Line 33 Column 2	Schedule 5 Line 25 Column 2			

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 7

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/17	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/18	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1		<b>Hydraulic Production Plant</b>									
2	330	Land Rights	\$ 962	2.60%	\$ (463)	\$ 25	\$ -	\$ -	\$ -	\$ (438)	
3	331	Structures and Improvements	15,813	1.29%	5,759	204	(15)	(36)	-	5,912	
4	332	Reservoirs, Dams & Waterways	34,141	1.78%	7,020	608	(50)	(899)	-	6,679	
5	333	Water Wheels, Turbines and Gen.	99,499	1.79%	16,250	1,781	(553)	(118)	-	17,360	
6	334	Accessory Equipment	44,507	2.28%	11,073	1,015	(456)	(57)	-	11,574	
7	335	Other Power Plant Equipment	45,935	2.05%	15,057	942	(19)	(25)	-	15,954	
8	336	Roads, Railroads and Bridges	1,287	1.47%	219	19	-	-	-	237	
9			<u>\$ 242,144</u>		<u>\$ 54,914</u>	<u>\$ 4,593</u>	<u>\$ (1,093)</u>	<u>\$ (1,135)</u>	<u>\$ -</u>	<u>\$ 57,278</u>	
10		<b>Transmission Plant</b>									
11	350	Land Rights-R/W	\$ 9,711	0.00%	\$ (231)	\$ -	\$ -	\$ -	\$ -	\$ (231)	
12	350.1	Land Rights-Clearing	8,941	1.23%	2,103	110	-	-	-	2,213	
13	353	Station Equipment	236,560	2.45%	71,459	5,796	(227)	(1,215)	-	75,813	
14	355	Poles Towers & Fixtures	109,445	2.53%	28,777	2,769	(301)	(214)	-	31,031	
15	356	Conductors and Devices	104,680	2.52%	22,153	2,638	(332)	(177)	-	24,282	
16	359	Roads and Trails	1,121	2.88%	305	32	-	-	-	338	
17			<u>\$ 470,457</u>		<u>\$ 124,567</u>	<u>\$ 11,345</u>	<u>\$ (860)</u>	<u>\$ (1,606)</u>	<u>\$ -</u>	<u>\$ 133,446</u>	
18		<b>Distribution Plant</b>									
19	360	Land Rights-R/W	\$ 3,604	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
20	360.1	Land Rights-Clearing	10,330	1.23%	2,202	127	-	-	-	2,329	
21	362	Station Equipment	255,248	2.57%	66,598	6,560	(423)	-	-	72,735	
22	364	Poles Towers & Fixtures	261,033	2.67%	57,337	6,970	(484)	(744)	-	63,080	
23	365	Conductors and Devices	294,634	2.89%	95,607	8,515	(786)	(222)	-	103,114	
24	368	Line Transformers	133,200	2.74%	33,177	3,650	(1,461)	(111)	-	35,254	
25	369	Services	9,521	0.50%	6,695	48	-	-	-	6,743	
26	370	Meters	415	6.68%	(314)	28	(20)	-	-	(306)	
27	370.1	AMI Meters	38,918	5.00%	1,459	1,946	-	(33)	-	3,372	
28	371	Installation on Customers' Premises	938	0.00%	938	-	-	-	-	938	
29	373	Street Lighting and Signal System	11,921	4.65%	3,664	554	(57)	-	-	4,161	
30			<u>\$ 1,019,763</u>		<u>\$ 267,364</u>	<u>\$ 28,397</u>	<u>\$ (3,231)</u>	<u>\$ (1,110)</u>	<u>\$ -</u>	<u>\$ 291,419</u>	

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 7.1

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/17	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/18	Cross Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1		General Plant									
2	389	Land	\$ 10,993	0.00%	\$ (12)	\$ -	\$ -	\$ -	\$ -	\$ (12)	
3	390	Structures - Frame & Iron	337	0.56%	4	2	-	-	-	6	
4	390.1	Structures - Masonry	65,898	2.77%	19,273	1,825	-	(10)	-	21,089	
5	391	Office Furniture & Equipment	6,399	1.68%	5,186	108	(521)	(2)	-	4,770	
6	391.1	Computer Equipment	99,859	7.21%	79,997	7,200	(2,600)	(56)	-	84,541	
7	391.2	AMI Software	10,413	10.00%	2,433	1,041	-	-	-	3,474	
8	392	Transportation Equipment	27,975	6.01%	6,541	1,681	(1,749)	(27)	-	6,447	
9	394	Tools and Work Equipment	15,526	2.49%	10,248	387	(495)	(10)	-	10,130	
10	397	Communication Structures & Equipment	27,839	5.49%	20,603	1,528	(515)	(3)	-	21,612	
11	397.2	AMI Communications Structure & Equipment	5,535	6.67%	737	369	-	-	-	1,106	
12			\$ 270,774		\$ 145,010	\$ 14,141	\$ (5,880)	\$ (107)	\$ -	\$ 153,164	
13											
14	108	Total Accumulated Depreciation	\$ 2,003,138		\$ 591,854	\$ 58,476	\$ (11,064)	\$ (3,958)	\$ -	\$ 635,308	
15											
16		Cross Reference	Schedule 6.1								
17			Line 14								
18			Columns 3+4+5								

**FORTISBC INC.**

October 3, 2017

Section 11

Schedule 8

**SCHEDULE NOT APPLICABLE**

FORTISBC INC.

October 3, 2017

Section 11

**CONTRIBUTIONS IN AID OF CONSTRUCTION CONTINUITY SCHEDULE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 9

Line No.	Particulars	12/31/17	Adjustment	Additions	Retirements	12/31/18	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	<b>CIAC</b>	\$ 187,217	\$ -	\$ 6,120	\$ -	\$ 193,337	
2							
3	<b>Amortization</b>	(68,323)	-	(3,913)	-	(72,236)	
4							
5	<b>Net CIAC</b>	<u>\$ 118,894</u>	<u>\$ -</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 121,101</u>	

**FORTISBC INC.**

October 3, 2017

Section 11

Schedule 10

**SCHEDULE NOT APPLICABLE**

**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Line No.	Particulars	12/31/17	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/18	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<u>Benefits Matching Accounts</u>								
2	Demand Side Management	\$ 22,595	\$ -	\$ 7,900	\$ (2,054)	\$ (3,711)	\$ 24,730	\$ 23,662	
3	Deferred Debt Issue Costs	4,032	-	-	(126)	(126)	3,780	3,906	
4	Preliminary and Investigative Charges <sup>1</sup>	165	-	(165)	-	-	-	83	Note 1
5	Right of Way Reclamation (Pine Beetle Kill)	173	-	-	-	(173)	-	87	
6	Accounting Treatment of non-AMI Meters	2,163	-	-	-	(1,082)	1,082	1,623	
7		<u>\$ 29,128</u>	<u>\$ -</u>	<u>\$ 7,735</u>	<u>\$ (2,180)</u>	<u>\$ (5,092)</u>	<u>\$ 29,591</u>	<u>\$ 29,360</u>	
8	<u>Other Accounts</u>								
9	Pension and OPEB Liability	(17,541)	-	132	-	-	(17,409)	(17,475)	
10		<u>\$ (17,541)</u>	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,409)</u>	<u>\$ (17,475)</u>	
11									
12	<b>Total Rate Base Deferral Accounts</b>	<u>\$ 11,587</u>	<u>\$ -</u>	<u>\$ 7,867</u>	<u>\$ (2,180)</u>	<u>\$ (5,092)</u>	<u>\$ 12,182</u>	<u>\$ 11,885</u>	
13									
14	Note 1: Gross additions for Preliminary and Investigative Charges are net of transfers to Construction Work in Progress. Additions of \$350,000 - transfers of \$465,000 = \$(165,000)								



**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Line No.	Particulars	12/31/17	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/18	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<b>Deferral Accounts Financed at Short Term Interest Rate</b>								
2									
3	<u>Forecast Variance Accounts</u>								
4	Revenue and Power Supply <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5	Flow-Through Accounts	(7,102)	-	-	-	7,102	-	(3,551)	
6	Pension & Other Post Retirement Benefits (OPEB) Variance	(369)	-	-	-	289	(80)	(224)	
7		<u>\$ (7,470)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,391</u>	<u>\$ (80)</u>	<u>\$ (3,775)</u>	
8	<u>Benefit Matching Accounts</u>								
9	2014-2019 Performance Based Ratemaking Application	493	-	-	-	(246)	246	369	
10	Annual Reviews for 2015-2019 Rates	102	-	150	(39)	(102)	111	106	
11	Self-Generation Policy Application, Stage II	(18)	-	25	(7)	-	-	(9)	
12	Net Metering Program Tariff Update	88	-	-	-	(88)	-	44	
13	BCUC Residential Inclining Block Rate Report	(22)	-	-	-	22	-	(11)	
14	2017 Demand Side Management Expenditure Schedule Application	11	-	-	-	(11)	-	5	
15	BC Hydro Application for Power Purchase Agreement with FBC	(7)	-	-	-	7	-	(3)	
16	Community Solar Pilot Project	130	-	-	-	(130)	-	65	
17	Tariff Applications	-	-	-	-	-	-	-	
18		<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ (46)</u>	<u>\$ (548)</u>	<u>\$ 357</u>	<u>\$ 566</u>	
19	<u>Other Accounts</u>								
20	2014-2019 Earnings Sharing Account	\$ (615)	\$ -	\$ -	\$ -	\$ 615	\$ -	\$ (307)	
21		<u>\$ (615)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ (307)</u>	
22									
23	<b>Total Deferral Accounts at Short Term Interest</b>	<u>\$ (7,310)</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ (46)</u>	<u>\$ 7,458</u>	<u>\$ 278</u>	<u>\$ (3,515)</u>	
24									
25	Financing Costs at STI	<u>\$ (361)</u>	<u>\$ -</u>	<u>\$ (96)</u>		<u>\$ 361</u>	<u>\$ (96)</u>	<u>\$ (229)</u>	
26									
27	Note 1: Revenue and Power Supply Variances are included in the Flow-Through Accounts during the PBR Term.								

**UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE cont'd**  
**FOR THE YEAR ENDING DECEMBER 31, 2018**  
**(\$000s)**

Schedule 12.1

Line No.	Particulars	12/31/17	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/18	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<b>Deferral Accounts Financed at Weighted Average Cost of Debt</b>								
2									
3	<u>Benefit Matching Accounts</u>								
4	CPCN Projects Preliminary Engineering	\$ 231	\$ -	\$ 130	\$ -	\$ -	\$ 361	\$ 296	
5	2016 Long Term Electric Resource Plan	704	-	-	-	(141)	563	633	
6	2017 Rate Design Application	481	-	1,250	(325)	-	1,406	944	
7	Transmission Customer Rate Design	2	-	-	-	(2)	-	1	
8	2020 Revenue Requirements	22	-	70	(39)	-	53	38	
9	Multi-Year DSM Expenditure Schedule	93	-	125	(33)	-	185	139	
10	2018 Joint Pole Use Audit	-	-	200	(52)	(30)	118	59	
11		<u>\$ 1,533</u>	<u>\$ -</u>	<u>\$ 1,775</u>	<u>\$ (449)</u>	<u>\$ (172)</u>	<u>\$ 2,687</u>	<u>\$ 2,110</u>	
12									
13	<u>Other Accounts</u>								
14	US GAAP Pension and OPEB Transitional Obligation	\$ 2,728	\$ -	\$ (827)	\$ (195)	\$ -	\$ 1,706	\$ 2,217	
15	Advanced Metering Infrastructure Radio-Off Shortfall	127	-	120	(31)	-	216	171	
16		<u>\$ 2,855</u>	<u>\$ -</u>	<u>\$ (707)</u>	<u>\$ (226)</u>	<u>\$ -</u>	<u>\$ 1,922</u>	<u>\$ 2,388</u>	
17									
18									
19	<b>Total Deferral Accounts at Weighted Average Cost of Debt</b>	<u>\$ 4,388</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ (675)</u>	<u>\$ (172)</u>	<u>\$ 4,609</u>	<u>\$ 4,498</u>	
20									
21	Financing Costs at WACD	<u>\$ 499</u>	<u>\$ -</u>	<u>\$ 241</u>		<u>\$ (499)</u>	<u>\$ 241</u>	<u>\$ 370</u>	
22									
23	<b>Deferral Accounts Financed at AFUDC</b>								
24									
25	<u>Benefit Matching Accounts</u>								
26	On Bill Financing (OBF) Participant Loans	\$ 8	\$ -	\$ (5)	\$ -	\$ -	\$ 4	\$ 6	
27									
28	<b>Total Deferral Accounts at AFUDC</b>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 6</u>	
29									
30	Financing Costs at AFUDC	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>		<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ 1</u>	
31									
32	<b>Deferral Accounts Non-Interest Bearing</b>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>	
33									
34	<b>Total Non Rate Base Deferral Accounts (including financing)</b>	<u>\$ (2,725)</u>	<u>\$ -</u>	<u>\$ 1,383</u>	<u>\$ (720)</u>	<u>\$ 7,146</u>	<u>\$ 5,086</u>	<u>\$ 1,180</u>	

FORTISBC INC.

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Section 11

**WORKING CAPITAL ALLOWANCE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 13

Line No.	Particulars	2017 Approved	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>Cash Working Capital</b>				
2	Cash Working Capital	\$ 5,496	\$ 4,852	\$ (645)	Schedule 14, Line 41, Column 5
3					
4	Add: Funds Unavailable				
5	Customer Loans	800	430	(370)	
6	Employee Loans	310	310	-	
7	Uncollectible Accounts	1,520	1,700	180	
8	Inventory (average monthly investment)	580	680	100	
9					
10	Less: Funds Available				
11	Average Customer Deposits	(4,440)	(5,150)	(710)	
12	Average Provincial Sales Tax	(710)	(690)	20	
13	Average Goods and Services Tax	(650)	(550)	100	
14					
15	Total	\$ 2,905	\$ 1,582	\$ (1,325)	

## FORTISBC INC.

October 3, 2017

Section 11

**CASH WORKING CAPITAL**  
**FOR THE YEAR ENDING DECEMBER 31, 2018**  
**(\$000s)**

Schedule 14

Line No.	Particulars	2018 at Revised Rates	Lag (Lead) Days	Extended	Weighted Average Lag (Lead) Days	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	<b>REVENUE</b>					
2	<b>Sales Revenue</b>					
3	Residential Tariff Revenue	\$ 179,287	50.5	\$ 9,054		
4	Commercial Tariff Revenue	90,826	49.4	4,487		
5	Wholesale Tariff Revenue	48,649	33.2	1,615		
6	Industrial Tariff Revenue	31,767	33.2	1,055		
7	Lighting Tariff Revenue	2,908	50.1	146		
8	Irrigation Tariff Revenue	3,521	45.3	159		
9						
10	<b>Other Revenue</b>					
11	Apparatus and Facilities Rental	4,736	27.4	130		
12	Contract Revenue	1,769	43.6	77		
13	Transmission Revenue	1,170	15.2	18		
14	Interest Income	16	15.2	-		
15	Other Utility Income	725	44.7	32		
16						
17	Total	<u>\$ 365,374</u>		<u>\$ 16,773</u>	45.9	
18						
19	<b>EXPENSES</b>					
20	Power Purchases	\$ 133,071	41.7	5,549		
21	Wheeling	5,171	40.2	208		
22	Water Fees	10,208	(1.0)	(10)		
23	<u>Operating Labour</u>					
24	Salaries and Wages	16,637	5.3	88		
25	Employee Benefits	10,104	13.2	133		
26	Contracted Labour	12,690	50.6	642		
27	Rental of T&D Facilities	3,345	48.6	163		
28	Office Lease	569	(15.2)	(9)		
29	Materials	5,192	45.6	237		
30	Insurance	1,265	(182.5)	(231)		
31	Interest	40,205	85.2	3,425		
32	Property Taxes	16,684	1.4	23		
33	Income Tax	9,162	15.2	139		
34						
35	Total	<u>\$ 264,303</u>		<u>\$ 10,358</u>	(39.2)	
36						
37	Net Lag (Lead) Days				6.7	
38						
39	Total Expenses				\$ 264,303	
40						
41	Cash Working Capital				<u>\$ 4,852</u>	

**FORTISBC INC.**

October 3, 2017

Section 11

Schedule 15

**SCHEDULE NOT APPLICABLE**

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

Line No.	Particulars (1)	2017 Approved	2018 Forecast		Change		Cross Reference (7)
		(2)	at Existing Rates (3)	Revised Revenue (4)	at Revised Rates (5)	(6)	
1	<b>ENERGY VOLUMES</b>						
2	Sales Volume (GWh)	3,282	3,213		3,213	(69)	Schedule 17, Line 9, Column 3
3							
4	<b>REVENUE</b>						
5	Sales	\$ 352,389	\$ 356,340	\$ -	\$ 356,340	\$ 3,951	Schedule 17, Line 19, Column 3
6	Deficiency (Surplus)	9,739	-	619	619	(9,120)	
7	Total	362,128	356,340	619	356,959	(5,169)	Schedule 18, Line 8, Column 5
8							
9	<b>EXPENSES</b>						
10	Cost of Energy	151,472	148,450	-	148,450	(3,022)	Schedule 19, Line 29, Column 3
11	O&M Expense (net)	48,917	49,802	-	49,802	886	Schedule 20, Line 32, Column 4
12	Depreciation & Amortization	55,657	52,695	-	52,695	(2,962)	Schedule 21, Line 11, Column 3
13	Property Taxes	16,052	16,684	-	16,684	632	Schedule 22, Line 7, Column 3
14	Other Revenue	(8,056)	(8,416)	-	(8,416)	(360)	Schedule 23, Line 8, Column 3
15	Utility Income Before Income Taxes	98,086	97,124	619	97,742	(343)	
16							
17	Income Taxes	10,849	9,001	161	9,162	(1,688)	Schedule 24, Line 13, Column 3
18							
19	<b>EARNED RETURN</b>	<u>\$ 87,237</u>	<u>\$ 88,123</u>	<u>\$ 458</u>	<u>\$ 88,581</u>	<u>\$ 1,344</u>	Schedule 26, Line 5, Column 7
20							
21	<b>UTILITY RATE BASE</b>	\$ 1,285,408	\$ 1,321,742		\$ 1,321,742	\$ 36,335	Schedule 2, Line 29, Column 3
22	<b>RATE OF RETURN ON UTILITY RATE BASE</b>	6.79%	6.67%		6.70%	-0.08%	Schedule 26, Line 5, Column 6

FORTISBC INC.

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Section 11

**VOLUME AND REVENUE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 17

Line No.	Particulars	2017 Approved	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>ENERGY VOLUME SOLD (GWh)</b>				
2	Residential	1,353	1,280	(73)	
3	Commercial	879	912	33	
4	Wholesale	587	586	(1)	
5	Industrial	407	379	(28)	
6	Lighting	14	15	1	
7	Irrigation	40	41	1	
8					
9	Total	3,282	3,213	(69)	
10					
11	<b>REVENUE AT EXISTING RATES</b>				
12	Residential	\$ 187,578	\$ 178,976	\$ (8,602)	
13	Commercial	86,254	90,669	4,415	
14	Wholesale	48,498	48,565	67	
15	Industrial	33,501	31,712	(1,788)	
16	Lighting	2,873	2,903	30	
17	Irrigation	3,424	3,515	90	
18					
19	Total	\$ 362,128	\$ 356,340	\$ (5,788)	

FORTISBC INC.

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Section 11

**REVENUE AT EXISTING AND REVISED RATES  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 18

Line No.	Particulars	2017 Approved Revenue	2018 Forecast			Average Number of Customers	GWh	Cross Reference
			Revenue at Existing Rates	Effective Increase	Revenue at Revised Rates			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	\$ 187,578	\$ 178,976	\$ 311	\$ 179,287	117,216	1,280	
2	Commercial	86,254	90,669	157	90,826	15,935	912	
3	Wholesale	48,498	48,565	84	48,649	6	586	
4	Industrial	33,501	31,712	55	31,767	50	379	
5	Lighting	2,873	2,903	5	2,908	1,559	15	
6	Irrigation	3,424	3,515	6	3,521	1,090	41	
7								
8	Total	<u>\$ 362,128</u>	<u>\$ 356,340</u>	<u>\$ 619</u>	<u>\$ 356,959</u>	<u>135,855</u>	<u>3,213</u>	
9								
10	Effective Increase				<u>0.17%</u>			



**COST OF ENERGY  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Line No.	Particulars	2017 Approved	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>POWER PURCHASES</b>				
2	Gross Load (GWh)	3,559	3,485	(74)	
3					
4	<b>Power Purchase Expense</b>				
5	Brilliant	\$ 39,373	\$ 39,632	\$ 259	
6	BC Hydro PPA	46,968	44,906	(2,062)	
7	Waneta Expansion	38,330	37,437	(893)	
8	Independent Power Producers	204	80	(124)	
9	Market and Contracted Producers	11,341	11,016	(325)	
10	Balancing Pool	-	-	-	
11	Total	\$ 136,216	\$ 133,071	\$ (3,145)	
12					
13	<b>WHEELING</b>				
14	<b>Wheeling Nomination (MW months)</b>				
15	Okanagan Point of Interconnection	2,430	2,490	60	
16	Creston	432	444	12	
17					
18	<b>Wheeling Expense</b>				
19	Okanagan Point of Interconnect	\$ 4,374	\$ 4,590	\$ 216	
20	Creston	507	534	27	
21	Other	48	48	-	
22	Total	\$ 4,928	\$ 5,171	\$ 243	
23					
24	<b>WATER FEES</b>				
25	Plant Entitlement Use in previous year (GWh)	1,617	1,568	(49)	
26					
27	Water Fees	\$ 10,328	\$ 10,208	\$ (120)	
28					
29	Total	\$ 151,472	\$ 148,450	\$ (3,022)	

**OPERATING AND MAINTENANCE EXPENSE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 20

Line No.	Particulars	Formula O&M	Forecast O&M	Total O&M	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>2013</b>				
2	Base O&M	\$ 60,159			
3	Less: O&M tracked outside of Formula	(7,810)			
4	O&M Subject to Formula	52,349			
5	<b>2014</b>				
6	Net Inflation Factor	100.758%			Schedule 3, Line 12, Column 3
7	Formula O&M	52,746			
8	<b>2015</b>				
9	Net Inflation Factor	100.452%			Schedule 3, Line 12, Column 4
10	Formula O&M	52,984			
11	<b>2016</b>				
12	Net Inflation Factor	101.155%			Schedule 3, Line 12, Column 5
13	Formula O&M	\$ 53,596			
14	<b>2017</b>				
15	Net Inflation Factor	100.886%			Schedule 3, Line 12, Column 6
16	Formula Capex	\$ 54,071			
17	<b>2018</b>				
18	Net Inflation Factor	101.304%			Schedule 3, Line 12, Column 7
19	Formula Capex	\$ 54,776		\$ 54,776	
20					
21	<b>O&amp;M Tracked Outside of Formula</b>				
22	Pension & OPEB (O&M Portion)		\$ 2,659		
23	Insurance Premiums		1,265		
24	Advanced Metering Infrastructure Costs/Savings		(1,139)		
25	Mandatory Reliability Standards Incremental O&M		1,070		
26	Upper Bonnington Unit 4 Annual Inspection		(40)		
27	Total		\$ 3,815	3,815	
28					
29	<b>Total Gross O&amp;M</b>			\$ 58,591	
30					
31	Capitalized Overhead - 15% of Total Gross O&M			(8,789)	
32	<b>Net O&amp;M Expense</b>			\$ 49,802	

**DEPRECIATION AND AMORTIZATION EXPENSE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 21

Line No.	Particulars (1)	2017 Approved (2)	2018 Forecast (3)	Change (4)	Cross Reference (5)
1	<b>Depreciation</b>				
2	Depreciation Expense	\$ 56,046	\$ 58,476	\$ 2,430	Schedule 7.1, Line 14, Column 6
3					
4	<b>Amortization</b>				
5	Rate Base deferrals	\$ 4,714	\$ 5,092	\$ 377	Schedule 11, Line 12, Column 6
6	Non-Rate Base deferrals	(1,600)	(7,146)	(5,546)	Schedule 12.1, Line 34, Column 6
7	Utility Plant Acquisition Adjustment	186	186	-	
8	CIAC	(3,689)	(3,913)	(224)	Schedule 9, Line 3, Column 4
9		(389)	(5,781)	(5,393)	
10					
11	Total	\$ 55,657	\$ 52,695	\$ (2,963)	

FORTISBC INC.

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Section 11

**PROPERTY AND SUNDRY TAXES  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 22

Line No.	Particulars	2017 Approved	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Generating Plant	\$ 3,113	\$ 3,080	\$ (33)	
2	Transmission and Distribution	6,328	6,672	344	
3	Substation Equipment	3,806	3,731	(75)	
4	Land and Buildings	729	1,192	463	
5	1% In-Lieu of Municipal Taxes	2,076	2,009	(67)	
6					
7	Total	<u>\$ 16,052</u>	<u>\$ 16,684</u>	<u>\$ 632</u>	

**FORTISBC INC.**

October 3, 2017

Section 11

**OTHER REVENUE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 23

Line No.	Particulars	2017 Approved	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Apparatus and Facilities Rental	\$ 4,576	\$ 4,736	\$ 160	
2	Contract Revenue	1,865	1,769	(96)	
3	Transmission Access Revenue	1,179	1,170	(9)	
4	Interest Income	24	16	(8)	
5	Connection Charge	270	368	98	
6	Other Recoveries	142	356	214	
7					
8	Total	\$ 8,056	\$ 8,416	\$ 360	

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

Schedule 24

Line No.	Particulars	2017 Approved	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	<b>EARNED RETURN</b>	\$ 87,237	\$ 88,581	\$ 1,344	Schedule 16, Line 19, Column 5
2	Deduct: Interest on Debt	(40,191)	(40,205)	(14)	Schedule 26, Lines 1+2, Column 7
3	Adjustments to Taxable Income	(16,167)	(22,300)	(6,133)	Schedule 24, Line 29, Column 3
4	Accounting Income After Tax	\$ 30,878	\$ 26,075	\$ (4,803)	
5					
6	1 - Current Income Tax Rate	74.00%	74.00%	0.00%	
7	Taxable Income	\$ 41,728	\$ 35,237	\$ (6,491)	
8					
9	Current Income Tax Rate	26.00%	26.00%	0.00%	
10	Income Tax - Current	\$ 10,849	\$ 9,162	\$ (1,688)	
11					
12	Previous Year Adjustment	-	-	-	
13	Total Income Tax	\$ 10,849	\$ 9,162	\$ (1,688)	
14					
15					
16	<b>ADJUSTMENTS TO TAXABLE INCOME</b>				
17	Addbacks:				
18	Depreciation	\$ 56,046	\$ 58,476	\$ 2,430	Schedule 21, Line 2, Column 3
19	Amortization of Deferred Charges	3,114	(2,055)	(5,169)	Schedule 21, Lines 5+6, Column 3
20	Amortization of Utility Plant Acquisition Adjustment	186	186	-	Schedule 21, Line 7, Column 3
21	Pension & OPEB Expense	6,806	6,289	(517)	
22					
23	Deductions:				
24	Capital Cost Allowance	(64,246)	(66,522)	(2,276)	Schedule 25, Line 19, Column 6
25	CIAC Amortization	(3,689)	(3,913)	(224)	Schedule 21, Line 8, Column 3
26	Pension & OPEB Contributions	(5,433)	(5,594)	(161)	
27	Overheads Capitalized Expensed for Tax Purposes	(8,632)	(8,789)	(156)	Schedule 20, Line 31, Column 4
28	All Other	(319)	(379)	(60)	
29	Total	\$ (16,167)	\$ (22,300)	\$ (6,133)	

FORTISBC INC.

October 3, 2017

Section 11

**CAPITAL COST ALLOWANCE  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 25

Line No.	Class	CCA Rate	31/12/2017 UCC Balance	Adjustments	2018 Additions	2018 CCA	31/12/2018 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1(a)	4%	\$ 189,093	\$ -	\$ -	\$ 7,564	\$ 181,529
2	1(b)	6%	28,851	-	598	1,749	27,700
3	2	6%	15,538	-	-	932	14,606
4	3	5%	979	-	-	49	930
5	6	10%	4	-	-	0	3
6	8	20%	2,958	-	731	665	3,024
7	9	25%	-	-	-	-	-
8	10	30%	4,994	-	1,661	1,747	4,908
9	12	100%	-	-	-	-	-
10	13	manual	117	-	-	-	117
11	14.1	5%	-	-	164	4	160
12	17	8%	110,110	-	29,336	9,982	129,464
13	42	12%	4,732	-	199	580	4,351
14	45	45%	9	-	-	4	5
15	46	30%	7,195	-	-	2,158	5,036
16	47	8%	444,926	-	39,965	37,193	447,698
17	50	55%	5,197	-	3,769	3,895	5,071
18							
19	Total		\$ 814,702	\$ -	\$ 76,424	\$ 66,522	\$ 824,603

FORTISBC INC.

October 3, 2017

Section 11

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

Schedule 26

Line No.	Particulars	2017 Approved Earned Return	2018				Earned Return Change	Cross Reference	
			Amount	Ratio	Average Embedded Cost	Cost Component			Earned Return
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Long Term Debt	\$ 39,353	\$ 735,000	55.61%	5.20%	2.89%	\$ 38,203	\$ (1,150)	Schedule 27, Line 9, Column 6
2	Short Term Debt	838	58,045	4.39%	3.45%	0.15%	2,003	1,164	
3	Common Equity	47,046	528,697	40.00%	9.15%	3.66%	48,376	1,330	
4									
5	Total	<u>\$ 87,237</u>	<u>\$ 1,321,742</u>	<u>100.00%</u>		<u>6.70%</u>	<u>\$ 88,581</u>	<u>\$ 1,345</u>	
6									
7	Cross Reference		Schedule 2 Line 29 Column 3						



FORTISBC INC.

October 3, 2017

Section 11

**EMBEDDED COST OF LONG TERM DEBT  
FOR THE YEAR ENDING DECEMBER 31, 2018  
(\$000s)**

Schedule 27

Line No.	Particulars	Issue Date	Maturity Date	Average Principal Outstanding	Interest Rate	Interest Expense	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Series G	28/08/1993	28/08/2023	\$ 25,000	8.800%	\$ 2,200	
2	Series I	01/12/1997	01/12/2021	25,000	7.810%	1,953	
3	Series 1 - 05	09/11/2005	09/11/2035	100,000	5.600%	5,600	
4	Series 1 - 07	04/07/2007	04/07/2047	105,000	5.900%	6,195	
5	MTN - 09	02/06/2009	02/06/2039	105,000	6.100%	6,405	
6	MTN - 10	24/11/2010	24/11/2050	100,000	5.000%	5,000	
7	MTN - 14	28/10/2014	28/10/2044	200,000	4.000%	8,000	
8	MTN - 17 (forecast)	01/09/2017	01/09/2047	75,000	3.800%	2,850	
9	Total			<u>\$ 735,000</u>		<u>\$ 38,203</u>	
10							
11	Average Embedded Cost				<u>5.20%</u>		

**Appendix B**

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**REVISED DRAFT ORDER**

**ORDER NUMBER**

**G-xx-xx**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.  
Annual Review of 2018 Rates

**BEFORE:**

[Panel Chair]  
Commissioner  
Commissioner

on **Date**

**ORDER**

**WHEREAS:**

- A. On September 15, 2014, the British Columbia Utilities Commission (Commission) issued its Decision and Order G-139-14 approving for FortisBC Inc. (FBC) a Multi-Year Performance Based Ratemaking (PBR) Plan for 2014 through 2019 (the PBR Decision). In accordance with the PBR Decision, FBC is to conduct an Annual Review process to set rates for each year;
- B. By letter dated July 24, 2017, FBC proposed a regulatory timetable for its annual review for 2018 rates;
- C. By Order G-116-17 dated July 27, 2017, the Commission established the Regulatory Timetable for the annual review for 2018 rates which included the anticipated date for FBC to file its annual review materials, the deadline for intervener registration, one round of information requests, a workshop, FBCs response to undertakings requested at the workshop, and written final and reply arguments;
- D. On August 10, 2017, FBC submitted its Annual Review for 2018 Rates Application materials (Application);
- E. On October 3, 2017, FBC submitted an Evidentiary Update to its Annual Review for 2018 Rates Application materials (Evidentiary Update);
- F. The Commission has reviewed the Application and evidence filed in the proceeding and makes the following determinations.

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

1. FortisBC Inc.'s (FBC) application for a 0.17 percent rate increase to be applied to all components of rates for all customer classes is approved, effective January 1, 2018;
2. FBC is approved to establish the following three non-rate base deferral accounts and is approved to accrue financing charges on the three non-rate base deferral accounts based on FBC's weighted average cost of debt:
  - Multi-Year DSM Expenditure Schedule regulatory proceeding, with an amortization period to be proposed in a future Annual Review;
  - 2020 Revenue Requirement regulatory proceeding, with an amortization period to be proposed in a future Annual Review; and
  - 2018 Joint Use Pole Audit with a five year amortization period beginning in 2018.
3. FBC is approved to establish the following two non-rate base deferral accounts with a one-year amortization period, and is approved to accrue financing charges on the two non-rate base deferral accounts based on FBC's short-term interest rate:
  - Community Solar Pilot Project regulatory proceeding; and
  - Tariff Applications.
4. Z-factor treatment for the 2018 incremental operations and maintenance expenses and capital expenditures related to Mandatory Reliability Standards Assessment Reports No. 8 and 10 is approved.

Deleted: 0.11

**DATED** at the City of Vancouver, in the Province of British Columbia, this ~~(XX)~~ day of ~~(Month Year)~~.

BY ORDER

(X. X. last name)  
Commissioner