



2005 Revenue Requirements

4. Schedules

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Revenue Requirement Analysis
(\$000s)

	<u>Approved 2004</u>	<u>Requested 2005</u>	<u>Increase</u>	<u>Reference Tab 8 Section</u>
1 COST CATEGORY				
2				
3 POWER SUPPLY				
4 Power Purchases & Wheeling	65,188	66,522		1.1
5 Water Fees	<u>7,328</u>	<u>7,741</u>		1.2
6	72,516	74,263	1,747	
7				
8 OPERATION AND MAINTENANCE				
9 O&M Expense	32,845	36,293		2
10 Other Income	<u>(3,861)</u>	<u>(3,785)</u>		2
11	28,984	32,508	3,524	
12				
13 RATE BASE				
14 Cost of Debt	22,157	23,253		3.1
15 Cost of Equity	19,638	22,779		3.2
16 Income Taxes	6,134	6,972		3.4
17 Property Tax	9,820	10,850		3.6
18 Depreciation	16,805	18,766		3.7
19 AFUDC	<u>(3,098)</u>	<u>(3,102)</u>		3.8
20	71,456	79,518	8,062	
21				
22 INCENTIVE ADJUSTMENTS	<u>(3,030)</u>	<u>(1,901)</u>	1,129	4
23				
24 TOTAL REVENUE REQUIREMENT	<u><u>169,926</u></u>	<u><u>184,388</u></u>	<u><u>14,462</u></u>	
25				
26 Less: REVENUE AT APPROVED RATES		<u>(176,634)</u>		
27 REVENUE DEFICIENCY		<u><u>7,754</u></u>		
28				
29 RATE INCREASE		4.4%		

SCHEDULE 1**Actual and Forecast Utility Rate Base
(\$000s)**

	Actual ⁽¹⁾ 2002	Actual ⁽¹⁾ 2003	Forecast 2004	Forecast 2005
1 Plant in Service, January 1	495,876	528,739	630,676	707,601
2 Net Additions	32,863	101,937	76,925	125,087
3 Plant in Service, December 31	528,739	630,676	707,601	832,688
4 Construction Work in Progress	76,493	25,473	30,958	27,754
5 Plant Held for Future Use	741	741	-	-
6 Plant Acquisition Adjustment	11,912	11,912	11,912	11,912
7 Deferred and Preliminary Charges	11,834	9,957	14,393	16,668
8	629,719	678,759	764,864	889,022
9 Less:				
10 Accumulated Depreciation and Amortization	167,676	172,711	182,237	198,309
11 Contributions in Aid of Construction	45,994	49,764	53,213	55,493
12	213,670	222,475	235,450	253,802
13 Depreciated Utility Rate Base	416,049	456,284	529,414	635,220
14 Prior Year Depreciated Utility Rate Base	350,068	416,049	456,285	529,414
15 Mean Depreciated Utility Rate Base	383,058	436,167	492,850	582,317
16				
17 Allowance for Working Capital	10,482	8,347	7,349	8,563
18 Adjustment for Capital Additions	(11,037)	(1,826)	(5,487)	(8,641)
19 Mid-Year Utility Rate Base	382,503	442,688	494,712	582,239
20				

(1) Source for actuals-Annual Reports filed with BCUC

SCHEDULE 2**Earned Return
(\$000s)**

	Actual⁽¹⁾ 2002	Actual⁽¹⁾ 2003	Estimate 2004	Existing Rates Forecast 2005	Proposed Rates Forecast 2005
1 SALES VOLUME (GW.h)	2,791	2,834	2,965	2,999	2,999
2					
3 ELECTRICITY SALES REVENUE	148,439	162,955	175,603	176,634	184,388
4					
5 EXPENSES					
6 Power Purchases	52,261	58,436	60,389	62,644	62,644
7 Wheeling	3,996	3,727	3,785	3,878	3,878
8	56,257	62,163	64,174	66,522	66,522
9 Operating Expenses					
10 Labour and Benefits	18,438	16,507	21,037	22,696	22,696
11 Materials	10,014	10,756	7,010	7,573	7,573
12					
13 Other O&M Expenses					
14 Uncollectable Accounts	951	438	1,259	445	445
15 Insurance	867	1,738	1,870	1,661	1,661
16 Rental of Trail and Kelowna Offices	310	383	600	600	600
17 Rental of Facilities	239	239	3,215	3,318	3,318
18 Software Development Expensed	2,075	-	-	-	-
19 BC / Alberta Integration	2,200	-	-	-	-
20 Shareholder Expense	(3,000)	-	-	-	-
21	3,642	2,798	6,944	6,024	6,024
22					
23 Taxes					
24 Property Tax	9,593	9,115	10,136	10,850	10,850
25 Water Fees	7,120	7,370	7,376	7,741	7,741
26	16,713	16,485	17,512	18,591	18,591
27					
28 Depreciation and Amortization	14,344	14,637	16,854	18,766	18,766
29					
30 Other Income	(5,916)	(5,250)	(4,173)	(3,785)	(3,785)
31 AFUDC	(2,451)	(3,370)	(2,394)	(3,102)	(3,102)
32 Incentive Adjustments	1,676	1,281	(1,494)	(1,901)	(1,901)
33 Rate Stabilization	-	-	-	-	-
34 UTILITY INCOME BEFORE TAX	35,722	46,948	50,133	45,250	53,004
35 Less:					
36 INCOME TAXES	5,892	7,578	7,979	4,210	6,972
37					
38	29,830	39,370	42,154	41,040	46,032
39 RETURN ON RATE BASE					
40 Utility Rate Base	382,503	442,688	494,712	582,239	582,239
41 Return on Rate Base	7.80%	8.89%	8.52%	7.05%	7.91%

(1) Source for actuals-Annual Reports filed with BCUC

SCHEDULE 3**Actual And Forecast Income Tax Expense**
(\$000s)

	Actual 2002	Actual 2003	Estimate 2004	Existing Rates Forecast 2005	Proposed Rates Forecast 2005
1 UTILITY INCOME BEFORE TAX	35,722	46,948	50,133	45,250	53,004
2 Deduct:					
3 Interest on Rate Base	15,200	19,120	19,576	23,253	23,253
4 ACCOUNTING INCOME	20,522	27,828	30,557	21,997	29,751
5					
6 Adjustments to Accounting Income					
7 to arrive at Taxable Income					
8					
9 Deductions					
10 Capital Cost Allowance	17,252	20,065	18,998	22,781	22,781
11 Capitalized Overhead	2,175	2,583	2,874	3,396	3,396
12 AFUDC	2,451	3,505	2,394	3,102	3,102
13 Net Deductible Deferred Charge Additions		236	3,285	3,003	3,003
14 Incentive Sharing Adjustments		-	1,494	1,901	1,901
15 All Other (net effect)	983	(129)	584	(458)	(458)
16	22,861	26,282	29,629	33,725	33,725
17					
18 Additions					
19 Amortization of Deferred Charges	-	2,297	1,847	1,911	1,911
20 Depreciation	14,344	12,340	15,007	16,855	16,855
21	14,344	14,637	16,854	18,766	18,766
22					
23 TAXABLE INCOME	12,005	16,183	17,782	7,038	14,792
24					
25 Tax Rate	38.82%	37.32%	35.62%	35.62%	35.62%
26					
27 Taxes Payable	4,660	6,039	6,334	2,507	5,269
28					
29 Prior Years' Overprovisions/ (Underprovisions)	(259)	-	-	-	-
30 Tax Effect DIT in Power Purchases		-	-	-	-
31 Power Smart Tax Impact	594	592	711	653	653
32 Large Capital Tax Adjustment	897	897	884	950	950
33 Allowance for Tax Audit	-	50	50	100	100
34					
35 REGULATORY TAX PROVISION	5,892	7,578	7,979	4,210	6,972

(1) Source for actuals-Annual Reports filed with BCUC

SCHEDULE 4**Actual And Forecast Common Share Equity**

(\$000s)

	Actual 2002	Actual 2003	Estimate 2004	Existing Rates Forecast 2005	Proposed Rates Forecast 2005
1 Share Capital	61,500	76,500	76,500	106,500	106,500
2 Retained Earnings	100,083	104,855	114,487	126,478	126,478
3					
4 COMMON EQUITY - OPENING BALANCE	161,346	181,355	190,987	232,978	232,978
5					
6 Less: Preferred Dividends	-	-	-	-	-
7 Common Dividends	(9,639)	(10,618)	(10,587)	(8,000)	(8,000)
8					
9 Add: Net Income	14,630	20,250	22,578	17,787	22,779
10 Shares Issued	15,000	-	30,000	-	-
11					
12 Closing Balance	181,337	190,987	232,978	242,765	247,757
13					
14 SIMPLE AVERAGE	171,341	186,171	211,982	237,871	240,367
15					
16 Adjustment for Share Issue	6,223	-	7,603	-	-
17 Deemed Equity Adjustment	-	-	-	(4,975)	(7,471)
18					
19 COMMON EQUITY - AVERAGE	177,564	186,171	219,585	232,896	232,896

(1) Source for actuals-Annual Reports filed with BCUC

SCHEDULE 5**Actual And Forecast Return On Capital
(\$000s)**

		Actual 2002	Actual 2003	Estimate 2004	Existing Rates Forecast 2005	Proposed Rates Forecast 2005
1	Secured Debt & Senior Unsecured	121,962	148,192	159,105	317,938	317,938
2	Proportion	32.10%	33.82%	31.73%	54.61%	54.61%
3	Embedded Cost	8.43%	8.16%	7.94%	6.80%	6.80%
4	Cost Component	2.71%	2.76%	2.52%	3.71%	3.71%
5	Return	10,283	12,087	12,626	21,613	21,613
6						
7	Unsecured Debt & Bank Loans	80,473	103,814	122,815	26,949	26,949
8	Proportion	21.18%	23.69%	24.49%	4.63%	4.63%
9	Embedded Cost	6.11%	6.77%	5.66%	5.01%	5.01%
10	Cost Component	1.29%	1.61%	1.39%	0.23%	0.23%
11	Return	4,917	7,033	6,950	1,350	1,350
12						
13	Deemed Debt	-	-	-	4,456	4,456
14	Proportion	-	-	-	0.77%	0.77%
15	Embedded Cost	-	-	-	6.50%	6.50%
16	Cost Component	-	-	-	0.05%	0.05%
17	Return	-	-	-	290	290
18						
19	Common Equity	177,564	186,171	219,585	232,896	232,896
20	Proportion	46.73%	42.49%	43.79%	40.00%	40.00%
21	Embedded Cost	8.24%	10.88%	10.28%	7.64%	9.78%
22	Cost Component	3.85%	4.62%	4.50%	3.05%	3.91%
23	Return	14,630	20,250	22,578	17,787	22,779
24						
25	TOTAL CAPITALIZATION	379,999	438,177	501,505	582,239	582,239
26						
27	Earned Return	29,830	39,370	42,154	41,040	46,032
28	RETURN ON CAPITAL	7.85%	8.98%	8.41%	7.05%	7.91%
29						
30						
31	RATE BASE	382,503	442,688	494,712	582,239	582,239
32	RETURN ON RATE BASE	7.80%	8.89%	8.52%	7.05%	7.91%

(1) Source for actuals-Annual Reports filed with BCUC