



2005 Revenue Requirements

7. Forecasts

7.2 Electricity Sales Revenue Forecast

1 Forecast and Actual Electric Sales Revenue

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3 Sales revenue by customer class for 2005 are based on rates effective as at May 1, 2004 and
4 hence include the impact of the 4.3 percent general rate increase which was effective on that
5 date, except as noted below for the residential class. These revenues are further based upon the
6 sales volume provided in the Load and Customer Forecast Tab.

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8 For 2001 through 2003 the revenue values shown are actual as reported. The 2004 forecast is
9 comprised of the actual revenue values to September adjusted for unbilled amounts and
10 estimated revenue amounts for October through December.

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Actual and Forecast Revenue by Customer Class
((\$000s))

		Actual			Forecast	
		2001	2002	2003	2004	2005
1						
2	Residential	59,892	61,837	70,345	74,462	74,925
3	General Service	30,965	32,171	36,346	39,046	39,834
4	Industrial	14,778	16,138	15,768	16,925	17,307
5	Wholesale	32,581	34,821	36,763	41,509	41,240
6	Other	3,603	3,471	3,733	3,661	3,428
7	Total	141,819	148,438	162,955	175,603	176,734

12 Residential Revenue

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14 For 2005 residential revenues have been calculated using a bimonthly customer charge of \$19.35
15 and an energy charge of 6.080 cents per kW.h. These rates were approved by Order G-93-04
16 related to the replacement of the discount forfeit mechanism with a 1.5 percent late payment
17 charge. Revenues are calculated by multiplying the customer charge by the forecast customer
18 count and adding to that amount the product of the forecast kW.h and the energy rate. A further
19 allowance of 1.45 percent for late payment charges is also included.

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1 Revenue from all other Classes

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3 For all other customer classes revenues are forecast by employing average historical rates per
4 kW.h of sales. The average rate from 2001 to 2003, adjusted for approved rate increases is
5 calculated for each class. The “Other” class was further broken down into its lighting and
6 irrigation components.

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8 Reclassification of Rate Schedule 50 (Type II) Revenue

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10 Rate Schedule 50 (Lighting) provides that FortisBC will provide maintenance of “Type II”
11 customer-owned lighting fixtures at the customer’s expense. Currently the invoiced amount is
12 recorded as revenue, while the associated expense is recorded as Operating and Maintenance
13 expense. In 2005, FortisBC will change the manner in which these transactions are recorded,
14 and will record revenue for the maintenance costs net of the associated operating expense. This
15 treatment is more appropriate to the circumstances as typically a company does not recognize as
16 an operating expense the cost of maintaining equipment it does not own.

17
18 The expense impact of this accounting change is approximately \$100,000 annually, and the
19 revenue impact a similar amount. The change has no impact on the tariff rate for energy
20 consumption that is applicable to Type II lighting.