

**Geoffrey Higgins**

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April 30, 2015

Ms. Erica Hamilton  
Commission Secretary  
British Columbia Utilities Commission  
Sixth Floor – 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
F2014 Fully Allocated Cost of Service (FACOS) Study**

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BC Hydro writes to file its F2014 **FACOS** study reflecting F2014 actual results pursuant to Commission Directive No. 2 of the 2007 Rate Design Application (**RDA**) Decision. In a letter to the Commission on March 3, 2015, BC Hydro proposed to file the F2014 FACOS study with the Commission by April 30, 2015 and to post a copy of the study to its 2015 RDA website for stakeholder engagement purposes. The Commission accepted this proposal in a letter dated March 20, 2015. This compliance filing incorporates the directives in Commission Order Nos. G-111-07 and G-10-08 and uses the same methodology as FACOS studies prepared between F2009 and F2013. The F2013 FACOS study was filed with the Commission on February 6, 2014.

The table below shows Revenue-to-Cost (**R/C**) ratios for all rate classes as compared to the F2012 and F2013 FACOS studies. In F2014 the Residential class' 4 coincident peak (**4CP**) contribution to the system peak fell from 46.5 per cent in F2013 to 44.7 per cent. The impact of this change, keeping all else equal, is about a 1.1 percentage point increase in the F2014 residential class's R/C ratio relative to F2013.

BC Hydro proposed changes to its Cost of Service (**COS**) methodology as part of the 2015 RDA engagement process and has held two workshops on COS-related topics. In the draft F2016 COS study, BC Hydro proposes to allocate demand-related costs using 4 CP based on a five-year average of load data rather than a single year – under the current methodology, the F2014 FACOS uses only F2014 loads. Going forward, BC Hydro believes its proposed approach will smooth the results and reduce year-over-year variability in R/C ratios.

<b>Revenue-to-Cost Ratios</b>				
<b>Rate Class</b>	<b>F2012 Actual</b>	<b>F2013 Actual</b>	<b>F2014 Actual</b>	<b>Percentage Point Change</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(F2013 to F2014)</b>
Residential	89.4	89.8	92.9	+3.1
GS < 35 kW	126.2	126.7	123.5	-3.2
MGS	120.6	120.8	119.5	-1.3
LGS	105.8	102.1	101.5	-0.6
Irrigation	86.8	86.6	90.3	+3.7
Street Lighting	110.1	111.4	129.4	+18.0
Transmission	99.0	103.7	97.3	-6.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

BC Hydro notes that the increase to the Street Lighting R/C ratio in F2014 is largely attributable to a lower allocation of generation and transmission demand costs and reduced operating costs, which are directly assigned in Schedule 2.2 of Appendix A.

For further information, please contact Gordon Doyle at 604-623-3815 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,

Original signed

Geoffrey Higgins  
Acting Chief Regulatory Officer

jm/ma

Enclosure (1)

Copy to: Commission Project No. 3698455 (2007 RDA) Registered Intervener  
Distribution List.

**F2014 FACOS Study**

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**Appendix A**

**F2014 Cost of Service – Actual Cost**

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**F2014 Cost of Service - Actual Cost**  
In Compliance with Order G-111-07 and G-10-08

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Note: All costs are in \$ X 1 million unless otherwise noted.

**F2014 Cost of Service - Actual Cost  
Functionalization Details**

<b>Cost of Energy</b>		<b>F2014 Revenue Requirement</b>	<b>Generation</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Customer Care</b>
Revenue Requirement Schedule (F2014 Actuals)						
Sched 4, L 11	IPPs and Long-term Purchases commitment	824.9	824.9	0.0	0.0	0.0
Sched 4, L 15	Domestic Transmission (Non-Heritage)	0.0	0.0	0.0	0.0	0.0
Sched 4, L 13	NIA Generation	28.8	28.8	0.0	0.0	0.0
Sched 4, L 14	Gas Transportation	12.9	12.9	0.0	0.0	0.0
Sched 4, L 1 + L10	Water Rentals	408.9	408.9	0.0	0.0	0.0
Sched 4, L 2 + L3	Market Purchases	41.9	41.9	0.0	0.0	0.0
Sched 4, L 4	Natural gas for thermal generation	31.7	31.7	0.0	0.0	0.0
Sched 4, L 5	Domestic Transmission (Heritage)	20.3	0.0	20.3	0.0	0.0
Sched 4, L 5.1	Non-treaty storage agreement	-15.1	-15.1	0.0	0.0	0.0
Sched 4, L 6 + L7	Other and Surplus Sales	-73.9	-73.9	0.0	0.0	0.0
Sched 4, L 16	Net purchases (sales) from Powerex	<u>28.9</u>	<u>28.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>Cost of Energy</b>	<b>1,309.3</b>	<b>1,289.0</b>	<b>20.3</b>	<b>0.0</b>	<b>0.0</b>
<b>O M &amp; A Expenses</b>						
Sched 3.2, L 2	Generation	307.6	307.6	0.0	0.0	0.0
Sched 3.4, L 2	Transmission	203.6	0.0	203.6	0.0	0.0
Sched 3.5, L 2	Distribution	186.4	0.0	0.0	186.4	0.0
Sched 5.1	Customer Care	101.5	0.0	0.0	0.0	101.5
Sched 3.1, L 2	Corp Service	<u>-24.3</u>	<u>-9.3</u>	<u>-6.2</u>	<u>-5.7</u>	<u>-3.1</u>
	<b>O M &amp; A</b>	<b>774.9</b>	<b>298.3</b>	<b>197.4</b>	<b>180.8</b>	<b>98.4</b>
<b>Depreciation &amp; Amortization</b>						
Sched 7, L 60	Generation	302.0	302.0	0.0	0.0	0.0
Sched 7, L 61	Transmission	168.0	0.0	168.0	0.0	0.0
Sched 7, L 62	Distribution	138.9	0.0	0.0	138.9	0.0
Sched 7, L 63	Customer Care	13.7	0.0	0.0	0.0	13.7
Sched 7, L 64	Corporate Services	<u>32.3</u>	<u>21.5</u>	<u>0.0</u>	<u>9.9</u>	<u>1.0</u>
	<b>Amortization</b>	<b>655.0</b>	<b>323.5</b>	<b>168.0</b>	<b>148.8</b>	<b>14.7</b>
<b>Taxes</b>						
Sched 6, L 29	Generation	39.6	39.6	0.0	0.0	0.0
Sched 6, L 30	Transmission	120.3	0.0	120.3	0.0	0.0
Sched 6, L 31	Distribution	25.7	0.0	0.0	25.7	0.0
Sched 6, L 32	Customer Care	2.1	0.0	0.0	0.0	2.1
Sched 6, L 33	Corporate	<u>14.5</u>	<u>8.5</u>	<u>0.0</u>	<u>5.5</u>	<u>0.4</u>
	<b>Taxes</b>	<b>202.1</b>	<b>48.1</b>	<b>120.3</b>	<b>31.2</b>	<b>2.5</b>
<b>Finance Charges</b>						
Sched 8, L 78	Generation	258.5	258.5	0.0	0.0	0.0
Sched 8, L 79	Transmission	155.5	0.0	155.5	0.0	0.0
Sched 8, L 80	Distribution	162.0	0.0	0.0	162.0	0.0
Sched 8, L 81	Customer Care	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>Finance Charges</b>	<b>576.0</b>	<b>258.5</b>	<b>155.5</b>	<b>162.0</b>	<b>0.0</b>
<b>Allowed Net Income</b>						
Sched 9, L 60	Generation	244.4	244.4	0.0	0.0	0.0
Sched 9, L 61	Transmission	147.1	0.0	147.1	0.0	0.0
Sched 9, L 62	Distribution	153.2	0.0	0.0	153.2	0.0
Sched 9, L 63	Customer Care	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>Allowed Net Income</b>	<b>544.7</b>	<b>244.4</b>	<b>147.1</b>	<b>153.2</b>	<b>0.0</b>
<b>Miscellaneous Revenues</b>						
Sched 15, L 4, 10, 11.3, 19	Non Tariff Revenue (Functionalized)	-103.8	-5.9	-31.6	-43.7	-22.6
Sched 15, L 26	Corporate Miscellaneous Revenue	<u>-18.6</u>	<u>-1.1</u>	<u>-5.7</u>	<u>-7.8</u>	<u>-4.0</u>
	<b>Miscellaneous Revenues</b>	<b>-122.4</b>	<b>-7.0</b>	<b>-37.3</b>	<b>-51.5</b>	<b>-26.6</b>
<b>Deferral Accounts, Revenue Offsets and Other</b>						
Sched 1, L17	Subsidiary Net Income	54.7	54.7	0.0	0.0	0.0
Sched 1.0, L9 + Sched 3.0, L14	Deferral Account additions	-216.9	-216.9	0.0	0.0	0.0
Sched 3.0, L15, L19, L23, L28, L32 + Sched 1.0, L13	Regulatory Account Additions and interest	10.0	10.0	0.0	0.0	0.0
Sched 1.0, L24	Other Utility Revenue	-16.4	-16.4	0.0	0.0	0.0
Sched 1.0, L8	Intersegment revenues	-27.1	12.6	-39.7	0.0	0.0
Sched 3.4, L11 (L9, L10)	Internal Allocations (GRTA, SDA)	<u>0.0</u>	<u>43.3</u>	<u>-154.5</u>	<u>111.2</u>	<u>0.0</u>
	<b>Def Accounts, Offsets and Other</b>	<b>-195.7</b>	<b>-112.7</b>	<b>-194.2</b>	<b>111.2</b>	<b>0.0</b>
	<b>Total Revenue Requirement</b>	<b>3,743.9</b>	<b>2,342.2</b>	<b>577.1</b>	<b>735.6</b>	<b>89.0</b>

**F2014 Cost of Service - Actual Cost  
Classification of Generation Function**

<b>Cost of Energy</b>	<b>Generation</b>	<b>Demand</b>	<b>Energy</b>	<b>Demand</b>	<b>Energy</b>	<b>Comments</b>
IPPs and Long-term Purchases commitment	824.90	0.00%	100.00%	-	824.90	
Domestic Transmission (Non-Heritage)	-	0.00%	100.00%	-	-	
NIA Generation	28.80	0.00%	100.00%	-	28.80	
Gas Transportation	12.90	0.00%	100.00%	-	12.90	
Water Rentals	408.90	10.00%	90.00%	40.89	368.01	Based on Water Rental Rate
Market Purchases	41.90	0.00%	100.00%	-	41.90	
Natural gas for thermal generation	31.70	0.00%	100.00%	-	31.70	
Domestic Transmission (Heritage)	-	100.00%	0.00%	-	-	
Non-treaty storage agreement	(15.10)	0.00%	100.00%	0.0	(15.10)	
Other and Surplus Sales	(73.90)	0.00%	100.00%	-	(73.90)	
Net purchases (sales) from Powerex	<u>28.90</u>	<u>0.00%</u>	<u>100.00%</u>	-	<u>28.90</u>	
Cost of Energy	1,289.00			40.89	1,248.11	
<b>O M &amp; A Expenses</b>						
Generation	307.60	57.90%	42.10%	178.10	129.49	Generation Gross Plant in Service
Transmission	-	0.00%	0.00%	-	-	
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
Corp Service	<u>(9.34)</u>	<u>57.90%</u>	<u>42.10%</u>	<u>(5.41)</u>	<u>(3.93)</u>	
O M & A	298.26			172.70	125.56	
<b>Depreciation &amp; Amortization</b>						
Generation	302.04	57.90%	42.10%	174.88	127.15	Generation Gross Plant in Service
Transmission	-	0.00%	0.00%	-	-	
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
Corporate Services	<u>21.48</u>	<u>57.90%</u>	<u>42.10%</u>	<u>12.44</u>	<u>9.04</u>	
Amortization	323.52			187.32	136.20	
<b>Taxes</b>						
Generation	39.58	57.90%	42.10%	22.92	16.66	Generation Gross Plant in Service
Transmission	-	0.00%	0.00%	-	-	
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
Corporate	<u>8.50</u>	<u>57.90%</u>	<u>42.10%</u>	<u>4.92</u>	<u>3.58</u>	
Taxes	48.08			27.84	20.24	
<b>Finance Charges</b>						
Generation	258.47	56.70%	43.30%	146.54	111.92	Generation Net Plant in Service
Transmission	-	0.00%	0.00%	-	-	
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
Finance Charges	258.47			146.54	111.92	
<b>Allowed Net Income</b>						
Generation	244.44	56.70%	43.30%	138.59	105.85	Generation Net Plant in Service
Transmission	-	0.00%	0.00%	-	-	
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
Allowed Net Income	244.44			138.59	105.85	
<b>Miscellaneous Revenues</b>						
Non Tariff Revenue (Functionalized)	(5.90)	57.90%	42.10%	(3.42)	(2.48)	Generation Gross Plant in Service
Corporate Miscellaneous Revenue	<u>(1.06)</u>	<u>57.90%</u>	<u>42.10%</u>	<u>(0.61)</u>	<u>(0.45)</u>	
Miscellaneous Revenues	(6.96)			(4.03)	(2.93)	
<b>Deferral Accounts, Revenue Offsets and Other</b>						
Subsidiary Net Income	54.75	26.80%	73.20%	14.67	40.08	
Deferral Account additions	(216.87)	57.90%	42.10%	(125.57)	(91.30)	Generation Gross Plant in Service
Regulatory Account additions	10.00	57.90%	42.10%	5.79	4.21	
Other Utility Revenue	(16.43)	57.90%	42.10%	(9.51)	(6.92)	
Intersegment revenues	12.60	57.90%	42.10%	7.30	5.30	
Internal Allocations (GRTA, SDA)	<u>43.30</u>	<u>57.90%</u>	<u>42.10%</u>	<u>25.07</u>	<u>18.23</u>	
Def Accounts, Offsets and Other	(112.65)			(82.26)	(30.39)	
				612.93	1,674.48	Costs excluding subsidiary income
				26.80%	73.20%	
<b>Generation Revenue Requirement</b>	<b>2,342.15</b>			<b>627.60</b>	<b>1714.55</b>	Costs including subsidiary income Final Generation costs

**F2014 Cost of Service - Actual Cost  
Classification of Transmission Function**

<b>Cost of Energy</b>	<b>Transmission</b>	<b>Demand</b>	<b>Meter</b>	<b>Demand</b>	<b>Meter</b>	<b>Comments</b>
IPPs and Long-term Purchases commitment	-	0.00%	0.00%	-	-	
Domestic Transmission (Non-Heritage)	-	99.99%	0.01%	-	-	Transmission Gross Plant in Service
NIA Generation	-	0.00%	0.00%	-	-	
Gas Transportation	-	0.00%	0.00%	-	-	
Water Rentals	-	0.00%	0.00%	-	-	
Market Purchases	-	0.00%	0.00%	-	-	
Natural gas for thermal generation	-	0.00%	0.00%	-	-	
Domestic Transmission (Heritage)	20.30	99.99%	0.01%	20.30	0.00	
Other and Surplus Sales	-	0.00%	0.00%	-	-	
<b>Cost of Energy</b>	<b>20.30</b>			<b>20.30</b>	<b>0.00</b>	
<b>O M &amp; A Expenses</b>						
Generation	-	0.00%	0.00%	-	-	
Transmission	203.60	99.99%	0.01%	203.58	0.03	Transmission Gross Plant in Service
Distribution	-	99.99%	0.01%	-	-	
Customer Care	-	99.99%	0.01%	-	-	
Corp Service	(6.18)	99.99%	0.01%	(6.18)	(0.00)	
<b>O M &amp; A</b>	<b>197.42</b>			<b>197.40</b>	<b>0.03</b>	
<b>Depreciation &amp; Amortization</b>						
Generation	-	0.00%	0.00%	-	-	
Transmission	168.01	99.99%	0.01%	167.99	0.02	Transmission Gross Plant in Service
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
Corporate Services	-	99.99%	0.00%	-	-	
<b>Amortization</b>	<b>168.01</b>			<b>167.99</b>	<b>0.02</b>	
<b>Taxes</b>						
Generation	-	0.00%	0.00%	-	-	
Transmission	120.34	99.99%	0.01%	120.32	0.02	Transmission Gross Plant in Service
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
Corporate	-	99.99%	0.00%	-	-	
<b>Taxes</b>	<b>120.34</b>			<b>120.32</b>	<b>0.02</b>	
<b>Finance Charges</b>						
Generation	-	0.00%	0.00%	-	-	
Transmission	155.50	99.98%	0.02%	155.47	0.03	Transmission Net Plant in Service
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-	0.00%	0.00%	-	-	
<b>Finance Charges</b>	<b>155.50</b>			<b>155.47</b>	<b>0.03</b>	
<b>Allowed Net Income</b>						
Generation	-	0.00%	0.00%	-	-	
Transmission	147.06	99.98%	0.02%	147.04	0.03	Transmission Net Plant in Service
Distribution	-	0.00%	0.00%	-	-	
Customer Care	-			-	-	
<b>Allowed Net Income</b>	<b>147.06</b>			<b>147.04</b>	<b>0.03</b>	
<b>Miscellaneous Revenues</b>						
Non Tariff Revenue (Functionalized)	(31.63)	99.99%	0.01%	(31.63)	(0.00)	Transmission Gross Plant in Service
Corporate Miscellaneous Revenue	(5.67)	99.99%	0.01%	(5.67)	(0.00)	
<b>Miscellaneous Revenues</b>	<b>(37.31)</b>			<b>(37.30)</b>	<b>(0.01)</b>	
<b>Deferral Accounts, Revenue Offsets and Other</b>						
Subsidiary Net Income	-	99.99%	0.01%	-	-	Transmission Gross Plant in Service
Deferral Account additions	-	99.99%	0.01%	-	-	
Other Utility Revenue	-	99.99%	0.01%	-	-	
Intersegment revenues	(39.72)	99.99%	0.01%	(39.72)	(0.01)	
Internal Allocations (GRTA, SDA)	(154.50)	99.99%	0.01%	(154.48)	(0.02)	
<b>Def Accounts, Offsets and Other</b>	<b>(194.22)</b>			<b>(194.20)</b>	<b>(0.03)</b>	
<b>Transmission Revenue Requirement</b>	<b>577.11</b>			<b>577.02</b>	<b>0.09</b>	

**F2014 Cost of Service - Actual Cost  
Removal of Direct Assign Costs from Distribution**

<b>Cost of Energy</b>	<b>Distribution</b>	<b>Direct Assign Street Lighting Costs</b>	<b>Distribution Costs for Classification</b>	<b>Street Lighting Demand Related</b>	<b>Street Lighting Cust Related</b>	<b>Street Lighting Demand Related Costs</b>	<b>Street Lighting Cust Related Costs</b>	
IPPs and Long-term Purchases commitment	-	-	-	65%	35%	-	-	
Domestic Transmission (Non-Heritage)	-	-	-	65%	35%	-	-	
NIA Generation	-	-	-	65%	35%	-	-	
Gas Transportation	-	-	-	65%	35%	-	-	
Water Rentals	-	-	-	65%	35%	-	-	
Market Purchases	-	-	-	65%	35%	-	-	
Natural gas for thermal generation	-	-	-	65%	35%	-	-	
Domestic Transmission (Heritage)	-	-	-	65%	35%	-	-	
Other and Surplus Sales	-	-	-	65%	35%	-	-	
Cost of Energy	-	-	-			-	-	
<b>O M &amp; A Expenses</b>								
Generation	-	-	-	65%	35%	-	-	
Transmission	-	-	-	65%	35%	-	-	
Distribution	186.42	1.86	184.56	65%	35%	1.21	0.65	
Customer Care	-	-	-			-	-	
Corp Service	(5.66)	(0.06)	(5.60)	65%	35%	(0.04)	(0.02)	
O M & A	180.76	1.80	178.96			1.17	0.63	
<b>Depreciation &amp; Amortization</b>								
Generation	-	-	-	65%	35%	-	-	
Transmission	-	-	-	65%	35%	-	-	
Distribution	138.87	1.13	137.74	65%	35%	0.73	0.40	
Customer Care	-	-	-			-	-	
Corporate Services	9.88	-	9.88	65%	35%	-	-	
Amortization	148.75	1.13	147.62			0.73	0.40	
<b>Taxes</b>								
Generation	-	-	-	65%	35%	-	-	
Transmission	-	-	-	65%	35%	-	-	
Distribution	25.67	0.18	25.50	65%	35%	0.11	0.06	Gross plant of Distribution
Customer Care	-	-	-	65%	35%	-	-	
Corporate	5.51	-	5.51	65%	35%	-	-	
Taxes	31.18	0.18	31.01			0.11	0.06	
<b>Finance Charges</b>								
Generation	-	-	-	65%	35%	-	-	
Transmission	-	-	-	65%	35%	-	-	
Distribution	162.00	0.77	161.23	65%	35%	0.50	0.27	Net plant of Distribution
Customer Care	-	-	-	65%	35%	-	-	
Finance Charges	162.00	0.77	161.23			0.50	0.27	
<b>Allowed Net Income</b>								
Generation	-	-	-	65%	35%	-	-	
Transmission	-	-	-	65%	35%	-	-	
Distribution	153.21	0.73	152.48	65%	35%	0.47	0.25	Net plant of distribution
Customer Care	-	-	-	65%	35%	-	-	
Allowed Net Income	153.21	0.73	152.48			0.47	0.25	
<b>Miscellaneous Revenues</b>								
Non Tariff Revenue (Functionalized)	(43.70)	-	(43.70)	65%	35%	-	-	
Corporate Miscellaneous Revenue	(7.84)	-	(7.84)	65%	35%	-	-	
Miscellaneous Revenues	(51.54)	-	(51.54)			-	-	
<b>Deferral Accounts, Revenue Offsets and Other</b>								
Subsidiary Net Income	-	-	-	65%	35%	-	-	
Deferral Account additions	-	-	-	65%	35%	-	-	
Other Utility Revenue	-	-	-	65%	35%	-	-	
Intersegment revenues	-	-	-	65%	35%	-	-	
Internal Allocations (GRTA, SDA)	111.20	-	111.20	65%	35%	-	-	
Def Accounts, Offsets and Other	111.20	-	111.2			-	-	
<b>Distribution Revenue Requirement</b>	<b>735.56</b>	<b>4.60</b>	<b>730.96</b>			<b>2.99</b>	<b>1.61</b>	



**F2014 Cost of Service - Actual Cost  
Classification of Distribution Function**

<b>Cost of Energy</b>	<b>Distribution Net of Street Lighting</b>	<b>Distribution Demand Related</b>	<b>Distribution Customer Related</b>	<b>Distribution Demand Related</b>	<b>Distribution Customer Related</b>
IPPs and Long-term Purchases commitment	-	65%	35%	-	-
Domestic Transmission (Non-Heritage)	-	65%	35%	-	-
NIA Generation	-	65%	35%	-	-
Gas Transportation	-	65%	35%	-	-
Water Rentals	-	65%	35%	-	-
Market Purchases	-	65%	35%	-	-
Natural gas for thermal generation	-	65%	35%	-	-
Domestic Transmission (Heritage)	-	65%	35%	-	-
Other and Surplus Sales	-	65%	35%	-	-
<b>Cost of Energy</b>	<u>-</u>			<u>-</u>	<u>-</u>
<b>O M &amp; A Expenses</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	184.56	65%	35%	119.96	64.60
Customer Care	-				
Corp Service	<u>(5.60)</u>	65%	35%	<u>(3.64)</u>	<u>(1.96)</u>
<b>O M &amp; A</b>	<u>178.96</u>			<u>116.32</u>	<u>62.64</u>
<b>Depreciation &amp; Amortization</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	137.74	65%	35%	89.53	48.21
Customer Care	-				
Corporate Services	<u>9.88</u>	65%	35%	<u>6.42</u>	<u>3.46</u>
<b>Amortization</b>	<u>147.62</u>			<u>95.95</u>	<u>51.67</u>
<b>Taxes</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	25.50	65%	35%	16.57	8.92
Customer Care	-	65%	35%	-	-
Corporate	<u>5.51</u>	65%	35%	<u>3.58</u>	<u>1.93</u>
<b>Taxes</b>	<u>31.01</u>			<u>20.15</u>	<u>10.85</u>
<b>Finance Charges</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	161.23	65%	35%	104.80	56.43
Customer Care	-	65%	35%	-	-
<b>Finance Charges</b>	<u>161.23</u>			<u>104.80</u>	<u>56.43</u>
<b>Allowed Net Income</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	152.48	65%	35%	99.11	53.37
Customer Care	-	65%	35%	-	-
<b>Allowed Net Income</b>	<u>152.48</u>			<u>99.11</u>	<u>53.37</u>
<b>Miscellaneous Revenues</b>					
Non Tariff Revenue (Functionalized)	(43.70)	65%	35%	(28.41)	(15.30)
Corporate Miscellaneous Revenue	<u>(7.84)</u>	65%	35%	<u>(5.09)</u>	<u>(2.74)</u>
<b>Miscellaneous Revenues</b>	<u>(51.54)</u>			<u>(33.50)</u>	<u>(18.04)</u>
<b>Deferral Accounts, Revenue Offsets and Other</b>					
Subsidiary Net Income	-	65%	35%	-	-
Deferral Account additions	-	65%	35%	-	-
Other Utility Revenue	-	65%	35%	-	-
Intersegment revenues	-	65%	35%	-	-
Internal Allocations (GRTA, SDA)	<u>111.20</u>	65%	35%	<u>72.28</u>	<u>38.92</u>
<b>Def Accounts, Offsets and Other</b>	<u>111.20</u>			<u>72.28</u>	<u>38.92</u>
<b>Total Revenue Requirement</b>	<b>730.96</b>			<b>475.13</b>	<b>255.84</b>

**F2014 Cost of Service - Actual Cost  
Classification of Customer Care**

<b>Cost of Energy</b>	<b>Customer Care</b>	<b>Customer Demand Related</b>	<b>Cust - Customer Related</b>	<b>Demand Related Costs</b>	<b>Customer Related Costs</b>
IPPs and Long-term Purchases commitment	-	65%	35%	-	-
Domestic Transmission (Non-Heritage)	-	65%	35%	-	-
NIA Generation	-	65%	35%	-	-
Gas Transportation	-	65%	35%	-	-
Water Rentals	-	65%	35%	-	-
Market Purchases	-	65%	35%	-	-
Natural gas for thermal generation	-	65%	35%	-	-
Domestic Transmission (Heritage)	-	65%	35%	-	-
Other and Surplus Sales	-	65%	35%	-	-
Cost of Energy	-			-	-
<b>O M &amp; A Expenses</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	-	65%	35%	-	-
Customer Care	101.52	65%	35%	65.99	35.53
Corp Service	(3.08)	65%	35%	(2.00)	(1.08)
O M & A	98.44			63.99	34.45
<b>Depreciation &amp; Amortization</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	-	65%	35%	-	-
Customer Care	13.70	65%	35%	8.91	4.80
Corporate Services	0.97	65%	35%	0.63	0.34
Amortization	14.67			9.54	5.14
<b>Taxes</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	-	65%	35%	-	-
Customer Care	2.09	65%	35%	1.36	0.73
Corporate	0.45	65%	35%	0.29	0.16
Taxes	2.54			1.65	0.89
<b>Finance Charges</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	-	65%	35%	-	-
Customer Care	(0.00)	65%	35%	(0.00)	(0.00)
Finance Charges	(0.00)			(0.00)	(0.00)
<b>Allowed Net Income</b>					
Generation	-	65%	35%	-	-
Transmission	-	65%	35%	-	-
Distribution	-	65%	35%	-	-
Customer Care	(0.00)	65%	35%	(0.00)	(0.00)
Allowed Net Income	(0.00)			(0.00)	(0.00)
<b>Miscellaneous Revenues</b>					
Non Tariff Revenue (Functionalized)	(22.58)	65%	35%	(14.68)	(7.90)
Corporate Miscellaneous Revenue	(4.05)	65%	35%	(2.63)	(1.42)
Miscellaneous Revenues	(26.63)			(17.31)	(9.32)
<b>Deferral Accounts, Revenue Offsets and Other</b>					
Subsidiary Net Income	-	65%	35%	-	-
Deferral Account additions	-	65%	35%	-	-
Other Utility Revenue	-	65%	35%	-	-
Intersegment revenues	-	65%	35%	-	-
Internal Allocations (GRTA, SDA)	-	65%	35%	-	-
Def Accounts, Offsets and Other	-			-	-
<b>Customer Care Revenue Requirement</b>	<b>89.02</b>			<b>57.87</b>	<b>31.16</b>

**F2014 Cost of Service - Actual Cost  
Allocation of Generation to Rate Classes**

<b>Total BC Hydro - F14</b>				
<b>Function</b>		<b>Generation</b>		
<b>Cost Classes</b>	<b>Generation Demand</b>	<b>Generation Demand Related Costs (Sched 2.0)</b>	<b>Generation Energy</b>	<b>Generation Energy Related Costs (Sched 2.0)</b>
<b>Allocation Basis</b>	<b>4 CP Demand including losses (Schedule 5.1)</b>	627.60	<b>Energy Including Loss (Sched 5.0)</b>	1,714.55
Residential	44.72%	280.66	35.45%	607.87
GS Under 35 kW	8.24%	51.71	8.15%	139.74
MGS < 150 kW	6.56%	41.17	6.83%	117.13
LGS > 150 kW	19.38%	121.63	21.17%	362.93
Irrigation	0.00%	0.00	0.13%	2.22
Street Lighting	0.63%	3.95	0.45%	7.68
Transmission	20.46%	128.41	27.82%	476.97
<b>Total</b>	100.0%	627.54	100.0%	1,714.55

**F2014 Cost of Service - Actual Cost  
Allocation of Transmission to Rate Classes**

<b>Total BC Hydro - F14</b>				
<b>Function</b>		<b>Transmission</b>		
<b>Cost Classes</b>	<b>Transmission Demand</b>	<b>Demand Related Costs (Sched 2.1)</b>	<b>Transmission Meter</b>	<b>Transmission Meter Related Costs (Sched 2.1)</b>
<b>Allocation Basis</b>	<b>4 CP demand including losses (Sched 5.1)</b>	577.02	<b>Transmission Meter (Sched 5.3)</b>	0.09
Residential	44.72%	258.04	0.00%	0.00
GS Under 35 kW	8.24%	47.55	0.00%	0.00
MGS < 150 kW	6.56%	37.85	0.00%	0.00
LGS > 150 kW	19.38%	111.83	14.85%	0.01
Irrigation	0.00%	0.00	0.00%	0.00
Street Lighting	0.63%	3.64	0.00%	0.00
Transmission	20.46%	118.06	85.15%	0.08
<b>Total</b>	<b>100.0%</b>	<b>576.96</b>	<b>100.0%</b>	<b>0.09</b>

**F2014 Cost of Service - Actual Cost  
Allocation of Distribution to Rate Classes**

Total BC Hydro - F14												
Function	Distribution (including Directly Assigned Street Lighting and Customer Care)											
Cost Classes	Distribution Demand Related	Distribution Demand Related (Sched 2.2a)	Distribution Customer Related	Distribution Customer Related (Sched 2.2a)	Street Light Demand Related	Street Light Demand Related Costs	Street Light Customer	Street Light Customer Related Costs	Customer Care Demand	Customer Care Demand Related Costs	Customer Care Customer	Customer Care Customer Related Costs (Sched 2.3)
Allocation Basis	NCP (Sched 5.1)	475.13	Customer Count	255.84	Street Light Assignment	2.99	Street Light Assignment	1.61	NCP Schedule 5.1	57.87	Customer Count Blended Customer Count and Revenue Allocator	31.16
Residential	57.29%	272.20	88.80%	227.18	0.00%	0.00	0.00%	0.00	57.29%	33.15	82.86%	25.82
GS Under 35 kW	10.17%	48.32	9.26%	23.69	0.00%	0.00	0.00%	0.00	10.17%	5.88	9.26%	2.88
MGS < 150 kW	8.06%	38.30	0.87%	2.22	0.00%	0.00	0.00%	0.00	8.06%	4.66	2.31%	0.72
LGS > 150 kW	23.41%	111.23	0.36%	0.91	0.00%	0.00	0.00%	0.00	23.41%	13.55	2.59%	0.81
Irrigation	0.39%	1.85	0.18%	0.45	0.00%	0.00	0.00%	0.00	0.39%	0.23	0.06%	0.02
Street Lighting	0.69%	3.28	0.52%	1.34	0.00%	2.99	0.00%	1.61	0.69%	0.40	1.01%	0.32
Transmission	0.00%	0.00	0.01%	0.04	0.00%	0.00	0.00%	0.00	0.00%	0.00	1.91%	0.59
<b>Total</b>	100.0%	475.17	100.0%	255.84	0.0%	2.99	0.0%	1.61	100.0%	57.87	100.0%	31.16

**F2014 Cost of Service - Actual Cost  
Summary of Costs by Function**

<b>Total BC Hydro - F14</b>							
<b>Summary of Costs by Function (\$ X million)</b>							
Rate Class	Generation Costs	Transmission Costs	Distribution Costs	F14 Total Cost (\$ million)	F14 Actual Revenue (\$ million)	Revenue - Cost (\$ million)	Rev/Cost Ratio
Residential	888.5	258.0	558.4	1,704.9	1,584.1	-120.8	92.9%
GS Under 35 kW	191.5	47.5	80.8	319.8	394.9	75.1	123.5%
MGS < 150 kW	158.3	37.9	45.9	242.1	289.3	47.3	119.5%
LGS > 150 kW	484.6	111.8	126.5	722.9	734.0	11.1	101.5%
Irrigation	2.2	0.0	2.5	4.8	4.3	-0.5	90.3%
Street Lighting	11.6	3.6	9.9	25.2	32.6	7.4	129.4%
Transmission	605.4	118.1	0.6	724.1	704.6	-19.5	97.3%
<b>Total Classes</b>	<b>2,342.1</b>	<b>577.1</b>	<b>824.6</b>	<b>3,743.8</b>	<b>3,743.9</b>	<b>0.0</b>	<b>100.0%</b>

**F2014 Cost of Service - Actual Cost  
Summary of Costs by Classification**

<b>Total BC Hydro - F14</b>							
<b>Summary of Costs by Classification</b>							
Cost Classes	Energy Related Costs	Generation Demand Related Costs	Transmission Demand Related Costs	Distribution Demand Related Costs	Total Demand Related Costs	Customer Related Costs	Total
Residential	607.9	280.7	258.0	305.4	844.1	253.0	1,704.9
GS Under 35 kW	139.7	51.7	47.5	54.2	153.5	26.6	319.8
MGS < 150 kW	117.1	41.2	37.9	43.0	122.0	2.9	242.1
LGS > 150 kW	362.9	121.6	111.8	124.8	358.2	1.7	722.9
Irrigation	2.2	0.0	0.0	2.1	2.1	0.5	4.8
Street Lighting	7.7	4.0	3.6	6.7	14.3	3.3	25.2
Transmission	477.0	128.4	118.1	0.0	246.5	0.7	724.1
<b>Total Classes</b>	<b>1,714.6</b>	<b>627.5</b>	<b>577.0</b>	<b>536.0</b>	<b>1,740.5</b>	<b>288.7</b>	<b>3,743.8</b>

**F2014 Cost of Service - Actual Cost  
Allocator by Energy**

<b>Total BC Hydro - F14</b>					
	<b>Energy @ Customer Meter</b>	<b>Distribution Loss Factor</b>	<b>Energy @ Transmission Interface</b>	<b>Transmission Loss Factor</b>	<b>Energy @ Generation Interface</b>
	(MWh)		(MWh)		(MWh)
Residential	17,965,493	6.00%	19,043,422	6.00%	20,186,028
GS Under 35 kW	4,130,133	6.00%	4,377,941	6.00%	4,640,618
MGS < 150 kW Primary	88,361	3.44%	91,401	6.00%	96,885
MGS < 150 kW Secondary	3,375,567	6.00%	3,578,101	6.00%	3,792,787
LGS > 150 kW Primary	7,476,914	3.44%	7,734,119	6.00%	8,198,167
LGS > 150 kW Secondary	3,430,114	6.00%	3,635,921	6.00%	3,854,076
Irrigation	65,755	6.00%	69,700	6.00%	73,882
Street Lighting	226,998	6.00%	240,617	6.00%	255,055
Transmission	14,942,515	0.00%	<u>14,942,515</u>	6.00%	<u>15,839,066</u>
<b>Total</b>	<b>51,701,849</b>		<b>53,713,738</b>		<b>56,936,563</b> 10.12%
<b>Rate Class</b>	<b>Energy by Rate Class</b>	<b>Energy at Generator Allocation Factor</b>			
	(MWh)				
Residential	20,186,028	35.45%			
GS Under 35 kW	4,640,618	8.15%			
MGS < 150 kW	3,889,672	6.83%			
LGS > 150 kW	12,052,243	21.17%			
Irrigation	73,882	0.13%			
Street Lighting	255,055	0.45%			
Transmission	<u>15,839,066</u>	<u>27.82%</u>			
	<b>56,936,563</b>	<b>100.00%</b>			



**F2014 Cost of Service - Actual Cost  
Allocator by 4 CP & NCP Demand**

<b>Total BC Hydro - F14</b>		
<b>Rate Classes</b>	<b>4 CP</b>	<b>NCP w/o T</b>
Residential	44.7%	57.3%
GS Under 35 kW	8.2%	10.2%
MGS < 150 kW	6.6%	8.1%
LGS > 150 kW	19.4%	23.4%
Irrigation	0.0%	0.4%
Street Lighting	0.6%	0.7%
Transmission	20.5%	
<b>Total Integrated Area</b>	100.00%	100.00%

**F2014 Cost of Service - Actual Cost  
Allocator by Customer, Bill and Revenue**

<b>Total BC Hydro - F14</b>				
<b>Rate Class</b>	<b>Actual Number of Accounts F14</b>	<b># of bills sent per account each year</b>	<b># of bills sent to rate class each year</b>	<b># of Bills Allocator</b>
Residential	1,709,071	6	10,254,426	87.36%
GS Under 35 kW	178,244	6	1,069,464	9.11%
MGS < 150 kW	16,703	12	200,436	1.71%
LGS > 150 kW	6,865	12	82,380	0.70%
Irrigation	3,380	2	6,760	0.06%
Street Lighting	10,068	12	120,816	1.03%
Transmission	285	12	3,420	0.03%
<b>Total</b>	<b>1,924,616</b>		<b>11,737,702</b>	<b>100.00%</b>
<b>Rate Class</b>	<b>Actual Number of Accounts F14</b>		<b>Distribution Customer Count</b>	<b>Distribution Customer Allocator</b>
Residential	1,709,071		1,709,071	88.80%
GS Under 35 kW	178,244		178,244	9.26%
MGS < 150 kW	16,703		16,703	0.87%
LGS > 150 kW	6,865		6,865	0.36%
Irrigation	3,380		3,380	0.18%
Street Lighting	10,068		10,068	0.52%
Transmission	285		285	0.01%
<b>Total</b>	<b>1,924,616</b>		<b>1,924,616</b>	<b>100.00%</b>
<b>Rate Class</b>	<b>Actual Revenue F14 (\$millions)</b>			<b>Revenue Allocator</b>
Residential	\$1,584			42.31%
GS Under 35 kW	\$395			10.55%
MGS < 150 kW	\$289			7.73%
LGS > 150 kW	\$734			19.61%
Irrigation	\$4			0.12%
Street Lighting	\$33			0.87%
Transmission	\$705			18.82%
<b>Total</b>	<b>3,743.9</b>			<b>100.00%</b>
<b>Rate Class</b>		<b>Weighting of # of Bills Allocator</b>	<b>Weighting of Revenue Allocator</b>	<b>Blended Customer Care Allocator</b>
		90%	10%	
Residential		78.6%	4.2%	82.86%
GS Under 35 kW		8.2%	1.1%	9.26%
MGS < 150 kW		1.5%	0.8%	2.31%
LGS > 150 kW		0.6%	2.0%	2.59%
Irrigation		0.1%	0.0%	0.06%
Street Lights		0.9%	0.1%	1.01%
Transmission		0.0%	1.9%	1.91%
<b>Total</b>				<b>100.00%</b>

**F2014 Cost of Service - Actual Cost  
Meter Replacement Cost**

<b>Total BC Hydro - F14</b>		
<b>Rate Class</b>	<b>Transmission Meter Replacement Cost</b>	<b>Transmission Meter Cost Allocator</b>
Residential	-	0.00%
GS Under 35 kW	-	0.00%
MGS < 150 kW	-	0.00%
LGS > 150 kW	2,081,600	14.85%
Irrigation	-	0.00%
Street Lighting	-	0.00%
Transmission	11,931,354	85.15%
<b>Total</b>	<b>14,012,954</b>	<b>100.00%</b>