

- 1 **Q. (Reference CA-NP-063) It is stated “Additionally, the table on page 69 of the Fortis**
 2 **Inc. 2020 Annual Report shows that FortisAlberta, FortisBC Energy, FortisBC**
 3 **Electric, Newfoundland Power, Maritime Electric and FortisOntario are regulated on**
 4 **a cost of service basis.” Is the information in the quote correct, or are some of these**
 5 **utilities subject to incentive, or performance-based, regulation?**
 6
 7 **A. Yes, some of these utilities are subject to incentive or performance-based regulation.**
 8
 9 Table 1 summarizes the type of regulation of Canadian-based subsidiaries of Fortis Inc.
 10 (“Fortis”), as described in Fortis’s 2020 Annual Report.

**Table 1:
Nature of Regulation for Identified Fortis Utilities**

Utility	Rate Design Model
FortisAlberta	Performance-based regulation ¹
FortisBC Energy	Cost of service regulation with formula components and incentives
FortisBC Electric	Cost of service regulation with formula components and incentives
FortisOntario ²	Cost of service regulation with incentive mechanisms
Newfoundland Power	Cost of service regulation
Maritime Electric	Cost of service regulation

¹ FortisAlberta is subject to performance-based regulation, including mechanisms for flow-through costs and capital expenditures not otherwise recovered through customer rates.

² Two of FortisOntario’s utilities follow cost of service regulation with incentive mechanisms, while the remaining utility is subject to a franchise agreement. See response to Request for Information CA-NP-103.