



FortisBC Inc.

An indirect subsidiary of Fortis Inc.

Condensed Consolidated Interim Financial Statements
For the quarter and nine months ended September 30, 2024 and 2023
(Unaudited)

FortisBC Inc.
Condensed Consolidated Balance Sheets (Unaudited)
As at
(in millions of Canadian dollars)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 5	\$ -
Accounts receivable and other current assets, net	60	65
Inventories	1	1
Prepaid expenses	12	3
Regulatory assets	10	9
Total current assets	88	78
Property, plant and equipment, net	1,874	1,837
Intangible assets, net	71	70
Regulatory assets	492	471
Other assets	19	17
Goodwill	235	235
TOTAL ASSETS	\$ 2,779	\$ 2,708
LIABILITIES AND EQUITY		
Current liabilities		
Credit facilities	\$ 33	\$ 110
Accounts payable and other current liabilities	102	88
Current portion of finance lease obligations	2	2
Regulatory liabilities	6	11
Total current liabilities	143	211
Long-term debt (note 9)	952	853
Finance lease obligations	346	339
Regulatory liabilities	63	50
Deferred income tax	271	261
Other liabilities	46	48
Total liabilities	1,821	1,762
Equity		
Common shares ¹	339	339
Additional paid-in capital	322	322
Retained earnings	297	285
Total equity	958	946
TOTAL LIABILITIES AND EQUITY	\$ 2,779	\$ 2,708

1 500 million authorized common shares with a par value of \$100 each; 3.4 million issued and outstanding at September 30, 2024 (December 31, 2023 - 3.4 million).

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Condensed Consolidated Statements of Earnings (Unaudited)
For the quarter and nine months ended September 30, 2024
(in millions of Canadian dollars)

	Quarter Ended		Nine months ended	
	2024	2023	2024	2023
Revenue (note 5)	\$ 125	\$ 124	\$ 382	\$ 371
Expenses				
Power purchase costs	39	38	109	106
Operating costs	25	22	75	67
Property and other taxes	5	5	14	14
Depreciation and amortization	21	24	65	72
Total expenses	90	89	263	259
Operating income	35	35	119	112
Other income	1	1	4	3
Finance charges (note 6)	20	20	60	59
Earnings before income taxes	16	16	63	56
Income tax expense	3	1	11	5
Net earnings	\$ 13	\$ 15	\$ 52	\$ 51

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For the nine months ended September 30
(in millions of Canadian dollars, except share numbers)

	Common Shares (#millions)	Common Shares	Additional Paid-in Capital	Retained Earnings	Total
As at December 31, 2022	3.0	\$ 299	\$ 322	\$ 270	\$ 891
Net earnings	-	-	-	51	51
Issuance of common shares	0.4	40	-	-	40
Dividends on common shares	-	-	-	(38)	(38)
As at September 30, 2023	3.4	\$ 339	\$ 322	\$ 283	\$ 944
As at December 31, 2023	3.4	\$ 339	\$ 322	\$ 285	\$ 946
Net earnings	-	-	-	52	52
Dividends on common shares	-	-	-	(40)	(40)
As at September 30, 2024	3.4	\$ 339	\$ 322	\$ 297	\$ 958

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
For the quarter and nine months ended September 30
(in millions of Canadian dollars)

	Quarter ended		Nine months ended	
	2024	2023	2024	2023
Operating activities				
Net earnings	\$ 13	\$ 15	\$ 52	\$ 51
Adjustments to reconcile net earnings to cash from operating activities:				
Depreciation and amortization	21	24	65	72
Accrued employee future benefits	(1)	(1)	(4)	(3)
Change in regulatory assets and liabilities	3	(9)	(7)	(24)
Change in working capital (note 8)	16	27	7	8
Cash from operating activities	52	56	113	104
Investing activities				
Property, plant and equipment additions (note 8)	(26)	(29)	(83)	(88)
Intangible asset additions	(3)	(1)	(6)	(4)
Contributions in aid of construction	2	2	6	6
Change in other assets and other liabilities	(3)	(3)	(6)	(7)
Cash used in investing activities	(30)	(31)	(89)	(93)
Financing activities				
Net (repayment of) proceeds from credit facility	(107)	12	(77)	14
Repayment of finance lease obligations	-	-	(1)	(1)
Proceeds from issuance of long-term debt	100	-	100	-
Repayment of long-term debt	-	(25)	-	(25)
Debt issuance costs	(1)	-	(1)	-
Issuance of common shares	-	-	-	40
Dividends on common shares	(13)	(12)	(40)	(38)
Cash used in financing activities	(21)	(25)	(19)	(10)
Net change in cash	1	-	5	1
Cash at beginning of period	4	1	-	-
Cash at end of period	\$ 5	\$ 1	\$ 5	\$ 1

Supplementary Information to Condensed Consolidated Statements of Cash Flows (note 8).

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter and nine months ended September 30, 2024 and 2023**

1. DESCRIPTION OF THE BUSINESS

FortisBC Inc. (“FBC” or the “Corporation”) is a wholly-owned subsidiary of FortisBC Pacific Holdings Inc. (“FortisBC Pacific”), which is an indirect wholly-owned subsidiary of Fortis Inc. (“Fortis”). Fortis shares are listed on both the Toronto Stock Exchange and the New York Stock Exchange.

FBC is an integrated, regulated electric utility operating in the southern interior of British Columbia (“BC”), serving approximately 193,100 customers directly and indirectly. The Corporation’s business includes four hydroelectric generating plants, approximately 7,300 kilometers of transmission and distribution power lines, and a historical peak demand of 835 megawatts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

These Condensed Consolidated Interim Financial Statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for Condensed Consolidated Interim Financial Statements and are presented in Canadian dollars unless otherwise specified. As a result, these Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the Annual Consolidated Financial Statements and should be read in conjunction with the Corporation’s 2023 Annual Audited Consolidated Financial Statements. In management’s opinion, the Condensed Consolidated Interim Financial Statements include all adjustments that are necessary to present fairly the consolidated financial position of the Corporation.

The accounting policies and methods of application used in the preparation of these Condensed Consolidated Interim Financial Statements are consistent with the accounting policies used in FBC’s Annual Audited Consolidated Financial Statements as at and for the year ended December 31, 2023.

The Condensed Consolidated Interim Financial Statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

An evaluation of subsequent events through November 4, 2024, the date these Condensed Consolidated Interim Financial Statements were issued, was completed to determine whether any circumstances warranted recognition or disclosure of events or transactions in the Condensed Consolidated Interim Financial Statements as at September 30, 2024. No subsequent events have been identified for disclosure in these Condensed Consolidated Interim Financial Statements.

New Accounting Policies

FBC considers the applicability and impact of all Accounting Standards Updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”). During the nine months ended September 30, 2024, there were no ASUs issued by FASB that have a material impact on the Condensed Consolidated Interim Financial Statements.

Future Accounting Pronouncements

The following updates have been issued by FASB, but have not yet been adopted by the Corporation. Any ASUs issued by FASB that are not included in these Condensed Consolidated Interim Financial Statements were assessed and determined to be either not applicable to the Corporation or not expected to have a material impact on the Condensed Consolidated Interim Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*Improvements to Reportable Segment Disclosures*

ASU No. 2023-07, *Improvements to Reportable Segment Disclosures*, issued in December 2023, is effective for the Corporation's December 31, 2024 annual financial statements, and for interim periods beginning in 2025, on a retrospective basis. The ASU requires disclosure of incremental segment information, including those for single reportable segments, incorporating significant segment expenses and other items that are included in segment profit or loss. The Corporation does not expect the adoption of this ASU to have a material impact on the disclosures to its consolidated financial statements.

Improvements to Income Tax Disclosures

ASU No. 2023-09, *Improvements to Income Tax Disclosures*, issued in December 2023, is effective for the Corporation January 1, 2025 on a prospective basis, with retrospective application and early adoption permitted. Principally, it requires additional disclosure of income tax information by jurisdiction to reflect an entity's exposure to potential changes in tax legislation, and associated risks and opportunities. The Corporation is assessing the impact of adoption of this ASU on the disclosures to its consolidated financial statements.

3. REGULATORY MATTERS**Allowed Return on Equity and Capital Structure**

In September 2023, the BCUC issued its decision on Stage 1 of the Generic Cost of Capital ("GCOC") Proceeding ("GCOC Stage 1 Decision") for FBC and FEI. In its decision, the BCUC determined that FBC's deemed equity component of capital structure and allowed ROE will change from 40 per cent and 9.15 per cent to 41 per cent and 9.65 per cent, respectively, effective January 1, 2023. The 2023 year-to-date net impact of the change in cost of capital was recognized in the third quarter of 2023. The BCUC also determined that neither a formulaic ROE automatic adjustment mechanism nor specific criteria or other triggers for future cost of capital proceedings are warranted, and instead will remain in effect until otherwise determined by the BCUC.

Decision on Multi-Year Rate Plan ("MRP") for 2020 to 2024

In June 2020, the British Columbia Utilities Commission ("BCUC") issued its decision on FBC's MRP application for the years 2020 to 2024 ("MRP Decision"). The approved MRP includes, amongst other items, a level of operation and maintenance expense per customer indexed for inflation less a fixed productivity adjustment factor, a forecast approach to the growth and sustainment capital, a number of service quality indicators designed to ensure the Corporation maintains service levels, and a 50/50 sharing between customers and the Corporation of variances from the allowed Return on Equity ("ROE").

Variances from the allowed ROE subject to sharing include other revenue and certain components of operating and maintenance costs, as well as variances in the utility's regulated rate base amounts, while variances associated with revenues and other expenses, including those that are not controllable or associated with clean growth capital expenditures, are subject to flow-through treatment and refunded to or recovered from customers.

In December 2023, the BCUC approved a 2024 rate increase of 6.74 per cent over 2023 rates and a 2024 forecast average rate base of \$1,715 million.

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter and nine months ended September 30, 2024 and 2023
4. SEASONALITY OF OPERATIONS

Interim results fluctuate due to the seasonal demands for electricity, the timing of incurring costs, the movements of electricity prices, and the timing and recognition of regulatory decisions. FBC's operations generally produce higher net earnings in the second quarter due to the timing of power purchases, with lower net earnings in the third quarter and higher net earnings in the first and fourth quarters due to variances in customer load as a result of weather. Certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year. As a result of the seasonality, interim net earnings are not indicative of net earnings on an annual basis.

5. REVENUE
Disaggregation of Revenue

The following table presents the disaggregation of the Corporation's revenue by type of customer:

	Quarter ended September 30		Nine months ended September 30	
<i>(\$ millions)</i>	2024	2023	2024	2023
Residential	62	49	175	164
Commercial	32	33	96	94
Wholesale	13	14	44	43
Industrial	13	12	42	39
Total electricity revenue	120	108	357	340
Other contract revenue ¹	13	16	32	33
Total revenue from contracts with customers	133	124	389	373
Alternative revenue ²	(11)	(4)	(14)	(10)
Other revenue ³	3	4	7	8
Total revenue	125	124	382	371

1 Other contract revenue includes utility customer connection fees, surplus power sales, and revenue from third party contract work and pole attachments.

2 Alternative revenue includes the Earnings Sharing Mechanism, which recognizes the 50/50 sharing of variances from the allowed ROE, and flow-through variances related to tariff-based revenue.

3 Other revenue is primarily comprised of other flow-through and regulatory deferral adjustments resulting from cost recovery variances in regulated forecasts used to set rates for electricity revenue.

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter and nine months ended September 30, 2024 and 2023
6. FINANCE CHARGES

	Quarter ended September 30		Nine months ended September 30	
<i>(\$ millions)</i>	2024	2023	2024	2023
Interest on long-term debt	10	11	31	32
Interest on short-term debt	2	1	5	3
Net interest on debt	12	12	36	35
Interest on finance leases	8	8	24	24
Total finance charges	20	20	60	59

7. EMPLOYEE FUTURE BENEFITS

The Corporation is a sponsor of pension plans for eligible employees. The plans include registered defined benefit pension plans, the supplemental unfunded arrangements, and defined contribution plans. In addition to pensions, the Corporation provides other post-employment benefits ("OPEB") for certain of its retired employees. The following table presents the net benefit cost for these plans.

	Quarter ended September 30			
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
<i>(\$ millions)</i>	2024	2023	2024	2023
Components of net benefit cost				
Service costs	1	1	1	1
Interest costs	3	2	-	1
Expected return on plan assets	(5)	(4)	-	-
Amortization of actuarial gain	-	-	(1)	(1)
Amortization of past service costs	(1)	(1)	-	-
Regulatory adjustment	-	1	-	-
Net benefit cost	(2)	(1)	-	1

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For the quarter and nine months ended September 30, 2024 and 2023

7. EMPLOYEE FUTURE BENEFITS (continued)

	Nine months ended September 30			
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
<i>(\$ millions)</i>	2024	2023	2024	2023
Components of net benefit cost				
Service costs	3	2	1	1
Interest costs	9	8	1	1
Expected return on plan assets	(13)	(11)	-	-
Amortization of actuarial gain	-	-	(1)	(1)
Amortization of past service costs	(1)	(1)	-	-
Regulatory adjustment	-	1	-	-
Net benefit cost	(2)	(1)	1	1

The Corporation's estimated annual 2024 contributions are \$3 million (2023 - \$3 million) for defined benefit pension plans and \$1 million (2023 - \$1 million) for OPEB plans.

8. SUPPLEMENTARY INFORMATION TO CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter ended September 30		Nine months ended September 30	
<i>(\$ millions)</i>	2024	2023	2024	2023
Change in working capital				
Accounts receivable and other current assets	(15)	(8)	5	6
Prepaid expenses	1	-	(9)	(8)
Accounts payable and other current liabilities	30	35	11	10
Total change in working capital	16	27	7	8

Non-Cash Investing Activities

<i>(\$ millions)</i>	2024	2023
As at September 30		
Accrued capital expenditures	21	16

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9. LONG-TERM DEBT
Debentures

On August 7, 2024, FBC entered into an agreement with an affiliate of a Canadian Chartered Bank to sell \$100 million of unsecured MTN Debentures Series 7. The MTN Debentures bear interest at a rate of 4.92 per cent to be paid semi-annually and mature on August 12, 2054.

Financial Instruments Not Carried At Fair Value

The following table presents the carrying value, excluding unamortized debt issuance costs, and estimated fair value of the Corporation's long-term debt.

		As at			
		September 30, 2024		December 31, 2023	
<i>(\$ millions)</i>	Fair Value Hierarchy	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	960	955	860	849