

## **FORTISBC INC.**

### **MANAGEMENT DISCUSSION & ANALYSIS**

For the Year Ended December 31, 2024

**February 13, 2025**

*The following FortisBC Inc. (“FBC” or the “Corporation”) Management Discussion & Analysis (“MD&A”) has been prepared in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. Financial information for 2024 and comparative periods contained in the following MD&A has been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and is presented in Canadian dollars. The MD&A should be read in conjunction with the Corporation’s Annual Audited Consolidated Financial Statements and notes thereto for the years ended December 31, 2024 and 2023, prepared in accordance with US GAAP.*

*In this MD&A, FortisBC Pacific refers to the Corporation’s parent, FortisBC Pacific Holdings Inc., FEI refers to FortisBC Energy Inc., FHI refers to FortisBC Holdings Inc., and Fortis refers to the Corporation’s ultimate parent, Fortis Inc.*

### **FORWARD-LOOKING STATEMENT**

Certain statements in this MD&A contain forward-looking information within the meaning of applicable securities laws in Canada (“forward-looking information”). The words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. Any capitalized terms in this Forward-Looking Statement section that are not otherwise defined in this section are as defined in this MD&A.

The forward-looking information in this MD&A includes, but is not limited to, the expectation that the BCUC will issue its decision in mid-2025 with respect to FBC and FEI’s application regarding the recovery of equity issuance costs; the expectation that the BCUC will issue its decision in mid-2025 with respect to FBC and FEI’s Rate Framework application; the Corporation’s expected level of capital expenditures, including forecasted project costs, and its expectations to finance those capital expenditures through credit facilities, equity injections from FortisBC Pacific, and debenture issuances; and the Corporation’s estimated contractual obligations; expected expenditures as rate base additions resulting from the Corporation’s DSM Expenditures Plan including the timing of such expenditures; statements that the immediate impact of the GMTA may be mitigated by transitional safe harbours provided under the GMTA; and the expectation that any applicable ASU issued by the FASB that are not mentioned in this MD&A will not have a material impact on the disclosure to the Corporation’s consolidated financial statements.

The forecasts and projections that make up the forward-looking information are based on assumptions, which include but are not limited to: receipt of applicable regulatory approvals and requested rate orders (including absence of administrative monetary penalties); absence of significant climate change impacts; absence of adverse weather conditions and natural disasters; absence of environmental, health and safety issues; the ability to maintain, replace or expand the Corporation’s assets; absence of asset breakdown; no weather related demand loss or significant and sustained loss of precipitation over the headwaters of the Kootenay River system; the ability to obtain and maintain applicable permits; that the Indigenous engagement process will not delay or otherwise impact the Corporation’s ability to obtain government or regulatory approvals; the adequacy of the Corporation’s existing insurance arrangements; the ability to arrange sufficient and cost effective financing (including absence of adverse rating actions by credit rating agencies); absence of significant interest costs;

continued electricity demand; that counterparties agree to renew power supply contracts; the ability of the Corporation to attract and retain a skilled workforce; the ability to maintain and renew collective bargaining agreements on acceptable terms; no material change in employee future benefit costs; absence of significant information technology infrastructure failure; absence of cybersecurity failure; absence of pandemic and public health crises impacts; the ability to continue to report under US GAAP beyond the Canadian securities regulators exemption to the end of 2027 or earlier; and the absence of damages, fines, or penalties arising from legal, administrative and other proceedings.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results or events to differ from current expectations include, but are not limited to: regulatory approval and rate orders risk (including the risk of imposition of administrative monetary penalties); competitiveness and commodity price risk; climate change risk; weather and natural disasters risk; environment, health and safety matters risk; asset breakdown, operation, maintenance and expansion risk; electricity supply risks; permits risk; risks related to Indigenous rights and engagement; underinsured and uninsured losses; capital resources and liquidity risk; interest costs risk; impact of changes in economic conditions risk; power purchase and capacity sale contracts risk; human resources risk; labour relations risk; employee future benefits risk; information technology infrastructure risk; cybersecurity risk; pandemic and public health crises risk; continued reporting in accordance with US GAAP risk; legal, administrative and other proceedings risk; and other risks described in the Corporation's most recent Annual Information Form ("AIF"). For additional information with respect to these risk factors, reference should be made to the "Business Risk Management" section of this MD&A and to the Corporation's most recent AIF.

All forward-looking information in this MD&A is qualified in its entirety by this cautionary statement and, except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

## **CORPORATE OVERVIEW**

The Corporation is an integrated, regulated electric utility operating in the southern interior of British Columbia ("BC"), serving approximately 195,300 customers directly and indirectly. The Corporation's business includes four hydroelectric generating plants, approximately 7,350 kilometers of transmission and distribution power lines, and a historical peak demand of 835 megawatts.

The Corporation is regulated by the British Columbia Utilities Commission ("BCUC"). Pursuant to the Utilities Commission Act (British Columbia), the BCUC regulates such matters as rates, construction plans, and financing.

The Corporation is an indirect, wholly-owned subsidiary of Fortis, a leader in the North American regulated electric and natural gas utility industry. Fortis shares are listed on both the Toronto Stock Exchange and the New York Stock Exchange.

## **REGULATION**

### **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 percent and 9.15 percent to 41 percent and 9.65 percent, 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.

### **Recovery of Equity Issuance Costs**

As part of the GCOC Stage 1 Decision, the BCUC accepted that any reasonable and prudently incurred costs of issuing equity can be considered for recovery, over and above the approved costs of capital. In December 2024, FBC and FEI submitted an application outlining a methodology to determine the actual incurred equity issuance costs, to recognize those costs in a deferral account, and to collect those costs from customers through a future rate-setting process. The regulatory process will continue during 2025, with a decision expected mid-year. The filing of this application had no impact on the Consolidated Financial Statements for the year ended December 31, 2024 and 2023.

### **Multi-Year Rate Plan ("MRP") for 2020 to 2024**

In June 2020, the 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 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 percent over 2023 rates and a 2024 forecast average rate base of \$1,715 million.

### **Rate Framework for 2025 to 2027 ("Rate Framework")**

In April 2024, FBC and FEI filed an application with the BCUC requesting approval of a Rate Framework for the years 2025 to 2027. The Rate Framework builds upon the current MRP and for FBC includes, amongst other items, updates to depreciation and capitalized overhead rates, a revised level of operation and maintenance expense per customer indexed for inflation less a fixed productivity adjustment factor, a forecast approach to growth, sustainment and other capital, an updated set of service quality indicators designed to ensure the Corporation maintains service levels, and a continued 50/50 sharing between customers and the Corporation of variances from the allowed ROE. The Rate Framework also proposes a continuation of the main deferral mechanisms currently in place under the MRP. The regulatory process is expected to result in a decision in mid-2025.

In November 2024, FBC submitted an application for 2025 rates based on its proposals in the Rate Framework, with an intention to file annual review materials to set permanent rates for 2025 after the BCUC renders its decision on the Rate Framework. In November 2024, the BCUC approved a 2025 rate increase of 5.65 percent over 2024 rates, on an interim and refundable basis, and a 2025 forecast average rate base of \$1,794 million.

### **Customer Rates and Deferral Mechanisms**

The Corporation's customer rates are based on estimates and forecasts. In order to manage the volatility in rates arising from variances from forecast associated with these costs, a number of regulatory deferral accounts are in place.

Variances from regulated forecasts used to set rates for electricity revenue and power purchase costs are flowed back to customers in future rates through approved regulatory deferral mechanisms and therefore these variances do not have an impact on net earnings for the years ended December 31, 2024 and 2023.

As part of the MRP for the years 2020 to 2024, the BCUC has approved certain regulatory deferral mechanisms, including those that capture revenue shortfalls and incremental costs incurred beyond the control of the Corporation. These deferral mechanisms capture variances from regulated forecasts and flow them through customer rates in subsequent years. Variances from the allowed ROE, including most components of operating and maintenance costs, as well as variances in the utility's regulated rate base amounts, are shared. The Rate Framework for the years 2025 to 2027 also proposes a continuation of the main deferral mechanisms currently in place under the existing MRP.

## CONSOLIDATED RESULTS OF OPERATIONS

Periods ended December 31	Quarter			Year		
	2024	2023	Variance	2024	2023	Variance
<b>Electricity sales (gigawatt hours)</b>	<b>916</b>	901	15	<b>3,513</b>	3,478	35
<i>(\$ millions)</i>						
<b>Revenue</b>	<b>145</b>	142	3	<b>527</b>	513	14
Power purchase costs	<b>46</b>	47	(1)	<b>155</b>	153	2
Operating costs	<b>32</b>	30	2	<b>107</b>	97	10
Property and other taxes	<b>6</b>	4	2	<b>20</b>	18	2
Depreciation and amortization	<b>22</b>	24	(2)	<b>87</b>	96	(9)
<b>Total expenses</b>	<b>106</b>	105	1	<b>369</b>	364	5
<b>Operating income</b>	<b>39</b>	37	2	<b>158</b>	149	9
Add: Other income	<b>2</b>	1	1	<b>6</b>	4	2
Less: Finance charges	<b>20</b>	20	-	<b>80</b>	79	1
<b>Earnings before income taxes</b>	<b>21</b>	18	3	<b>84</b>	74	10
Income tax expense	<b>3</b>	3	-	<b>14</b>	8	6
<b>Net earnings</b>	<b>18</b>	15	3	<b>70</b>	66	4

The following table outlines net earnings and the significant variances in the Consolidated Results of Operations for the quarter ended December 31, 2024 as compared to December 31, 2023:

Quarter		
Item	Increase (Decrease) (\$ millions)	Explanation
Net earnings	3	<p>Net earnings for the quarter ended December 31, 2024 were \$18 million compared to \$15 million for the same period in 2023.</p> <p>The increase was primarily due to:</p> <ul style="list-style-type: none"> <li>• a higher investment in regulated assets, and</li> <li>• higher favourable regulated variances attributable to other income and operating costs incurred, as compared to those allowed in rates, net of amounts shared with customers, as compared to the same period in 2023.</li> </ul> <p>Both 2024 and 2023 net earnings are based on an allowed ROE of 9.65 percent and a deemed equity component of capital structure of 41 percent.</p>
Revenue	3	<p>The increase was primarily due to:</p> <ul style="list-style-type: none"> <li>• an increase in revenue approved for rate-setting purposes, resulting primarily from higher power supply costs and a higher investment in regulated assets,</li> <li>• an increase in revenue from a higher volume of electricity sales, and</li> <li>• an increase in revenue associated with third party contract work, partially offset by</li> <li>• a decrease in surplus power sales, and</li> <li>• a decrease in revenue associated with regulatory deferrals, including amortization of prior year alternative revenue flow-through deferrals, and the revenue deficiency deferral for 2023 established as a result of the GCOC Stage 1 Decision.</li> </ul> <p>Electricity sales volumes were higher primarily due to increased consumption by industrial customers, partially offset by lower residential consumption due to comparatively warmer weather in the quarter.</p> <p>Variances between revenue associated with actual consumption and revenue forecasted for rate-setting purposes are captured in a regulatory deferral flow-through account, for which the income statement offset is recognized in alternative revenue, resulting in no net impact on total revenue compared to what is approved in rates in the current year.</p>

The following table outlines net earnings and the significant variances in the Consolidated Results of Operations for the year ended December 31, 2024 as compared to December 31, 2023:

<b>Year</b>		
<b>Item</b>	<b>Increase (Decrease) (\$ millions)</b>	<b>Explanation</b>
Net earnings	<b>4</b>	Net earnings for the year ended December 31, 2024 were \$70 million compared to \$66 million for the same period in 2023. The increase was primarily due to the same reasons identified in the quarter.
Revenue	<b>14</b>	The increase in revenue was primarily due to the same reasons identified in the quarter. Electricity sales volumes were higher primarily due to higher industrial loads for the year, partially offset by lower commercial loads. Residential loads were consistent between years.
Operating costs	<b>10</b>	The increase was primarily due to inflationary increases that contributed to an increase in regulated operating costs, and higher costs associated with third party contract work relating to revenue from contracts with customers.
Depreciation and amortization	<b>(9)</b>	The decrease was primarily due to a lower amortization of regulatory deferrals, partially offset by a higher depreciable asset base.
Income tax expense	<b>6</b>	The increase was primarily due to higher earnings, lower deductible temporary differences associated with property, plant, and equipment, and higher taxable temporary differences associated with amortization of regulatory assets and liabilities being recovered from customers in rates.

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth unaudited quarterly information for each of the eight quarters ended March 31, 2023 through December 31, 2024. The information has been obtained from the Corporation's Unaudited Condensed Consolidated Interim Financial Statements. Past operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

<b>Quarter Ended</b>	<b>Revenue</b>	<b>Net Earnings</b>
<i>(\$ millions)</i>		
December 31, 2024	145	18
September 30, 2024	125	13
June 30, 2024	116	20
March 31, 2024	141	19
December 31, 2023	142	15
September 30, 2023	124	15
June 30, 2023	110	18
March 31, 2023	137	18

A summary of the past eight quarters reflects the seasonality associated with the Corporation's business. 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 increase in customer load as a result of cooler 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.

**December 2024/2023** – Net earnings increased primarily due to a higher investment in regulated assets, and due to higher favourable variances attributable to operating costs incurred, as compared to those allowed in rates, net of amounts shared with customers.

**September 2024/2023** – Net earnings decreased primarily due to the timing of recognizing the impacts of the GCOC Stage 1 Decision in the comparative period, which included an effective date of January 1, 2023 and resulted in recognizing the year-to-date net impact of the change in cost of capital during the third quarter. For FBC, this resulted in an additional \$3 million of earnings in the comparative quarter compared to the third quarter of 2024. This decrease was partially offset by a higher investment in regulated assets.

**June 2024/2023** – Net earnings increased primarily due to a change in cost of capital resulting from the GCOC Stage 1 Decision, the impact of which was \$1 million in the quarter. The increase was also due to higher favourable variances attributable to timing of operating costs for the quarter, as compared to those allowed in rates, net of amounts shared with customers, and a higher investment in regulated assets.

**March 2024/2023** – Net earnings increased primarily due to a change in cost of capital resulting from the GCOC Stage 1 Decision, the impact of which was \$1 million in the quarter. The increase was also due to a higher investment in regulated assets.

## CONSOLIDATED FINANCIAL POSITION

The following table outlines the significant changes in the Consolidated Balance Sheets between December 31, 2024 and December 31, 2023:

Balance Sheet Account	Increase (Decrease) (\$ millions)	Explanation
Property, plant and equipment	66	<p>The increase was primarily due to capital expenditures of \$122 million, finance lease additions of \$2 million, and changes in accrued capital expenditures of \$5 million, less:</p> <ul style="list-style-type: none"> <li>depreciation expense, excluding net salvage provision, of \$47 million,</li> <li>contributions in aid of construction ("CIAC") of \$8 million, and</li> <li>costs of removal of \$8 million incurred, which are recognized against the net salvage provision in regulatory liabilities.</li> </ul>
Regulatory assets (current and long-term)	13	<p>The increase was primarily due to:</p> <ul style="list-style-type: none"> <li>changes in the Brilliant Power Purchase Agreement ("BPPA") asset and obligation under finance lease and an increase in regulated deferred income tax liabilities, the offsets of which were both deferred as regulatory assets, and</li> <li>an increase in Demand Side Management ("DSM") expenditures, partially offset by</li> <li>a decrease in unrecognized actuarial losses in defined benefit pension and OPEB plans, the offset of which is deferred as a regulatory asset.</li> </ul>
Credit facilities	(77)	<p>The decrease was primarily a result of net repayments with proceeds from the issuance of \$100 million of Medium Term Note ("MTN") Debentures in August 2024 and from a \$30 million equity issuance during the fourth quarter, partially offset by borrowings used to fund the debt component of the Corporation's capital expenditure program.</p>



Accounts payable and other current liabilities	<b>13</b>	The increase was primarily due to an increase in accrued capital expenditures, an increase in accrued interest due to timing of interest payments on MTN Debentures issued in August 2024, and an increase in income taxes payable, which was in a receivable position in 2023.
Long-term debt	<b>99</b>	The increase was due to the issuance of \$100 million of unsecured MTN Debentures in August 2024, net of debt issuance costs, the proceeds of which were used to repay existing credit facilities in support of the debt component of the Corporation's capital expenditure program.
Deferred income tax	<b>16</b>	The increase was due to higher deductible temporary differences associated with property, plant, and equipment and lower taxable temporary differences associated with regulatory assets and liabilities.
Common shares	<b>30</b>	The increase was due to a \$30 million equity issuance during the fourth quarter, the proceeds of which were used to repay credit facilities in support of the equity component of the Corporation's capital expenditure program.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow Requirements and Liquidity

In the normal course of operations, the Corporation's cash flow requirements fluctuate seasonally based on the demand for electricity and the timing of power purchases. The Corporation maintains a committed credit facility that adequately meets any working capital deficiencies not funded through cash flow from operations, and for financing the debt component of the Corporation's capital expenditure program.

It is expected that operating expenses, interest costs, and other working capital will generally be paid out of operating cash flows, with varying levels of residual cash available for capital expenditures and dividend payments. Cash flow is also required to fund capital expenditure programs; regulated deferral accounts, and those regulatory mechanisms that capture revenue shortfalls and incremental costs incurred beyond the control of the Corporation; and investments in Demand Side Management ("DSM"). Funding requirements are expected to be financed from a combination of cash flow from operations, borrowings under the credit facility, equity injections from FortisBC Pacific, and long-term debenture issuances in accordance with the deemed regulatory capital structure approved by the BCUC. During the third quarter of 2023, as a result of the GCOC Stage 1 Decision discussed in the "Regulation" section of this MD&A, the approved deemed equity component of capital structure was updated from 40 percent to 41 percent, and the approved debt component of capital structure was updated from 60 percent to 59 percent, both effective as of January 1, 2023.

The Corporation's ability to service its debt obligations and pay dividends on its common shares is dependent on the financial results of the Corporation. Depending on the timing of cash payments, borrowings under the Corporation's credit facility may be required from time to time to support the servicing of working capital deficiencies and payment of dividends. The Corporation may have to rely upon the proceeds of new debenture issuances to meet its principal debt obligations when they become due.



### Summary of Consolidated Cash Flows

Years Ended December 31	2024	2023	Variance
(\$ millions)			
Cash flows from (used in)			
Operating activities	148	120	28
Investing activities	(135)	(128)	(7)
Financing activities	(4)	8	(12)
<b>Net change in cash</b>	<b>9</b>	<b>-</b>	<b>9</b>

#### Operating Activities

Cash from operating activities was \$28 million higher compared to the same period in 2023 primarily due to changes in regulatory assets and liabilities and changes in working capital, partially offset by lower net earnings after non-cash adjustments.

#### Investing Activities

Cash used in investing activities was \$7 million higher compared to the same period in 2023 primarily due to higher capital expenditures.

#### Financing Activities

Cash used in financing activities was \$4 million compared to the same period in 2023 when cash from financing activities was \$8 million. During 2024, proceeds from the issuance of \$100 million of MTN Debentures and a \$30 million issuance of common shares were used for net repayments on credit facilities, whereas in the comparative period net proceeds from credit facilities and from a \$40 million issuance of common shares were used, in part, to repay the \$25 million Series G Debenture that matured during the third quarter of 2023.

During 2024, FBC paid common share dividends of \$54 million (December 31, 2023 - \$51 million) to its parent company, FortisBC Pacific.

#### Contractual Obligations

The following table sets forth the Corporation's estimated contractual obligations due in the years indicated:

As at December 31, 2024	Total	Due within 1 Year	Due in Year 2	Due in Year 3	Due in Year 4	Due in Year 5	Due after 5 Years
(\$ millions)							
Power purchase obligations (a)	2,680	121	107	102	96	93	2,161
Finance lease obligations (b)	1,137	36	36	37	37	37	954
Interest on long-term debt	975	45	45	45	45	45	750
Long-term debt <sup>1</sup>	960	-	-	-	-	-	960
Other (c)	9	5	2	1	-	-	1
<b>Total</b>	<b>5,761</b>	<b>207</b>	<b>190</b>	<b>185</b>	<b>178</b>	<b>175</b>	<b>4,826</b>

<sup>1</sup> Excludes unamortized debt issuance costs.

(a) The Corporation's power purchase obligations consist of the following:

- **Waneta Expansion Capacity Agreement ("WECA"):** In 2010, FBC entered into an agreement to purchase capacity from the Waneta Expansion, a 335 MW hydroelectric generating facility adjacent to the existing Waneta Plant on the Pend d'Oreille River in BC. The WECA, which was accepted by the BCUC in May 2012, allows FBC to purchase capacity over 40 years, beginning April 1, 2015.
- **BCH Power Purchase Agreement ("BCH PPA"):** In 2013, FBC entered into the BCH PPA to purchase up to 200 MW of capacity and 1,752 GWh per year of associated energy for a 20-year term beginning October 1, 2013. The BCH PPA was approved by the BCUC in May 2014 and was effective July 1, 2014. The capacity and energy to be purchased under this agreement do not relate to a specific plant.
- **Capacity and Energy Purchase and Sale Agreement ("CEPSA"):** In 2015, FBC entered into the CEPSA which allows FBC to purchase all of its market energy requirements from Powerex which was accepted by the BCUC in April 2015. As at December 31, 2024, the total power purchase commitments outstanding under the CEPSA were approximately \$6 million through to the third quarter of 2025. The energy purchases under the CEPSA do not relate to specific plants and the output being purchased does not constitute a significant portion of the output of a specific plant.
- **Brilliant Expansion Capacity and Energy Purchase Agreement:** In 2017, FortisBC renewed an agreement to purchase capacity and energy from Columbia Power Corporation ("CPC"), acting on behalf of the Brilliant Expansion Power Corporation, from January 2018 through to December 2027. The agreement was accepted by the BCUC in October 2017.

(b) Finance lease obligations, which are inclusive of principal payments and imputed interest, are as follows:

- In 1996 an order was granted by the BCUC approving the 60-year BPPA for the purchase of the output of the Brilliant hydroelectric plant located near Castlegar, BC. The Brilliant plant is owned by the Brilliant Power Corporation ("BPC"), a corporation owned equally by CPC and Columbia Basin Trust ("CBT"). FBC operates and maintains the Brilliant plant for the BPC in return for a management fee. In exchange for the specified take-or-pay amounts of power, the BPPA requires semi-annual payments based on a return on capital, which is composed of the original plant capital charge and periodic upgrade capital charges, which are both subject to fixed annual escalators, as well as sustaining capital charges. The BPPA includes a market related price adjustment after 30 years of the 60-year term. FBC has accounted for this arrangement as a finance lease asset and obligation in its financial statements and, as a result of adopting ASC 842, recognizes the payments, as approved for setting customer rates, within depreciation and finance charges.
- In 2003, the Corporation began operating the Brilliant Terminal Station ("BTS") under an agreement, the term of which expires in 2056. The agreement provides that FBC pay a charge related to the recovery of the capital cost of the BTS. FBC has accounted for this arrangement as a finance lease asset and obligation in its financial statements and, as a result of adopting ASC 842, recognizes the payments, as approved for setting customer rates, within depreciation and finance charges.

(c) Included in other contractual obligations are operating leases and defined benefit pension plan funding obligations.

### **Off-Balance Sheet Arrangements**

As at December 31, 2024, the Corporation had no material off-balance sheet arrangements.

## Capital Structure

The Corporation's principal business of regulated electricity generation, transmission and distribution requires ongoing access to capital in order to allow the Corporation to fund the maintenance, replacement and expansion of infrastructure. The Corporation maintains a capital structure in line with the deemed regulatory capital structure approved by the BCUC. During the third quarter of 2023, as a result of the GCOC Stage 1 Decision discussed in the "Regulation" section of this MD&A, the approved deemed equity component of capital structure was updated from 40 percent to 41 percent, and the approved debt component of capital structure was updated from 60 percent to 59 percent, both effective as of January 1, 2023. This capital structure excludes the financing of goodwill and other non-regulated items that do not impact the deemed capital structure. As part of the last review performed and the resulting GCOC Stage 1 Decision, the BCUC determined that the common equity component of capital structure and ROE for FBC will remain in effect until otherwise determined by the Commission.

## Credit Ratings

Debentures issued by the Corporation are rated by Morningstar DBRS and Moody's Investors Service ("Moody's"). The ratings assigned to the debentures issued by the Corporation are reviewed by these agencies on an ongoing basis and are summarized in the table below:

Rating Agency	Credit Rating	Type of Rating	Outlook
Morningstar DBRS	A (low)	Unsecured Debentures	Stable
Moody's	Baa1	Unsecured Debentures	Stable

In January 2024 Moody's issued an updated credit rating report, and in March 2024, Morningstar DBRS issued an updated credit rating report, both confirming the Corporation's debenture rating and outlook.

## Credit Facilities

In May 2024, the Corporation increased the size of its syndicated operating credit facility from \$150 million to \$200 million at terms substantially the same as before, with a revised maturity date of April 2028. As at December 31, 2024, the Corporation also had a \$10 million demand overdraft facility in place.

The following summary outlines the Corporation's credit facilities as at December 31:

(\$ millions)	2024	2023
Operating credit facility	200	150
Demand overdraft facility	10	10
Draws on operating credit facility	(33)	(110)
Letters of credit outstanding	-	-
<b>Credit facilities available</b>	<b>177</b>	<b>50</b>

## 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 percent to be paid semi-annually and mature on August 12, 2054. The closing of the issuance occurred on August 12, 2024, with net proceeds being used to repay credit facilities.

## PROJECTED CAPITAL EXPENDITURES

The Corporation continually updates its capital expenditure programs and assesses current and future operating, maintenance, replacement, expansion and removal expenditures that will be incurred in the ongoing operation of its business.

The initial approval from the BCUC to proceed with capital projects can occur through a number of processes, including revenue requirement applications and Certificate of Public Convenience and Necessity (“CPCN”) applications. Once the projects are approved, the regulatory process allows for capital project costs to be reviewed by the BCUC subsequent to the capital project being completed and in service to confirm that all costs are recoverable in customer rates.

The 2025 projected capital expenditures are approximately \$187 million, inclusive of allowance for funds used during construction (“AFUDC”) and excluding customer CIAC, and are necessary to provide service, public and employee safety, and reliability of supply of electricity to the Corporation’s customer base. In addition to the rate base amounts approved in annual regulatory decisions, multi-year projects under construction earn a regulated return. The 2024 annual capital expenditures were \$132 million, inclusive of AFUDC and excluding CIAC.

### *Energy Transition to Low Carbon Future*

FBC and FEI have established a Clean Growth Pathway plan to reduce its customers’ Greenhouse Gas (“GHG”) emissions. For FBC, the plan includes investment in low and zero carbon vehicles and infrastructure in the transportation sector, and energy efficiency programs and developing innovative energy solutions for homes and businesses. Certain of these investments are part of the Corporation’s projected capital expenditures.

### *DSM Expenditures Plan*

In addition to the projected capital expenditures, FBC has a DSM Expenditures Plan which delivers a portfolio of energy efficiency and conservation measures and activities which was accepted by the BCUC in December 2022. The DSM Expenditures Plan is expected to result in approximately \$83 million of expenditures from 2023 to 2027 as rate base additions.

## BUSINESS RISK MANAGEMENT

The Corporation is subject to a variety of risks and uncertainties that may have a material adverse effect on the Corporation’s results of operations and financial position.

### **Regulatory Approval and Rate Orders**

The regulated operations of the Corporation are subject to the uncertainties faced by regulated companies. These uncertainties include the approval by the BCUC of customer rates that permit a reasonable opportunity to recover on a timely basis the estimated costs of providing services, including a fair return on and of rate base. The ability of the Corporation to recover the actual costs of providing services and to earn the approved rate of return is impacted by achieving the forecasts established in the rate-setting process. The cost for upgrading existing facilities and adding new facilities requires the approval of the BCUC for inclusion in the rate base, at times through a CPCN if certain criteria are met. There is no assurance that CPCNs or capital projects perceived as required by the Corporation will be approved or that conditions to such approval will not be imposed. In addition, an inability to acquire any necessary regulatory approvals, especially those required for major projects needed to increase system capacity, could limit the Corporation’s future growth opportunities.

Rate applications that establish revenue requirements are subject to either a public hearing process, which may be oral or written, or a negotiated settlement. The BCUC approved a rate-setting methodology for the Corporation for a term of 2020 through 2024 under the MRP. Rates during this term will be determined through

a review process which will occur on an annual basis, however there can be no assurance that the rate orders issued will permit the Corporation to recover all costs actually incurred and to earn the allowed rate of return. In 2024, the Corporation filed an application with the BCUC requesting approval of a Rate Framework for the years 2025 to 2027, which is currently undergoing review under the regulatory process. A decision on the Rate Framework application is expected in mid-2025.

Through the regulatory process, the BCUC approves the ROE that the Corporation is allowed to earn and the deemed capital structure. This regulatory process allows the Corporation a reasonable opportunity to earn a fair risk adjusted rate of return comparable to that available on alternative, similar risk investments, which is essential for on-going capital attraction and growth. However, there can be no assurance that the rate orders issued by the BCUC will permit the Corporation to recover all costs actually incurred and to earn the allowed rate of return. The BCUC periodically reviews the cost of capital for regulated utilities in BC, which could affect FBC's capital structure and allowed ROE. The last review concluded in 2023, and the timing of the next cost of capital review is not known. Any future changes resulting from the next cost of capital review could materially impact the Corporation's earnings.

A failure to obtain rates that recover the costs of providing service, or provide a reasonable opportunity to earn a fair return, may adversely affect the business carried on by the Corporation, the undertaking or timing of proposed upgrades or expansion projects, ratings assigned by rating agencies, the issue and sale of securities, and other matters which may, in turn, have a material adverse effect on the Corporation's results of operations and financial position. Additionally, in June 2024, Canada enacted the Global Minimum Tax Act ("GMTA"), which imposes a 15 percent global minimum tax on profits for multinational enterprises with consolidated annual revenues exceeding a certain threshold. The immediate impact of the new rules may be mitigated by transitional safe harbours provided under the GMTA, however any future impact could impact tax expense for which the recovery through customer rates is not guaranteed.

There is legislation in BC which enables the BCUC to impose administrative monetary penalties on the Corporation, upon finding contravention of a BCUC order, rule, or standard. The penalty amount varies depending on the nature of the violation and would not be recoverable from customers.

### **Competitiveness and Commodity Price**

While the Corporation meets the majority of its current customer supply requirements from its own generation and long-term power purchase contracts, a portion of the customer load is supplied from the market in the form of short-term contracts and spot market power purchases. The commodity price associated with the cost of purchased power is affected by changes in world oil prices, natural gas prices and water levels on a regional basis. Power purchase cost variances from forecast for rate-setting purposes are recovered through future customer rates using a regulatory deferral account approved by the BCUC. There can be no assurance that such deferral mechanisms will exist in the future as they are dependent on future regulatory decisions and orders. An inability to flow through these costs to customers could have a material adverse effect on the Corporation's results of operations and financial position. If the Corporation's price of electricity becomes uncompetitive with other electricity providers or the price of other forms of energy, the Corporation's ability to recover its cost of service may be negatively affected.

The Corporation's indirect customers are directly served by the Corporation's wholesale customers, who themselves are municipal utilities. Those utilities may be able to obtain alternate sources of energy supply which would result in decreased demand, higher rates and, in an extreme case, could ultimately lead to an inability to fully recover the Corporation's cost of service in rates charged to customers.

### **Climate Change**

In addition to the seasonality of the Corporation's sales loads, climate change may cause more frequent and intense weather events, affect the temperature variability in the Corporation's service territory, and cause

changes in the consumption pattern of the Corporation's customers, which in turn could have an impact on customer rates.

Weather-related events arising from climate change could affect the Corporation's operations and system reliability, further described under "Weather and Natural Disasters". Responding to these changes in weather events could lead to increased costs associated with the strengthening of infrastructure to ensure system reliability and resiliency, which in turn could have an impact on customer rates. An increase in the severity and frequency of weather-related events could impact future operating, maintenance, replacement, expansion and removal costs that will be incurred in the ongoing operation of its business. In addition, the ability of customers to receive service from the Corporation may be impacted by weather-related events or longer-term environmental effects arising from climate change. This may impact revenues collected by the Corporation, which in turn could have an impact on customer rates.

### **Weather and Natural Disasters**

The facilities of the Corporation could be exposed to the effects of severe weather conditions and other natural events, some of which could be caused by climate change. A major natural disaster, such as an earthquake, wildfire, as further described under "Environment, Health and Safety Matters", flood, washout, landslide, avalanche or other similar natural event could severely damage the Corporation's electricity generation, transmission and distribution systems and access to electricity supply. Although the Corporation's facilities have been constructed, and are operated and maintained to withstand severe weather, there is no assurance that they will successfully do so in all circumstances. Furthermore, many of these facilities are located in remote or mountainous areas which make it more difficult to perform maintenance and repairs if such assets are damaged by weather conditions or other natural events.

The Corporation has limited insurance against storm damage and other natural disasters. In the event of a large uninsured loss caused by severe weather conditions, changes in climate, or other natural disasters, an application would be made to the BCUC for the recovery of these costs through higher rates to offset any loss. However, there can be no assurance that the BCUC would approve any such application. Losses resulting from repair costs and lost revenues could substantially exceed insurance coverage and any increased rates. Furthermore, the Corporation could be subject to claims from its customers for damages caused by the failure to transmit or distribute electricity to them in accordance with the Corporation's contractual obligations, or could be subject to liabilities associated with such events. Thus, any major damage to the Corporation's facilities could result in lost revenues, repair costs, and customer claims that are substantial in amount and could have a material adverse effect on the Corporation's results of operations and financial position.

### **Environment, Health and Safety Matters**

The Corporation is subject to numerous laws, regulations, and guidelines governing the management, transportation and disposal of hazardous substances and other waste materials, and relating to the protection of the environment and other health and safety matters, for which the Corporation incurs compliance costs. The process of obtaining environmental permits and approvals, including any necessary environmental assessment, can be lengthy, contentious and expensive. In addition, an inability to acquire any necessary environmental approvals, especially those required for major projects needed to increase system capacity, could limit the Corporation's future growth opportunities. Potential environmental damage and costs could arise due to a variety of events, including archaeological disturbances, severe weather and other natural disasters, human error or misconduct, or equipment failure. However, there can be no assurance that such costs will be recoverable through rates and, if substantial, unrecovered costs could have a material adverse effect on the Corporation's results of operations and financial position.

The Corporation is exposed to environmental risks that owners and operators of properties in BC generally face. These risks include the responsibility of any current or previous owner or operator of a contaminated site for



remediation of the site, whether or not such person actually caused the contamination. In addition, environmental and safety laws make owners, operators and persons in charge of management and control of facilities subject to prosecution or administrative action for breaches of environmental and safety laws, including the failure to obtain certificates of approval. It is not possible to predict with absolute certainty the position that a regulatory authority will take regarding matters of non-compliance with environmental, health and safety laws. Changes in environmental, health and safety laws could also lead to significant increases in costs to the Corporation.

Although most of the Corporation's generating and transmission facilities have been in place for many years with no apparent adverse environmental impact, environmental assessments and approvals may be required in the ordinary course of business for existing and future facilities.

Extreme climatic factors could potentially cause government authorities to adjust water flows on the Kootenay River, on which the Corporation's dams and related facilities are located, in order to protect the environment. This adjustment could affect the amount of water available for generation at the Corporation's plants or at plants operated by parties contracted to supply energy to the Corporation.

The trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, including the generation and disposal of wastes, the use and handling of chemical substances, environmental management for sensitive species and their habitat and conducting environmental impact assessments and remediation. It is possible that other developments may lead to increasingly strict environmental and safety laws, regulations and enforcement policies and claims for damages to property or persons resulting from the Corporation's operations, any one of which could result in substantial costs or liabilities to the Corporation. Any regulatory changes that impose additional environmental restrictions or requirements on the Corporation or its customers could adversely affect the Corporation through increased operating and capital costs.

Scientists and public health experts are studying the possibility that exposure to electromagnetic fields from power lines, household appliances and other electricity sources may cause health problems. If it were to be concluded that electromagnetic fields present a health hazard, litigation could result, and the Corporation could be required to take mitigation measures on its facilities. The costs of litigation, damages awarded, and mitigation measures could be material.

Spills and leaks can occur in the operation of electricity generation and transmission facilities, including, primarily the release of substances such as oil into water or onto land. In addition, historical spills may result in the accumulation of hydrocarbons and polychlorinated biphenyls ("PCB") contaminants in land primarily at substation sites. The Corporation responds to spills and leaks and takes remedial steps in accordance with environmental regulations and standards and sound industry practice; however, there can be no assurance that the Corporation will not be obligated to incur further expenses in connection with changes in environmental regulations and standards or as a result of historical contamination.

Electricity transmission and distribution facilities have the potential to cause fires as a result of equipment failure, trees falling on a transmission or distribution line or lightning strikes to wooden poles. Risks associated with fire damage are related to weather, the extent of forestation, habitation, third party facilities located near the land on which the transmission facilities are situated and third party claims for fire-fighting costs and other damages. Such claims could have a material adverse effect on the Corporation's results of operations and financial position.

Electricity transmission and distribution has inherent potential risks and there can be no assurance that substantial costs and liabilities will not be incurred. Potential environmental damage and costs could materialize due to some type of severe weather event or major equipment failure and there can be no assurance that such



costs would be recoverable. Unrecovered costs could have a material adverse effect on the Corporation's results of operations and financial position.

While the Corporation maintains insurance, the insurance is subject to coverage limits as well as time sensitive claims discovery and reporting provisions which could result in delays between the occurrence of an insured loss and recovery through insurance proceeds. In addition, there can be no assurance that the possible types of liabilities that may be incurred by the Corporation will be covered by insurance as further described under "Underinsured and Uninsured Losses".

#### **Asset Breakdown, Operation, Maintenance and Expansion**

The Corporation's assets require ongoing maintenance, replacement and expansion. Accordingly, to ensure the continued performance of the physical assets, the Corporation determines expenditures that should be made to maintain, replace and expand the assets. The Corporation could experience service disruptions and increased costs if it is unable to maintain, replace or expand its asset base. The inability to recover, through approved rates, the costs of capital expenditures that the Corporation believes are necessary to maintain, replace, expand and remove its assets, the failure by the Corporation to properly implement or complete approved capital expenditure programs or the occurrence of significant unforeseen equipment failures could have a material adverse effect on the Corporation's results of operations and financial position.

The Corporation continually updates its capital expenditure programs and assesses current and future operating, maintenance, replacement, expansion and removal expenses that will be incurred in the ongoing operation of its business. Management's analysis is based on assumptions as to costs of services and equipment, regulatory requirements, revenue requirement approvals, and other matters, which involve some degree of uncertainty. It is uncertain whether capital expenditures will, in all cases, receive regulatory approval for recovery in future customer rates. The inability to recover these capital expenditures could have a material adverse effect on the Corporation's results of operations and financial position.

#### **Electricity Supply**

Fluctuations in the amount of electricity used by customers can vary significantly in response to seasonal changes in weather. Electricity demand of customers that is in excess of that generated by the Corporation or contracted through long-term power purchase agreements is sourced from the wholesale energy market. A disruption in the wholesale energy market could result in the Corporation not being able to source the required electricity demand of its customers. Increasingly warm summers will increase air-conditioning demand, while increasingly cold winters will increase electric heating load for which electricity supply may not be available. Government policy may also impact electricity demand. Provincially, in October 2021, the Government of BC released an update to its economic and climate action plan, the CleanBC Roadmap to 2030 ("CleanBC"). Originally introduced in 2018, CleanBC frames BC's approach to reducing emissions and transitioning to a low-carbon economy. The update includes a series of actions designed to achieve the Government of BC's legislated climate targets to reduce GHG emissions by 40 percent by 2030, based on 2007 levels. Certain CleanBC initiatives, coupled with other provincial incentives for electrification of home appliances such as heat pumps, may increase electricity demand for which electricity supply may not be available. In addition, future customer growth would increase electricity demand for which electricity supply may not be available.

Power purchase cost variances from forecast for rate-setting purposes are recovered through future rates using regulatory deferral accounts approved by the BCUC. There can be no assurance that the current BCUC approved deferral mechanisms allowing for the flow through of electricity supply costs will continue in the future, as they are dependent on future regulatory decisions and orders. An inability to flow through the full cost of electricity supply could have a material adverse effect on the Corporation's results of operations and financial position.

Prolonged adverse weather conditions could lead to a significant and sustained loss of precipitation over the headwaters of the Kootenay River system, which could reduce the Corporation's entitlement to capacity and energy under the Canal Plant Agreement.

### **Permits**

The acquisition, ownership and operation of electricity businesses and assets require numerous permits, approvals and certificates from federal, provincial and local government agencies and Indigenous Peoples. For various reasons, including increased engagement requirements and expectations, the Corporation may not be able to obtain or maintain all required regulatory approvals on terms satisfactory to the Corporation. The external environment has become more complex with heightened expectations from permitting agencies, local municipalities and Indigenous Peoples to be able to review and provide feedback on projects. Increased engagement is, in many cases, driven by policy responses to climate change, but the resulting increases in cost and review timelines could negatively impact the Corporation's ability to meet project budgets and schedules. If there is a delay in obtaining any required regulatory approval or if the Corporation fails to maintain or obtain any required approval or fails to comply with any applicable law, regulation or condition of an approval, the Corporation's ability to properly implement or complete approved capital expenditure programs could become limited and the operation of its assets and the distribution of electricity could be prevented or become subject to additional costs, any of which could have a material adverse effect on the Corporation's results of operations and financial position.

The Corporation's ability to generate electricity from its facilities on the Kootenay River and to receive its entitlement of capacity and energy under the second amended and restated Canal Plant Agreement depends upon the maintenance of its water licences issued under the Water Act (British Columbia). In addition, water flows in the Kootenay River are governed under the terms of the Columbia River Treaty between Canada and the United States as well as the International Joint Commission's order for Kootenay Lake. Government authorities in Canada and the United States have the power under the treaty and the International Joint Commission order to regulate water flows to protect environmental values in a manner that could adversely affect the amount of water available for the generation of power.

### **Indigenous Rights and Indigenous Engagement**

The Corporation provides service to customers on Indigenous Peoples lands and maintains generation, transmission and distribution facilities on lands that are subject to land claims by various Indigenous Peoples. There are various treaty and other agreement negotiation processes involving Indigenous Peoples and the Governments of BC and Canada that are underway, but the basis upon which settlements might be reached in the Corporation's service area is not clear. Furthermore, not all Indigenous Peoples are participating in the processes. To date, the policy of the Government of BC has been to endeavour to structure settlements without prejudicing existing rights held by third parties such as the Corporation. However, there can be no certainty that the settlement processes will not have a material adverse effect on the Corporation's results of operations and financial position.

Before issuing governmental or regulatory approvals, the regulatory or governmental decision-maker (such as the BCUC) will consider whether the Crown has a duty to consult Indigenous Peoples and, if necessary, to accommodate, and if so whether the consultation and accommodation have been adequate. In practice, the Crown often delegates procedural aspects of the duty to consult to the Corporation. If engagement and consultation with Indigenous groups are not addressed upfront, this may affect the timing, cost and likelihood of regulatory approval of certain of the Corporation's capital projects and result in higher costs to implement projects in the longer term. Indigenous groups are also participating in BCUC and other regulatory and governmental processes with increased regularity, with potentially opposing views, and the increased involvement can affect the time and ability to obtain CPCN and other approvals.

The Province's Declaration on the Rights of Indigenous Peoples Act ("DRIPA") and the federal government's United Nations Declaration on the Rights of Indigenous Peoples Act set out a process by which the provincial and federal governments will review their laws to ensure they are consistent with the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP") and require that the provincial and federal governments develop an action plan to achieve the objectives of UNDRIP. The legislative review and action plans may result in amendments to provincial and federal legislation or policy, which may affect the Corporation. DRIPA also empowers the Province to enter into agreements with Indigenous governing bodies to provide for joint-decision making or to require consent of an Indigenous governing body before certain decisions are made. Legislative amendments and case law may increase uncertainty in permitting and regulatory processes, or could cause delays in receiving or failure to receive permits.

### **Underinsured and Uninsured Losses**

The Corporation maintains insurance coverage with respect to potential liabilities and the accidental loss of value of certain of its assets, in amounts and with such insurers as is considered appropriate, taking into account all relevant factors, including the practices of owners of similar assets and operations. It is anticipated that such insurance coverage will be maintained. However, there can be no assurance that the Corporation will be able to obtain or maintain adequate insurance in the future at rates it considers reasonable. Further, there can be no assurance that available insurance will cover all losses or liabilities that might arise in the conduct of the Corporation's business. The occurrence of a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by the Corporation or a claim that falls within a significant self-insured retention could have a material adverse effect on the Corporation's results of operations and financial position.

In the event of an uninsured loss or liability, the Corporation would apply to the BCUC to recover the loss (or liability) through an increased tariff. However, there can be no assurance that the BCUC would approve any such application, in whole or in part. Additionally, delays between the occurrence of an uninsured loss (or liability) and recovery through an increased tariff could result in variability of results between periods. Any major damage to the Corporation's facilities could result in repair costs and customer claims that are substantial in amount and which could have a material adverse effect on the Corporation's results of operations and financial position.

### **Capital Resources and Liquidity**

The Corporation's financial position could be adversely affected if it fails to arrange sufficient and cost-effective financing to fund, among other things, capital expenditures and the repayment of maturing debt. The Corporation's ability to arrange sufficient and cost-effective financing is subject to numerous factors, including the regulatory environment in BC, regulatory decisions regarding capital structure and ROE, the results of operations and financial position of the Corporation, conditions in the capital and bank credit markets, ratings assigned by credit rating agencies, and general economic conditions. Funds generated from operations, after payment of expected expenses (including interest payments on any outstanding debt), may not be sufficient to fund the repayment of all outstanding liabilities when due and anticipated capital expenditures. There can be no assurance that sufficient capital will be available on acceptable terms to fund capital expenditures and to repay existing debt.

Generally, the Corporation is subject to financial risk associated with changes in the credit ratings assigned by credit rating agencies. Credit ratings impact the level of credit risk spreads on new long-term debt issues and on the Corporation's credit facilities. A change in the credit ratings could potentially affect access to various sources of capital and increase or decrease the Corporation's finance charges. Certain of the Corporation's agreements could require additional credit collateral, such as letters of credit, should there be a deterioration in the Corporation's credit ratings or creditworthiness. Global financial crises and other debtholder concerns have placed scrutiny on rating agencies and rating agency criteria that may result in changes to credit rating practices and policies.

Volatility in the global financial and capital markets may increase the cost of and affect the timing of issuance of long-term capital by the Corporation.

### **Interest Costs**

The Corporation is exposed to interest rate risks associated with floating rate debt and refinancing of its long-term debt. Regulated interest rate variances from forecast for rate-setting purposes are recovered through future rates using a regulatory deferral account approved by the BCUC, while interest costs from variances in volumes of short-term borrowings from those forecast for rate-setting purposes are subject to sharing between customers and the Corporation. There can be no assurance that such deferral mechanisms will exist in the future as they are dependent on future regulatory decisions and orders. An inability to flow through these costs could have a material adverse effect on the Corporation's results of operations and financial position. In November 2023, the Department of Finance Canada tabled revised draft legislation to implement certain tax proposals that are intended to limit the deductibility of certain interest costs and financing expenses in computing income for tax purposes (the "EIFEL" rules). Legislation was enacted in June 2024 with an effective date of January 1, 2024. The new legislation may adversely impact the amount of tax payable by the Corporation, which in turn could have an impact on customer rates.

### **Impact of Changes in Economic Conditions**

A general and extended decline in BC's economy or in that of the Corporation's service area in particular, would be expected to have the effect of reducing demand for electricity over time. Electricity sales are influenced by economic factors such as changes in employment levels, personal disposable income, economic impacts of tariffs, inflation, and interest rates, energy prices and delivery rates, housing starts, and customer growth. In addition, electricity demand by some of the Corporation's industrial customers could exhibit variations in demand or load in such circumstances.

Electricity revenue variances from forecasts used for rate-setting purposes are recovered through future rates using regulatory deferral accounts approved by the BCUC. There can be no assurance that such deferral mechanisms will exist in the future as they are dependent on future regulatory decisions and orders. An inability to flow through these variances could have a material adverse effect on the Corporation's results of operations and financial position.

A severe and prolonged downturn in economic conditions could have a material adverse effect on the Corporation despite regulatory measures available for compensating for reduced demand or increased cost to customers, which could have a material adverse effect on the Corporation.

### **Power Purchase and Capacity Sale Contracts**

The Corporation has entered into power purchase contracts and resale contracts for excess capacity. The Corporation may not be able to secure extensions of power purchase contracts at their expiration dates or, if the agreements are not extended, an alternate supply of similarly-priced electricity. In addition, the Corporation may not be able to secure additional capacity resale contracts. The Corporation is also exposed to risk in the event of non-performance by counterparties to the various power purchase and resale contracts.

### **Human Resources**

The ability of the Corporation to deliver service in a cost-effective manner is dependent on the ability of the Corporation to attract, develop and retain skilled workforces. Competitive labour market conditions create challenges in attracting and retaining technical and professional staff. Like other utilities across Canada, the Corporation is faced with demographic challenges relating to such skilled workforces. The inability to attract, develop and retain skilled workforces could have a material adverse effect on the Corporation.

**Labour Relations**

The Corporation employs members of labour unions that have entered into collective bargaining agreements with the Corporation. The provisions of such collective bargaining agreements affect the flexibility and efficiency of the business carried on by the Corporation. There can be no assurance that current relations will continue in future negotiations or that the terms under the present collective bargaining agreements will be renewed.

The inability to maintain, or to renew, the collective bargaining agreements on acceptable terms could result in increased labour costs or service interruptions arising from labour disputes, that are not provided for in approved rates and that could have a material adverse effect on the Corporation's results of operations and financial position.

**Employee Future Benefits**

The Corporation maintains defined benefit pension plans and supplemental pension arrangements. There is no certainty that the plan assets will be able to earn the assumed rate of returns. Market driven changes impacting the performance of the plan assets may result in material variations in actual return on plan assets from the assumed return on the assets causing material changes in net benefit costs. Net benefit cost is impacted by, among other things, the discount rate, changes in the expected mortality rates of plan members, the amortization of experience and actuarial gains or losses and expected return on plan assets. Market driven changes impacting other assumptions, including the assumed discount rate, may also result in future contributions to pension plans that differ significantly from current estimates as well as causing material changes in net benefit cost.

There is also measurement uncertainty associated with net benefit cost, future funding requirements, the net accrued benefit asset and projected benefit obligation due to measurement uncertainty inherent in the actuarial valuation process.

Net benefit cost variances from forecast for rate-setting purposes are recovered through future rates using regulatory deferral accounts approved by the BCUC. There can be no assurance that such deferral mechanisms will exist in the future as they are dependent on future regulatory decisions and orders. An inability to flow through these costs could have a material adverse effect on the Corporation's results of operations and financial position.

**Information Technology Infrastructure**

The ability of the Corporation to operate effectively is dependent upon managing and maintaining information systems and infrastructure that support the operation of distribution, transmission and generation facilities; provide customers with billing and consumption information; and support the financial and general operating aspects of the business. The reliability of the communication infrastructure and supporting systems are also necessary to provide important safety information. System failures, or failures in system implementations, could have a material adverse effect on the Corporation.

**Cybersecurity**

The Corporation operates critical energy infrastructure in its service territory and, as a result, is exposed to the risk of cybersecurity violations. Unauthorized access to corporate and information technology systems due to hacking, malware, ransomware, viruses and other causes which may become more sophisticated over time could result in service disruptions, system failures, misappropriated funds, corruption or unavailability of critical data, and disclosure of sensitive, confidential and proprietary business information. In addition, in the normal course of operation, the Corporation requires access to confidential customer data, including personal and credit information, which could be exposed in the event of a security breach. A cybersecurity breach could have a material adverse effect on the Corporation's results of operations and financial position, and there is no certainty whether any resulting uninsured monetary damages will be recoverable from customers.

**Pandemics and Public Health Crises**

The Corporation could be negatively impacted by a widespread outbreak of communicable disease or other public health crisis that causes economic and/or other disruptions. Should a public health crisis occur, the efforts to reduce the health impact on populations and control the spread of communicable disease could lead to measures that restrict travel, workplace occupancy, business operations, and a prolonged reduction in economic activity within the service territory. These measures could lead to potential impacts on the Corporation's operations that may include, but are not limited to, availability of personnel, energy usage and revenues, customer retention, the timing of capital expenditures, supply chain disruptions, the amount and timing of operating and maintenance expenses, application of regulatory deferral mechanisms, disruptions to capital markets leading to liquidity issues, and the collectability of receivables from customers that are affected by the economic impact of the pandemic. The overall impact would depend on the duration and severity of the pandemic, potential government actions to mitigate public health impacts or aid economic recovery, and other factors beyond the Corporation's control. An extended period of economic disruption resulting from a pandemic or other public health crisis could have a material adverse effect on the Corporation.

Certain of these potential impacts are expected to be mitigated through the use of regulatory deferral mechanisms, including those that capture revenue shortfalls and incremental costs incurred beyond the control of the Corporation, and allow for recovery through customer rates in subsequent years. The inability to recover these variances as currently allowed could have a material adverse effect on the Corporation's results of operations.

**Continued Reporting in Accordance with US GAAP**

In May 2022, the Corporation's principal regulator, the British Columbia Securities Commission ("BCSC") approved the extension of the Corporation's exemptive relief order which permits the Corporation to continue reporting in accordance with US GAAP, until the earliest of: (i) January 1, 2027; (ii) the first day of the Corporation's financial year that commences after the Corporation ceases to have rate-regulated activities; and (iii) the first day of the Corporation's financial year that commences on or following the later of (a) the effective date prescribed by the International Accounting Standards Board ("IASB") for a Mandatory Rate-regulated Standard, and (b) two years after the IASB publishes the final version of a Mandatory Rate-regulated Standard.

In January 2021, the IASB issued an Exposure Draft which is expected to result in a permanent mandatory standard specific to entities with activities subject to rate regulation. If BCSC relief does not continue as detailed above, the Corporation would then be required to become a United States Securities and Exchange Commission registrant in order to continue reporting under US GAAP, otherwise the Corporation would be required to adopt International Financial Reporting Standards ("IFRS Accounting Standards") for external reporting purposes.

The Exposure Draft is currently being reviewed by the IASB against consultative feedback. The timing of publishing a final standard based on the IASB Exposure Draft is expected in the second half of 2025, with an expected effective date of January 1, 2029. The ultimate timing and impact of a requirement to adopt IFRS Accounting Standards for external reporting purposes is not yet known.

**Legal, Administrative and Other Proceedings**

Legal, administrative and other proceedings arise in the ordinary course of business and may include environmental, sustainability, or climate-related claims, employment-related claims, marketing and advertising related claims, securities-based litigation, contractual disputes, personal injury or property damage claims, cost-recovery claims, competition-related proceedings, actions by regulatory or tax authorities, and other matters. There is no certainty any resulting judgments, settlements, or orders for monetary damages, fines or penalties will be recoverable from customers.



## ACCOUNTING MATTERS

### New Accounting Policies

#### ***Improvements to Reportable Segment Disclosures***

ASU No. 2023-07, *Improvements to Reportable Segment Disclosures*, issued in December 2023, became effective for the Corporation's December 31, 2024 annual financial statements. The ASU requires disclosure of incremental segment information, including those for single reportable segments, and incorporating significant segment expenses and other items that are included in segment profit or loss. The ASU did not have a material impact on these Consolidated Financial Statements.

FBC considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). During the year ended December 31, 2024, there were no other ASUs issued by FASB that have a material impact on these Consolidated 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 Consolidated Financial Statements were assessed and determined to be either not applicable to the Corporation or not expected to have a material impact on these 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.

#### ***Disaggregation of Income Statement Expenses***

ASU No. 2024-03, *Disaggregation of Income Statement Expenses*, issued in November 2024, is effective for the Corporation's December 31, 2027 annual financial statements, and for interim periods beginning in 2028 on a prospective basis, with retrospective application and early adoption permitted. The ASU requires entities to disclose disaggregated information about five expense categories underlying its income statement line items. The Corporation is assessing the impact of adoption of this ASU on the disclosures to its consolidated financial statements.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's Consolidated Financial Statements in accordance with US GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Estimates and judgments are based on historical experience, current conditions and various other assumptions believed to be reasonable under the circumstances. Additionally, certain estimates and judgments are necessary since the regulatory environment in which the Corporation operates often requires amounts to be recorded at estimated values until these amounts are finalized pursuant to regulatory decisions or other regulatory proceedings. Due to changes in facts and circumstances and the inherent uncertainty involved in making estimates, actual results may differ significantly from current estimates. Estimates and judgments are reviewed periodically and, as adjustments become necessary, are recognized in the period in which they become known. The Corporation's critical accounting estimates are discussed below.



## **Regulation**

Generally, the accounting policies of the Corporation's regulated operations are subject to examination and approval by the regulatory authority, the BCUC. These accounting policies may differ from those used by entities not subject to rate regulation. The timing of the recognition of certain assets, liabilities, revenues and expenses, as a result of regulation, may differ from that otherwise expected using US GAAP for entities not subject to rate regulation. Regulatory assets and regulatory liabilities arise as a result of the rate-setting process and have been recognized based on previous, existing or expected regulatory orders or decisions. Certain estimates are necessary since the regulatory environment in which the Corporation operates often requires amounts to be recorded at estimated values until these amounts are finalized pursuant to regulatory decisions or other regulatory proceedings. The final amounts approved by the regulatory authority for deferral as regulatory assets and regulatory liabilities and the approved recovery or settlement periods may differ from those originally expected. Any resulting adjustments to original estimates are recognized in earnings in the period in which they become known. In the event that a regulatory decision is received after the balance sheet date but before the consolidated financial statements are issued, the facts and circumstances are reviewed to determine whether it is a recognized subsequent event. As at December 31, 2024, the Corporation recognized \$493 million in current and long-term regulatory assets (December 31, 2023 - \$480 million) and \$63 million in current and long-term regulatory liabilities (December 31, 2023 - \$61 million).

## **Depreciation, Amortization and Removal Costs**

Depreciation and amortization are estimates based primarily on the useful life of assets. Estimated useful lives are based on current facts and historical information and take into consideration the anticipated physical life of the assets. As at December 31, 2024, the Corporation's property, plant and equipment and intangible assets were \$1,977 million, or approximately 71 percent of total assets, compared to \$1,907 million, or approximately 70 percent of total assets as at December 31, 2023. Changes in depreciation and amortization rates may have a significant impact on the Corporation's consolidated depreciation and amortization expense.

As approved by the BCUC, the net salvage provision is collected as a component of depreciation on an accrual basis, with actual removal costs incurred drawing down the accrual balance. Removal costs are the direct costs incurred by the Corporation in taking assets out of service.

As part of the customer rate-setting process, appropriate depreciation, amortization and net salvage provision rates are approved by the BCUC. The rates are reviewed on an ongoing basis to ensure they continue to be appropriate. From time to time, independent third-party depreciation studies are performed and based on the results of these studies, the impact of any over-or-under collection, as a result of actual experience differing from that expected and provided for in previous rates, is generally reflected in future rates and expenses.

## **Assessment for Impairment of Goodwill**

The Corporation is required to perform, at least on an annual basis, an impairment test for goodwill, and any impairment provision has to be charged to earnings. In addition, the Corporation also performs an impairment test if any event occurs or if circumstances change that would indicate that the fair value was below its carrying value. No such event or change in circumstances occurred during 2024 or 2023.

As at December 31, 2024 goodwill totaled \$235 million (December 31, 2023 - \$235 million).

During 2024, the Corporation performed an annual assessment of goodwill and concluded that it is more likely than not that the fair value of the reporting unit was greater than the carrying value and that goodwill was not impaired.

## **Employee Future Benefits**

The Corporation's defined benefit pension plans, supplemental pension arrangements, and OPEB plan are subject to judgments utilized in the actuarial determination of the net benefit cost and related obligation. The

main assumptions utilized by management in determining net benefit cost and obligation are the discount rate for the projected benefit obligation and the expected long-term rate of return on plan assets.

The assumed long-term rate of return on the defined benefit pension plan assets, for the purpose of determining pension net benefit cost for 2024, was 6.33 percent which is a decrease from the 6.70 percent that was assumed in 2023. As two of the Corporation's defined benefit pension plans have excess interest indexing provisions, where a portion of investment returns are allocated to provide for indexing of pension benefits, the projected benefit obligations for these two plans may vary based on the expected long-term rate of return on plan assets.

The assumed discount rate, used to measure the projected pension benefit obligations on the measurement date of December 31, 2024, and to determine the pension net benefit cost for 2025, is 4.75 percent. This is an increase from the discount rate of 4.50 percent used to measure the projected benefit obligations as at December 31, 2023, and to determine the pension net benefit cost for 2024.

The long-term rate of return is based on the expected average return of the assets over a long period given the relative asset mix. The discount rate is determined with reference to the current market rate of interest on high quality debt instruments with cash flows that match the time and amount of expected benefit payments.

The Corporation expects net benefit cost for 2025 related to its defined benefit pension plans, prior to regulatory adjustments, to be \$nil, an increase of \$2 million compared to a net benefit recovery for 2024, which is primarily due to higher interest costs, lower expected return on plan assets, and lower amortization of past service credits.

The following table provides the sensitivities associated with a 100 basis point change in the expected long-term rate of return on pension plan assets and discount rate on 2024 pension net benefit cost, and the related projected benefit obligations recognized in the Corporation's Consolidated Financial Statements:

Increase (Decrease) (\$ millions)	Net Benefit Cost	Projected Benefit Obligation
1% increase in the expected rate of return	(2)	-
1% decrease in the expected rate of return	1	(19)
1% increase in the discount rate	(1)	(34)
1% decrease in the discount rate	4	39

The above table reflects the changes before the effect of any regulatory deferral mechanism approved by the BCUC. The Corporation currently has in place a BCUC approved mechanism to defer variations in pension net benefit costs from forecast net benefit costs, used to set customer rates, as a regulatory asset or liability.

Other significant assumptions applied in measuring the pension net benefit cost and/or the projected benefit obligation include the average rate of compensation increase, average remaining service life of the active employee group, and employee and retiree mortality rates.

The Corporation's OPEB plan is also subject to judgments utilized in the actuarial determination of the OPEB net benefit cost and related projected benefit obligation. Except for the assumption of the expected long-term rate of return on plan assets, the above assumptions, along with health care cost trends, were also utilized by management in determining OPEB plan net benefit cost and projected benefit obligation. The Corporation currently has in place a BCUC approved mechanism to defer variations in OPEB net benefit cost from forecast OPEB net benefit cost, used to set customer rates, as a regulatory asset or liability.

As at December 31, 2024, the Corporation had a pension projected benefit net asset of \$3 million (a pension projected benefit net liability as at December 31, 2023 - \$11 million) and an OPEB projected benefit liability of \$24 million (December 31, 2023 - \$24 million liability). The increase in the pension projected benefit net asset during 2024 was primarily a result of the 0.25 percent increase in the discount rate, and due to higher employer contributions. The increase in the 2024 OPEB projected benefit liability was also driven by the increase in the discount rate. During 2024, the Corporation recorded a pension and OPEB net benefit recovery, inclusive of regulatory adjustments, of \$1 million (2023 - \$1 million net benefit cost).

### Revenue Recognition

The Corporation recognizes revenue on an accrual basis. Recording revenue on an accrual basis requires use of estimates and assumptions. Customer bills are issued throughout the month based on meter readings or estimates that establish electricity consumption by customers since the last meter reading. The unbilled revenue accrual for the period is based on estimated electricity sales to customers for the period since the last meter reading at the approved rates. The development of the sales estimates requires analysis of consumption on a historical basis in relation to key inputs, such as the current price of electricity, population growth, economic activity, weather conditions and system losses. The estimation process for accrued unbilled electricity consumption will result in adjustments to electricity revenue in the periods they become known when actual results differ from the estimates. As at December 31, 2024, the amount of accrued unbilled revenue recorded in accounts receivable was approximately \$24 million (December 31, 2023 - \$24 million) on annual electricity revenues of \$481 million (December 31, 2023 - \$460 million).

### Income Taxes

Income taxes are determined based on estimates of the Corporation's current income taxes and estimates of deferred income taxes resulting from temporary differences between the carrying value of assets and liabilities in the consolidated financial statements and their tax values. A deferred income tax asset or liability is determined for each temporary difference based on enacted income tax rates and laws in effect when the temporary differences are expected to be recovered or settled. Deferred income tax assets are assessed for the likelihood that they will be recovered from future taxable income. To the extent recovery is not considered more likely than not, a valuation allowance is recognized against earnings in the period when the allowance is created or revised. Estimates of the provision for current income taxes, deferred income tax assets and liabilities, and any related valuation allowance, might vary from actual amounts incurred.

## FINANCIAL INSTRUMENTS

### Financial Instruments Not Measured At Fair Value

For long-term debt, the fair value is determined by discounting the future cash flows of the specific debt instrument at an estimated yield to maturity equivalent to benchmark government bonds or treasury bills, with similar terms to maturity, plus a market credit risk premium equal to that of issuers of similar credit quality.

The following table includes the carrying value, excluding unamortized debt issuance costs and including current and long-term portions, and estimated fair value of the Corporation's long-term debt as at December 31:

		2024		2023	
(\$ millions)	Fair Value Hierarchy	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	960	946	860	849

Power purchase contracts that have been designated as normal purchase or normal sale contracts are not reported at fair value under the accounting rules for derivatives. They are accounted for on an accrual basis.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following table sets forth information derived from audited financial statements. These results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

<b>Years Ended December 31</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<i>(\$ millions)</i>			
Revenue	<b>527</b>	513	474
Net earnings	<b>70</b>	66	61
Total assets	<b>2,800</b>	2,708	2595
Long-term debt, excluding current portion	<b>952</b>	853	853
Dividends on common shares	<b>54</b>	51	49

**2024/2023** – Revenue increased \$14 million and net earnings increased \$4 million over 2023. The increase in revenue was primarily due to an increase in revenues approved for rate-setting purposes, resulting primarily from higher power supply costs and a higher investment in regulated assets, an increase in revenue from a higher volume of electricity sales, and an increase in revenue associated with third party contract work, partially offset by a decrease in surplus power sales, and a decrease in revenue associated with regulatory deferrals, including amortization of prior year alternative revenue flow-through deferrals and the revenue deficiency deferral for 2023 established as a result of the GCOC Stage 1 Decision. The increase in net earnings was primarily due to a higher investment in regulated assets, and higher favourable regulated variances attributable to other income and operating costs incurred, as compared to those allowed in rates, net of amounts shared with customers, as compared to the same period in 2023. The increase in total assets was mainly due to investment in DSM and the Corporation's capital expenditure program, and an increase in regulatory assets. Long-term debt increased due to the issuance of \$100 million of unsecured MTN Debentures in August 2024, net of debt issuance costs.

**2023/2022** – Revenue increased \$39 million and net earnings increased \$5 million over 2022. The increase in revenue was primarily due to an increase in revenue associated with regulatory deferrals, including the amortization of prior year alternative revenue flow-through deferrals, and the revenue deficiency deferral for 2023 established as a result of the GCOC Stage 1 Decision, an increase in revenues approved for rate-setting purposes, resulting primarily from higher power supply costs and a higher investment in regulated assets, and an increase in surplus power sales, partially offset by a decrease in revenue from a lower volume of electricity sales, a decrease in revenue associated with third party contract work, and a decrease in revenue from the sale of carbon credits in the prior year that didn't exist in the current year. The increase in net earnings was primarily due to an increase in FBC's deemed equity component of capital structure from 40 percent to 41 percent, and an increase in allowed ROE from 9.15 percent to 9.65 percent, resulting from the GCOC Stage 1 Decision. The net impact of the change in cost of capital was \$4 million. Net earnings for 2022 were based on an allowed ROE of 9.15 percent and a deemed equity component of capital structure of 40 percent. The increase in total assets was mainly due to investment in DSM and the Corporation's capital expenditure program. Long-term debt was consistent with 2022.

## RELATED PARTY TRANSACTIONS

In the normal course of business, the Corporation transacts with its parent, FortisBC Pacific, its ultimate parent, Fortis, and other related companies under common control, including FEI and FHI. The following transactions were measured at the exchange amount unless otherwise indicated.

### Related Party Recoveries

The amounts charged to related parties for the years ended December 31 were as follows:

(\$ millions)	2024	2023
Operating costs charged to FortisBC Pacific (a)	11	9
Operating costs charged to FEI (b)	9	7
Operating costs charged to FHI (c)	1	1
<b>Total related party recoveries</b>	<b>21</b>	<b>17</b>

(a) The Corporation charged its parent, FortisBC Pacific, for management services, labour, and materials.

(b) The Corporation charged FEI for electricity sales, management services, and other labour.

(c) The Corporation charged FHI for management services and other labour.

### Related Party Costs

The amounts charged by related parties for the years ended December 31 were as follows:

(\$ millions)	2024	2023
Operating costs charged by FEI (a)	11	9
Operating costs charged by FHI (b)	5	5
<b>Total related party costs</b>	<b>16</b>	<b>14</b>

(a) FEI charged the Corporation for natural gas purchases, office rent, management services, and other labour.

(b) FHI charged the Corporation for management services and governance costs.

### Balance Sheet Amounts

The amounts due from related parties, included in accounts receivable and other current assets, and the amounts due to related parties, included in accounts payable and other current liabilities, were as follows as at December 31:

(\$ millions)	2024		2023	
	Amount Due From	Amount Due To	Amount Due From	Amount Due To
FortisBC Pacific	1	-	1	-
Fortis	-	-	1	-
FEI	-	(1)	-	(1)
FHI	-	(1)	-	-
<b>Total due from (due to) related parties</b>	<b>1</b>	<b>(2)</b>	<b>2</b>	<b>(1)</b>

## **OTHER DEVELOPMENTS**

### **Collective Agreements**

There are two collective agreements between the Corporation and Local 378 of the Canadian Office and Professional Employees Union now referred to as MoveUP. The first collective agreement, representing employees in specified occupations in the areas of administration and operations support, was ratified in October 2024 and expires on June 30, 2028. The second collective agreement, representing customer service employees, was ratified during June 2023 and expires on March 31, 2027.

The collective agreement between the Corporation and Local 213 of the International Brotherhood of Electrical Workers (“IBEW”) expired on January 31, 2023 and is currently under negotiation. The IBEW represents employees in specified occupations in the areas of generation, transmission and distribution.

## **OUTSTANDING SHARE DATA**

As at the filing date of this MD&A, the Corporation had issued and outstanding 3,691,510 common shares, all of which are owned by FortisBC Pacific, an indirect wholly-owned subsidiary of Fortis.

## **ADDITIONAL INFORMATION**

Additional information about FBC, including its AIF, can be accessed at [www.fortisbc.com](http://www.fortisbc.com) or [www.sedarplus.ca](http://www.sedarplus.ca). The information contained on, or accessible through, either of these websites is not incorporated by reference into this document.

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