
FORTISBC INC.**MANAGEMENT DISCUSSION & ANALYSIS**

For the quarter and nine months ended September 30, 2023

October 26, 2023

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 2023 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 Unaudited Condensed Consolidated Interim Financial Statements and notes thereto for the quarter and nine months ended September 30, 2023 prepared in accordance with US GAAP and the Corporation's Annual Audited Consolidated Financial Statements and notes thereto together with the MD&A for the year ended December 31, 2022, with 2021 comparatives, 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.

The forward-looking information in this MD&A includes, but is not limited to, 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.

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); continued electricity demand; absence of climate change impacts; absence of adverse weather conditions and natural disasters; absence of environmental damage and health and safety issues; 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 maintain and obtain applicable permits; 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; no material adverse rating actions by credit rating agencies; 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 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 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 rates 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 the Corporation's MD&A and AIF for the year ended December 31, 2022.

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 189,400 customers directly and indirectly, focusing on the safe delivery of reliable and cost-effective electricity. The Corporation's business includes four hydroelectric generating plants, approximately 7,300 kilometers of transmission and distribution power lines, and a historical peak demand of 835 megawatts, which occurred during the fourth quarter of 2022.

The Corporation is regulated by the 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 January 2021, the BCUC announced that a Generic Cost of Capital ("GCOC") Proceeding was being initiated, including a review of the deemed common equity component of total capital structure and the allowed Return on Equity ("ROE") on common equity for regulated utilities in BC. The BCUC determined the GCOC Proceeding would move forward in stages. The first stage addressed the allowed ROE and deemed equity component of capital structure for FBC and FEI and the effective date for any change, whether re-establishment of a formulaic ROE automatic adjustment mechanism is warranted and if so, what it would look like and when it would take effect, and the criteria or other triggers for a future cost of capital proceeding. Other utilities will be reviewed in Stage 2. The BCUC has also determined it will address deferral account financing costs after the completion of both Stages 1 and 2.

In September 2023, the BCUC issued its decision on Stage 1 of the GCOC Proceeding ("GCOC Stage 1 Decision") for FBC and FEI. In its decision, the BCUC determined that FBC's deemed equity component of capital structure and allowed ROE will change from 40 per cent and 9.15 per cent to 41 per cent and 9.65 per cent, respectively, effective January 1, 2023. The year-to-date net impact of the change in cost of capital has been recognized in the third quarter. 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.

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 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 expenditures, are subject to flow-through treatment and refunded to or recovered from customers.

In December 2022, the BCUC approved permanent rates to be effective January 1, 2023. As part of the approval, FBC was directed to remove certain expenditures from rate base and to establish a rate base deferral account to capture any variances in the approved rate increase resulting from final determinations on Stage 1 of the GCOC Proceeding. FBC had requested an interim rate increase of 3.98 per cent over 2022 rates and a 2023

forecast average rate base of approximately \$1,676 million. In January 2023, FBC filed an application to reconsider the BCUC's decision to reduce its rate base by \$28 million, and to request that the BCUC maintain FBC's 2023 rates as interim pending the outcome of Stage 1 of the GCOC Proceeding. The application was approved by the BCUC in April 2023.

As part of the GCOC Stage 1 Decision, FBC was directed to file a Compliance Filing for permanent 2023 rates within thirty days. In late September 2023, FBC filed the Compliance Filing which included a deferral of the 2023 revenue deficiency resulting from the GCOC Stage 1 Decision, and a request for approval to make 2023 interim rates permanent. As part of the Compliance Filing, FBC has also proposed to refinance the capital structure in either the fourth quarter of 2023 or first quarter of 2024. The BCUC approved the Compliance Filing in October 2023. The Compliance Filing included a 2023 forecast average rate base of \$1,676 million.

In August 2023, FBC filed a request for approval of 2024 rates under the MRP and in October 2023, FBC filed an Evidentiary Update to incorporate the GCOC Stage 1 Decision. As part of this filing, FBC has forecast a 2024 average rate base of \$1,715 million, and is seeking approval to increase the 2024 rate by 6.74% over 2023 rates.

Customer Rates and Deferral Mechanisms

The Corporation's customer rates are based on estimates and forecasts. In order to manage the variances from forecast associated with some of these estimates and to manage volatility in rates, 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 nine months ended September 30, 2023 and 2022.

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.

CONSOLIDATED RESULTS OF OPERATIONS

Periods ended September 30	Quarter ended			Nine months ended		
	2023	2022	Variance	2023	2022	Variance
Electricity sales (<i>gigawatt hours</i>)	822	845	(23)	2,577	2,575	2
<i>(\$ millions)</i>						
Revenue	124	112	12	371	342	29
Power purchase costs	38	37	1	106	97	9
Operating costs	22	24	(2)	67	76	(9)
Property and other taxes	5	4	1	14	13	1
Depreciation and amortization	24	16	8	72	50	22
Total expenses	89	81	8	259	236	23
Operating income	35	31	4	112	106	6
Add: Other income	1	2	(1)	3	5	(2)
Less: Finance charges	20	19	1	59	56	3
Earnings before income taxes	16	14	2	56	55	1
Income tax expense	1	1	-	5	6	(1)
Net earnings	15	13	2	51	49	2

The following table outlines net earnings and the significant variances in the Consolidated Results of Operations for the quarter ended September 30, 2023 as compared to September 30, 2022:

Quarter		
Item	Increase (Decrease) (\$ millions)	Explanation
Net earnings	2	<p>Net earnings for the quarter ended September 30, 2023 were \$15 million compared to \$13 million for the same period in 2022.</p> <p>The increase was primarily due to an increase in FBC's deemed equity component of capital structure from 40 per cent to 41 per cent, and an increase in allowed ROE from 9.15 per cent to 9.65 per cent, resulting from the GCOC Stage 1 Decision. The year-to-date net impact of the change in cost of capital was \$3 million, which has been recognized in the third quarter due to the timing of receiving the BCUC's decision, which included an effective date of January 1, 2023. Net earnings for 2022 are based on an allowed ROE of 9.15 per cent and a deemed equity component of capital structure of 40 per cent.</p> <p>This increase was partially offset by lower favourable variances attributable to timing of operating costs, as compared to those allowed in rates, net of amounts shared with customers.</p>
Revenue	12	<p>The increase in revenue was primarily due to:</p> <ul style="list-style-type: none"> • an increase in revenue associated with regulatory deferrals, including the revenue deficiency deferral for 2023 established as a result of the GCOC Stage 1 Decision, and • an increase in revenue approved for rate-setting purposes, resulting primarily from higher power supply costs and a higher investment in regulated assets, partially offset by • a decrease in revenue due to lower residential usage, and • a decrease in revenue associated with third party contract work. <p>Electricity sales volumes were lower than the same quarter in the previous year primarily due to lower consumption by residential customers as a result of cooler weather.</p> <p>Variances between revenue associated with actual consumption and those revenues forecast 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.</p>
Operating costs	(2)	<p>The decrease was primarily due to lower costs associated with third party contract work relating to revenue from contracts with customers, partially offset by inflationary increases that contributed to an increase in regulated operating costs.</p>
Depreciation and amortization	8	<p>The increase was primarily due to higher amortization of regulatory deferrals, as well as a higher depreciable asset base compared to the same period in 2022.</p>

The following table outlines net earnings and the significant variances in the Consolidated Results of Operations for the nine months ended September 30, 2023 as compared to September 30, 2022:

Nine months		
Item	Increase (Decrease) (\$ millions)	Explanation
Net earnings	2	<p>Net earnings for the nine months ended September 30, 2023 were \$51 million compared to \$49 million for the same period in 2022.</p> <p>The increase was primarily due to the same reasons as identified in the quarter, as well as a higher investment in regulated assets.</p>

Nine months		
Item	Increase (Decrease) (\$ millions)	Explanation
Revenue	29	The increase in revenue was primarily due to the same reasons as identified in the quarter. Electricity sales volumes were slightly higher than the same period in the previous year primarily due to higher consumption by commercial and industrial customers, offset by lower consumption by residential customers.
Power purchase costs	9	The increase was primarily due to higher average power purchase prices, as well as higher power purchase volumes, driven in part by an increase in electricity sales.
Operating costs	(9)	The decrease was primarily due to the same reasons as identified in the quarter.
Depreciation and amortization	22	The increase was primarily due to the same reasons as identified in the quarter.
Finance charges	3	The increase was primarily due to a higher borrowing rate on credit facilities compared to the prior year, as well as the issuance of Medium Term Note ("MTN") Debentures during the first quarter of 2022, which was used to repay credit facilities carrying lower borrowing rates, partially offset by the repayment of the \$25 million Series G Debenture that matured in the third quarter of 2023 with proceeds from credit facilities carrying lower borrowing rates.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth quarterly information for each of the eight quarters ended December 31, 2021 through September 30, 2023. Past operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

Quarter ended	Revenue	Net Earnings
<i>(\$ millions)</i>		
September 30, 2023	124	15
June 30, 2023	110	18
March 31, 2023	137	18
December 31, 2022	132	12
September 30, 2022	112	13
June 30, 2022	104	19
March 31, 2022	126	17
December 31, 2021	129	13

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 first and fourth quarters due to higher customer consumption as a result of cooler weather, higher net earnings in the second quarter due to the timing of power purchases, and lower net earnings in the third quarter. 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.

September 2023/2022 – Net earnings increased primarily due to an increase in FBC's deemed equity component of capital structure from 40 per cent to 41 per cent, and an increase in allowed ROE from 9.15 per cent to 9.65 per cent, resulting from the GCOC Stage 1 Decision. The year-to-date impact of the change in cost of capital has been recognized in the third quarter due to the timing of receiving the BCUC's decision, which included an effective date of January 1, 2023.

June 2023/2022 – Net earnings decreased primarily due to lower favourable variances attributable to timing of operating costs for the quarter, as compared to those allowed in rates, net of amounts shared with customers, partially offset by a higher investment in regulated assets.

March 2023/2022 – Net earnings increased primarily due to a higher investment in regulated assets.

December 2022/2021 – Net earnings decreased primarily due to lower favourable variances attributable to operating costs incurred, as compared to those allowed in rates, net of amounts shared with customers, partially offset by a higher investment in regulated assets.

CONSOLIDATED FINANCIAL POSITION

The following table outlines the significant changes in the Consolidated Balance Sheets between September 30, 2023 and December 31, 2022:

Balance Sheet Account	Increase (Decrease) (\$ millions)	Explanation
Property, plant and equipment	32	The increase was primarily due to capital expenditures of \$88 million, partially offset by: <ul style="list-style-type: none"> • depreciation expense, excluding net salvage provision, of \$34 million, • changes in accrued capital expenditures of \$10 million, • contributions in aid of construction ("CIAC") of \$6 million, • costs of removal of \$3 million incurred, which are recognized against the net salvage provision in regulatory liabilities, and • \$3 million of net adjustments in finance leases, the offset of which has been recognized in regulatory assets.
Regulatory assets (current and long-term)	34	The increase was primarily due to 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 due to a \$3 million regulatory asset recognized during the quarter related to the revenue deficiency deferral for 2023 established as a result of the GCOC Stage 1 Decision.
Credit facilities	14	The increase was primarily a result of an increase in net borrowings primarily used to fund the debt portion of the Corporation's capital expenditure program.
Long-term debt (current and long-term)	(25)	The decrease was due to the repayment of the \$25 million Series G Debenture that matured in the third quarter of 2023.
Deferred income tax	15	The increase was primarily due to higher deductible temporary differences associated with property, plant and equipment and intangible assets, and lower taxable temporary differences associated with certain regulatory liabilities.
Common shares	40	The increase was due to a \$40 million equity issuance during the first quarter, the proceeds of which were used to repay credit facilities during the first quarter 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 per cent to 41 per cent, and the approved debt component of capital structure was updated from 60 per cent to 59 per cent, both effective as of January 1, 2023. There were no financing

activities during the quarter related to the GCOC Stage 1 Decision. In late September 2023, FBC filed a Compliance Filing which included a proposal to refinance the capital structure in either the fourth quarter of 2023 or first quarter of 2024.

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

Nine months ended September 30	2023	2022	Variance
<i>(\$ millions)</i>			
Cash flows from (used in)			
Operating activities	104	95	9
Investing activities	(93)	(90)	(3)
Financing activities	(10)	6	(16)
Net change in cash	1	11	(10)

Operating Activities

Cash from operating activities was \$9 million higher compared to the same period in 2022 primarily due to changes in regulatory assets and liabilities and higher net earnings, after non-cash adjustments, partially offset by changes in working capital.

Investing Activities

Cash used in investing activities was generally consistent with the same period in 2022.

Financing Activities

Cash used in financing activities was \$10 million compared to the same period in 2022 when cash from financing activities was \$6 million. During 2023, a \$40 million issuance of common shares and net proceeds from credit facilities were used to repay the \$25 million Series G Debenture that matured during the quarter of 2023, with the remainder as well as proceeds from operating cash flows being used to pay dividends, as compared to the same period in 2022 where net proceeds from a \$100 million MTN Debenture issuance was used to repay existing credit facilities, pay dividends, and fund working capital.

During the nine months ended September 30, 2023, FBC paid common share dividends of \$38 million (2022 - \$37 million) to its parent company, FortisBC Pacific.

There were no financing activities during the quarter related to the GCOC Stage 1 Decision. In late September 2023, FBC filed a Compliance Filing which included a proposal to refinance the capital structure in either the fourth quarter of 2023 or first quarter of 2024.

Contractual Obligations

The Corporation's contractual obligations have not materially changed from those disclosed in the MD&A for the year ended December 31, 2022.

Credit Ratings

There have been no changes to the Corporation's credit ratings from those disclosed in the MD&A for the year ended December 31, 2022, which are summarized in the table below:

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

In March 2023, DBRS Morningstar issued an updated credit rating report, confirming the Corporation's debenture rating and outlook.

Credit Facilities

As at September 30, 2023, the Corporation had a \$150 million operating credit facility in place, which matures in April 2027, and a \$10 million demand overdraft facility.

The following summary outlines the Corporation's credit facilities:

<i>(\$ millions)</i>	September 30, 2023	December 31, 2022
Operating credit facility	150	150
Demand overdraft facility	10	10
Draws on operating credit facility	(79)	(63)
Draws on overdraft facility	-	(2)
Credit facilities available	81	95

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 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 2023 projected capital expenditures are approximately \$122 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 2022 annual capital expenditures were \$130 million, inclusive of AFUDC and excluding CIAC.

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 will result in approximately \$83 million of expenditures incurred from 2023 to 2027 as rate base additions.

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 the Corporation's parent and other related parties under common control were as follows:

<i>(\$ millions)</i>	Quarter ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Operating costs charged to FortisBC Pacific (a)	2	2	7	7
Operating costs charged to FEI (b)	1	2	5	5
Total related party recoveries	3	4	12	12

(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.

Related Party Costs

The amounts charged by related parties under common control were as follows:

(\$ millions)	Quarter ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Operating costs charged by FEI (a)	2	1	6	5
Operating costs charged by FHI (b)	2	1	4	3
Total related party costs	4	2	10	8

(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 on the Consolidated Balance Sheets, and the amounts due to related parties, included in accounts payable and other current liabilities on the Consolidated Balance Sheets, were as follows:

(\$ millions)	September 30, 2023		December 31, 2022	
	Amount Due From	Amount Due To	Amount Due From	Amount Due To
FortisBC Pacific	1	-	-	-
FHI	-	-	-	(1)
Total due from (due to) related parties	1	-	-	(1)

FINANCIAL INSTRUMENTS

Financial Instruments Not Measured at Fair Value

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.

(\$ millions)	Fair Value Hierarchy	As at			
		September 30, 2023		December 31, 2022	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	860	752	885	813

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.

ACCOUNTING MATTERS

New Accounting Policies

FBC considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). During the nine months ended September 30, 2023, there were no ASUs issued by FASB that have a material impact on these Condensed Consolidated Interim Financial Statements.

Future Accounting Pronouncements

Any ASUs issued by FASB that are not included in this MD&A were assessed and determined to be either not applicable to the Corporation or not expected to have a material impact on these Condensed Consolidated Interim Financial Statements.

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, expired on June 30, 2023 and is currently under negotiation. The second collective agreement, representing customer service employees, was ratified during 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 electrical generation, transmission, and distribution.

BUSINESS RISK MANAGEMENT

The business risks of the Corporation remain substantially unchanged from those outlined in the Corporation's MD&A for the year ended December 31, 2022.

OUTSTANDING SHARE DATA

As at the filing date of this MD&A, the Corporation had issued and outstanding 3,391,510 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 or 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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