



## **FortisBC Huntingdon Inc.**

An indirect subsidiary of Fortis Inc.

Financial Statements

For the years ended December 31, 2025 and 2024

## Independent Auditor's Report

To the Board of Directors of  
FortisBC Huntingdon Inc.

### Opinion

We have audited the financial statements of FortisBC Huntingdon Inc (the "Corporation"), which comprise the balance sheet as at December 31, 2025 and the statements of earnings and retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises ("ASPE").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
April 28, 2026

**FortisBC Huntingdon Inc.**  
**Balance Sheets**  
**As at December 31**  
(in Canadian dollars)

<b>ASSETS</b>	Note	<b>2025</b>	2024
<b>Current assets</b>			
Cash		\$ 59,986	\$ 20,447
Due from related party	4	5,805	5,702
Other tax receivable		38	568
Prepaid expenses		327	354
<b>Total current assets</b>		<b>66,156</b>	<b>27,071</b>
<b>Property, plant and equipment, net</b>	<b>3</b>	<b>302,463</b>	<b>322,774</b>
<b>TOTAL ASSETS</b>		<b>\$ 368,619</b>	<b>\$ 349,845</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Other current liabilities		11,000	10,500
Income tax payable		3,967	3,032
Due to parent company	4, 8	17,025	17,037
<b>Total current liabilities</b>		<b>31,992</b>	<b>30,569</b>
<b>Equity</b>	<b>6</b>		
Common shares <sup>1</sup>		10,000	10,000
Retained earnings		326,627	309,276
<b>Total owners' equity</b>		<b>336,627</b>	<b>319,276</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>\$ 368,619</b>	<b>\$ 349,845</b>

<sup>1</sup> No par value; unlimited authorized shares; 1,000 common shares issued and outstanding at December 31, 2025 and 2024

**Approved on behalf of the Board:**

(Signed by) Roger Dall'Antonia  
Director

(Signed by) Michael Leclair  
Director

See accompanying notes to these Financial Statements.

**FortisBC Huntingdon Inc.**  
**Statements of Earnings and Retained Earnings**  
**For the years ended December 31**  
(in Canadian dollars)

	Note	2025	2024
<b>Revenue</b>	4	<b>\$ 134,070</b>	\$ 135,842
<b>Expenses</b>			
Management fees	4	<b>54,813</b>	51,982
General and administrative		<b>14,054</b>	12,851
Operating lease expense	4	<b>16,388</b>	16,388
Depreciation	3	<b>25,665</b>	25,665
<b>Total expenses</b>		<b>110,920</b>	106,886
<b>Operating income</b>		<b>23,150</b>	28,956
Finance charge	4	<b>1,691</b>	1,678
<b>Earnings before income taxes</b>		<b>21,459</b>	27,278
Income tax expense	7	<b>4,108</b>	3,032
<b>Net earnings</b>		<b>17,351</b>	24,246
Retained earnings, beginning of year		<b>309,276</b>	285,030
<b>Retained earnings, end of year</b>		<b>\$ 326,627</b>	\$ 309,276

See accompanying notes to these Financial Statements.

**FortisBC Huntingdon Inc.**  
**Statements of Cash Flows**  
**For the years ended December 31**  
(in thousands of Canadian dollars)

	Note	2025	2024
<b>Operating activities</b>			
Net earnings		\$ 17,351	\$ 24,246
Adjustments to reconcile net earnings to cash from operating activities:			
Depreciation	3	25,665	25,665
Change in working capital	5	1,889	4,284
<b>Cash from operating activities</b>		<b>44,905</b>	54,195
<b>Investing activities</b>			
Property, plant and equipment additions		(5,354)	-
<b>Cash used in investing activities</b>		<b>(5,354)</b>	-
<b>Financing activities</b>			
Net repayments to bank		-	(33,841)
(Net repayments to) advances from parent company		(12)	93
<b>Cash used in financing activities</b>		<b>(12)</b>	(33,748)
<b>Net change in cash</b>		<b>39,539</b>	20,447
Cash at beginning of year		20,447	-
<b>Cash at end of year</b>		<b>\$ 59,986</b>	\$ 20,447

Supplementary Information to Statement of Cash Flows (note 5)

See accompanying notes to these Financial Statements.

**FortisBC Huntingdon Inc.**  
**Notes to Financial Statements**  
**For the years ended December 31, 2025 and 2024**

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## **1. DESCRIPTION OF THE BUSINESS**

FortisBC Huntingdon Inc. (the “Corporation”) was incorporated on April 24, 1990 under the Canada Business Corporations Act. The Corporation is a wholly owned subsidiary of FortisBC Holdings Inc. (“FortisBC Holdings”). The Corporation owns two interconnecting pipelines having an aggregate length of 114 meters near Abbotsford, British Columbia (“BC”) which are used in the transmission of natural gas to and from the United States. The Corporation’s facilities directly connect with FortisBC Energy Inc. (“FEI”) pipelines at its Huntingdon Station and with Northwest Pipeline system. FEI is a related company under common control of the Corporation.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

These Financial Statements have been prepared by management in accordance with *Part II of the Canadian Institute of Chartered Professional Accountants Accounting Handbook – Accounting Standards for Private Enterprises*, and are presented in Canadian dollars unless otherwise specified. In management’s opinion, the Financial Statements include all adjustments that are necessary to present fairly the financial position of the Corporation.

### **Regulation**

The Corporation is regulated by the Canadian Energy Regulator (“CER”), an independent regulatory authority. Pursuant to the CER Act, the CER regulates such matters as rates, construction, and financing.

When the CER issues decisions affecting the Financial Statements, the effects of the decision are usually recorded in the period in which the decision is received.

The Corporation earned an allowed rate of return that was based on the same structure as that allowed for FEI, which has a deemed equity component of capital structure and allowed ROE of 45% and 9.65%, respectively.

### **Property, Plant and Equipment**

Property, plant and equipment is recorded at cost less accumulated depreciation. Depreciation is based on estimated useful life and is calculated on a straight-line basis on the investment in property, plant and equipment commencing at the beginning of the year following when the asset is available for use. Cost includes all direct expenditures for system expansions, betterments and replacements and as prescribed by the CER, an allocation of overhead costs and an allowance for funds used during construction.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset and eventual disposition. If the carrying amount of an asset exceeds its estimated future cash flows and eventual disposition, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

There was no impairment of long-lived assets for the years ended December 31, 2025 and 2024.

### **Asset Retirement Obligations**

The Corporation will recognize the fair value of a future Asset Retirement Obligation (“ARO”) as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets. The Corporation will concurrently recognize a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the remaining life of the asset.

The fair value of the ARO is to be estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the ARO will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

Changes in the obligation due to the passage of time are to be recognized in earnings as an operating expense using the effective interest method. Changes in the obligation due to changes in estimated cash flows are to be recognized as an adjustment of the carrying amount of the related long-lived asset that is depreciated over the remaining life of the asset.

As the future removal and site restoration costs for the Corporation’s natural gas transmission and distribution systems are not currently determinable, as they will be used in perpetuity, the Corporation has not recognized an ARO as at December 31, 2025 and 2024. There is a reasonable expectation that asset retirement costs will be recoverable through future rates.

### **Income Taxes**

The Corporation follows the future income taxes method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes and reduced to the extent that it is more likely than not that some or all of the assets will not be realized.

The future income tax assets and liabilities are measured using enacted income tax rates and laws that will be in effect when the temporary differences are expected to be recovered or settled. Current income tax expense or recovery is recognized for the estimated income taxes payable or receivable in the current year.

### **Revenue Recognition**

The Corporation recognizes revenue in accordance with the Transportation and Cost of Service Agreement. Revenue for gas contracted by FEI is recognized based on a fixed charge per gigajoule, which is updated annually.

**FortisBC Huntingdon Inc.**  
**Notes to Financial Statements**  
**For the years ended December 31, 2025 and 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Accounting Estimates**

The preparation of the Corporation's Financial Statements in accordance with ASPE 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 Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Estimates and judgments are based on historical experience, regulatory decisions, current conditions, and various other assumptions believed to be reasonable under the circumstances. The use of estimates is described in the "Summary of Significant Accounting Policies". 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 reported in earnings in the period in which they become known.

**3. PROPERTY, PLANT AND EQUIPMENT**

<b>December 31, 2025</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Weighted Average Depreciation Rate</b>
Natural gas transmission systems	513,297	(216,188)	297,109	5.0 %
Asset under construction	5,354	—	5,354	—
<b>Total natural gas transmission systems</b>	<b>518,651</b>	<b>(216,188)</b>	<b>302,463</b>	

December 31, 2024	Cost	Accumulated Depreciation	Net Book Value	Weighted Average Depreciation Rate
Natural gas transmission systems	513,297	(190,523)	322,774	5.0 %

**4. RELATED PARTY TRANSACTIONS**

In the normal course of business, the Corporation transacts with its parent, FortisBC Holdings, and another related company under common control, FEI. The following transactions were measured at the exchange amount unless otherwise indicated.

**Related Party Recoveries**

The amounts charged to FEI by the Corporation for the years ended December 31 were as follows:

<i>(\$ thousands)</i>	<b>2025</b>	2024
Revenue	<b>\$ 134,070</b>	\$ 135,842

FEI pays for the transportation of natural gas over the Corporation's infrastructure in accordance with the allowed rate of return approved by the CER.

**FortisBC Huntingdon Inc.**  
**Notes to Financial Statements**  
**For the years ended December 31, 2025 and 2024**

**4. RELATED PARTY TRANSACTIONS (continued)**

**Related Party Costs**

The amounts charged by the Corporation's parent and other related companies under common control for the years ended December 31 were as follows:

	2025	2024
Management fees charged by FEI (a)	51,213	48,382
Management fees charged by FortisBC Holdings (b)	3,600	3,600
Operating lease expense charged by FEI (c)	16,388	16,388
Finance charges paid to FortisBC Holdings (d)	1,691	1,678
<b>Total related party costs</b>	<b>72,892</b>	<b>70,048</b>

(a) FEI charged the Corporation for management services and other labour.

(b) FortisBC Holdings charged the Corporation for corporate management services and governance costs.

(c) FEI charged the Corporation to operate and maintain the natural gas transmission systems.

(d) FortisBC Holdings charged the Corporation 9.25 percent (2024 – 9.25 percent) interest on the balance due which is without specific terms of repayment.

**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:

	2025		2024	
	Amount Due From	Amount Due To	Amount Due From	Amount Due To
<i>(\$ thousands)</i>				
FEI	5,805	-	5,702	-
FortisBC Holdings	-	(17,025)	-	(17,037)
<b>Total due from (due to) related parties</b>	<b>5,805</b>	<b>(17,025)</b>	<b>5,702</b>	<b>(17,037)</b>

**5. SUPPLEMENTARY INFORMATION TO STATEMENTS OF CASHFLOWS**

	2025	2024
Prepaid expenses	27	51
Due from related party (note 4)	(103)	239
Other taxes receivable	530	(538)
Other current liabilities	500	1,500
Income tax payable	935	3,032
<b>Total change in working capital</b>	<b>1,889</b>	<b>4,284</b>

**FortisBC Huntingdon Inc.**  
**Notes to Financial Statements**  
**For the years ended December 31, 2025 and 2024**

**6. ECONOMIC DEPENDENCE**

The Corporation is dependent upon FortisBC Holdings for continued financing and FEI for substantially all management and regulatory services. FEI has undertaken to assure payment of ongoing operating costs of the Corporation, as defined in the Transportation and Cost of Service Agreement between the Corporation and FEI, which expires October 31, 2027.

**7. INCOME TAXES**

**Future Income Taxes**

Future income taxes are provided for temporary differences. Future income tax assets and liabilities as at December 31 were comprised of the following:

	2025	2024
Property, plant and equipment	68,935	71,457
Restricted Interest and Financing Expense	3,094	-
Future income tax asset	72,029	71,457
Valuation allowance	(72,029)	(71,457)
<b>Net future income tax asset</b>	<b>-</b>	<b>-</b>

**Variation in Effective Income Tax Rate**

	2025	2024
<b>Combined statutory income tax rate</b>	<b>27.0 %</b>	27.0 %
Statutory income tax rate applied to earnings before income taxes	5,794	7,365
Difference between capital cost allowance and amounts expensed for accounting	(2,522)	(3,198)
Restricted Interest and Financing Expense	836	-
Non-capital losses carried forward utilized	-	(1,135)
<b>Actual income tax expense</b>	<b>4,108</b>	3,032
<b>Effective income tax rate</b>	<b>19.1 %</b>	11.1 %

Taxation years 2018 and prior are no longer subject to examination in Canada. An examination of the open tax years subsequent to 2018 by the Canada Revenue Agency could result in a change in the liability for unrecognized tax benefits.

**8. FINANCIAL RISK MANAGEMENT**

Exposure to credit risk and liquidity risk arises in the normal course of the Partnership's business.

**Credit risk**

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. As discussed in note 6 "Economic Dependence", FEI has undertaken to assure payment of ongoing operating costs of the Corporation. The risk that the Corporation may not collect funds from FEI is low given that FEI operates within a regulated environment, has adequate access to capital, and has been assigned credit ratings of "A" and "A3" from Morningstar DBRS and Moody's, respectively.

**8. FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. As discussed in note 6 “Economic Dependence”, FEI has undertaken to assure payment of ongoing operating costs of the Corporation. Furthermore, the Corporation is dependent upon its parent company, FortisBC Holdings, for continued financing. The risk that FEI or FortisBC Holdings will discontinue providing funding to the Corporation is low given that FEI operates within a regulated environment, both FEI and FortisBC Holdings have adequate access to capital, and FEI has been assigned credit ratings of “A” and “A3” from Morningstar DBRS and Moody’s, respectively.