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September 25, 2025

Commercial Energy Consumers Association of British Columbia
c/o Owen Bird Law Corporation
Vancouver Centre II
2900 – 733 Seymour Street
Vancouver, BC
V6B 0S6

Attention: Patrick J. Weafer

Dear Patrick J. Weafer:

Re: FortisBC Inc. (FBC)

2025 and 2026 Annual Review of Rates (Application)

Response to the Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 1

On July 31, 2025, FBC filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-180-25 for the review of the Application, FBC respectfully submits the attached response to CEC IR No. 1.[1]

FBC has filed a portion of the response to CEC IR1 3.1 on a confidential basis as identified in that response and has provided a redacted version for the public record of this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Registrar
Registered Interveners

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[1] For convenience and efficiency, if FBC has provided an internet address for referenced reports instead of attaching the documents to its IR responses, FBC intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

REVENUE REQUIREMENTS AND RATE CHANGES FOR 2025 AND 2026

1. Reference: Exhibit B-2, Section 1.4, Page 5

> The rates for 2025 flowing from the revenue requirement components set out in the Application result in a 3.53 percent increase from the 2024 rates with a revenue deficiency of $16.947 million. However, FBC is proposing to make permanent the existing interim rates for 2025, effective January 1, 2025, and to capture the portion of the 2025 revenue that is less than 5.65 percent (approximately $10.199 million) in the existing 2023 Revenue Deficiency deferral account (and to rename the account the Revenue Deficiency/Surplus deferral account with an amortization period of one year), resulting in an overall deficiency of $27.146 million in 2025.

1.1 Please list all of the drivers (including formula changes flowing from the RSF Decision, itemized) and quantify their contribution to the difference in rate increases between the 2025 Approved Interim (5.65 percent) and the 3.53 percent calculated in the Application.

Response:

Please refer to the response to BCUC IR1 3.1.1. For clarity, the 3.53 percent increase[1] as noted on page 1 (and page 5) of the Application and referenced in the preamble above is the 2025 rate increase before the deferral of the revenue surplus of $10.199 million, which is shown on Line 13 of Table 1 in the response to BCUC IR1 3.1.1.

1.2 Please provide the percentage rate increase for 2026 (versus 2025), if the $10.199 million (the portion of the 2025 revenue that is less than 5.65 percent) were returned to customers in 2025.

Response:

Assuming that the proposed approach was possible, it would result in a 2026 rate increase of 7.67 percent;[2] however, this approach is not feasible.

As explained on page 143 of the Application, it is not practical or feasible to return the $10.199 million surplus to customers in 2025, as FBC does not expect a decision on this Application until late November or early December 2025 based on the regulatory timetable established by Order G-180-25. As such, the earliest that FBC could return the 2025 revenue

[1] $16.947 million on Line 12 divided by $480.467 million on Line 16 of Table 1 in the response to BCUC IR1 3.1.1.

[2] As explained in the responses to BCOAPO-RCIA IR1 1.1 and 1.2, FBC discovered an error in the calculation of the 2026 revenue at 2025 Projected rates under the hypothetical scenario where the revenue surplus is not deferred to 2026 (i.e., Option 2 described in Section 12.4.2.1, page 143 of the Application). The corrected rate increase is 7.67 percent, not 7.25 percent.

surplus to customers would be through a one-time bill adjustment in the first billing cycle in January 2026.

FBC continues to consider its proposed approach to be the most reasonable and practical. Maintaining permanent 2025 rates at interim levels and returning the surplus through amortization in 2026 rates is simple to implement, results in no change between the 2025 interim and permanent rates, does not require a one-time bill adjustment, and results in a lower 2026 rate increase of 3.45 percent.

FORMULA DRIVERS

2. References: Exhibit B-2, Section 2.2, Page 11 and Exhibit B-2, Page 12, Table 2-1

> In the RSF Decision, the BCUC approved an I-Factor using the actual CPI-BC and BC-AWE indices from the previous year and using a fixed percent weighting for each index. FBC uses inflation data from July through June and Statistics Canada Table 18-10-0004-01 for CPI-BC and Table 14-10-0223-01 to determine AWE-BC. The supporting Statistics Canada tables are provided in Appendix A1. The latest available month of April 2025 for AWE-BC has been used as a placeholder, as results for May and June 2025 have not been released by Statistics Canada.

2.1 Given that FBC states that it uses the actual CPI-BC and BC-AWE from the previous year, please explain why FBC calculates inflation based on the July to June data cycle for CPI-BC and BC-AWE instead of the respective CPI-BC and BC-AWE data from the prior full calendar year(s).

Response:

Using the July to June data cycle for CPI-BC and AWE-BC ensures that the most recently available actuals in the year prior to the test year are being used to set rates. Using the 2026 test year as an example, the most recent data set available at the time that FBC filed the current Application (Annual Review for 2025-2026 Rates) was June 2025.[3] Thus, the data set used is July 2024 to June 2025.

FBC has used the July to June data cycle for CPI-BC and AWE-BC in the calculation of the inflation factor (I-Factor) in both the 2014-2019 PBR Plan and the 2020-2024 MRP. In the RSF Decision, the BCUC approved the continuation of the I-Factor approach utilized during the 2020-2024 MRP, with an adjustment to the weightings of labour and non-labour (i.e., these weightings are fixed at 60 percent labour and 40 percent non-labour for the duration of the RSF term). In the RSF Decision, the BCUC Panel stated (page 35):

> The formula, as well as the inflation indices, is the same as previously approved for FortisBC in the Current MRP and the Panel is persuaded by FortisBC's argument that no change to either the formula or the indices is warranted at this time.

Using the prior full calendar year(s) for CPI-BC and AWE-BC as suggested in this question is not appropriate regardless of whether the data is showing an inclining or declining inflationary environment. The issue with using the prior full calendar year(s) is that it would result in a full year gap between the data used and the test year. For example, FBC would be using CPI-BC and AWE-BC from January to December of 2024 for setting the I-Factor for the 2026 test year (since at the time of filing the Application, which is mid-2025, the latest full calendar year of actuals would

[3] As explained in the Application and consistent with past Annual Reviews, the latest available month of data for AWE-BC is April 2025, thus FBC used April 2025 as a placeholder for May and June in the Application and will then update for actual May and June data in the compliance filing to the decision on the Application.

be 2024). This approach results in less up-to-date data and is therefore likely to be less reflective of inflationary changes in the rate-setting (i.e., test) year.

However, in order to be responsive, FBC provides the following comparison of the 2025 and 2026 I-Factors based on using the prior full calendar years of data (CEC's proposed approach) versus the approved approach of using the July to June data sets.

	Approved I-Factor Approach (July to June data set)	CEC Proposed Approved (January to December data set)
2025 I-Factor	4.435%	4.127%
2026 I-Factor	3.451%	3.995%

As shown in the above table, the 2025 I-Factor based on the CEC's approach is 0.308 percent lower than the 2025 I-Factor contained in the Application; however, the 2026 I-Factor based on the CEC's approach is 0.544 percent higher.

2.2 Please provide the resulting CPI-BC and BC-AWE and I-Factor(s), if the calendar-year data cycle was used for prior years.

Response:

Please refer to the response to CEC IR1 2.1.

2.3 Please comment on the effects of the use of the July to June data cycle for CPI-BC and BC-AWE for I-Factor calculations, including in an inclining and a declining inflation rate environment.

Response:

Please refer to the response to CEC IR1 2.1.

LOAD FORECAST

3. References: Exhibit B-2, Section 3, Page 15; Exhibit B-2, Section 3.3.4, Page 23; Exhibit B-2, Section 3.3.4, Page 24; and Exhibit B-2, Section 3-4, Table 3-3

> For 2025, FBC is projecting the gross load (2025P), with actuals up to May 31, 2025, to be approximately 3,976.6 GWh, which is approximately 203.9 GWh or 5.4 percent higher than the 2024 Approved gross load of 3,772.7 GWh. The increase is primarily from industrial customers, with smaller increases from residential and commercial customers. At the 2024 Approved rates for each customer class, FBC's 2025 Projected revenue is estimated to be $480.467 million.
>
> For 2026, FBC is forecasting the gross load (2026F) to be approximately 4,032.9 GWh, which is an increase of 56.3 GWh or 1.4 percent compared to the 2025 Projected gross load. The increase is primarily from industrial customers but is partially offset by a small decline in commercial customer load. At the 2025 Approved Interim rates, FBC's 2026 Forecast revenue is estimated to be $510.532 million.
>
> Consistent with the forecasting methodology approved in the RSF Decision, the industrial forecast is determined through a combination of customer load surveys and, when not available, escalation of the most recent annual loads by the corresponding provincial GDP growth rates for individual industries.
>
> which is an increase of 60.5 GWh from 2025 Projected. The increases in both 2025 Projected and 2026 Forecast are primarily due to higher forecasts from one customer.

3.1 Please provide the 2025 and 2026 load increase (in MW and as percentage of the current load) for the one industrial customer that is forecasting a load increase in 2025 and 2026; and please present its contribution (in percentage terms) to FBC's projected/forecasted gross load growth respectively for 2025 and 2026.

Response:

For this response, FBC has redacted certain information that FBC is filing on a confidential basis and requests be held confidential by the BCUC in perpetuity, pursuant to Section 23 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-192-25.[4] The redacted information contains confidential and private customer information for which FBC does not have the authority or permission to disclose. FBC is unable to foresee a time when this information would no longer be considered private and confidential, and therefore requests that it remain confidential in perpetuity. Given the private nature of the information, FBC submits that only the BCUC should have access to the unredacted confidential version. FBC has provided a redacted version for the public record.

Please refer to Table 1 below which shows the load increase from 2024 Actual to 2025 and 2026 (in MWh and in percentage) for the single industrial customer referenced in the Application. FBC assumes current year is referring to the 2024 Actual Industrial Load.

[4] As amended by Order G-228-25.

Table 1: Comparison of the Load Increase from 2024 Actual to 2025 and 2026 for the Single Industrial Customer

3.2 Please discuss and quantify the risks to FBC's 2025 and 2026 gross load forecast, in the event that load growth associated with the one industrial customer (that is forecasting load growth in 2025 and 2026) does not materialize.

Response:

FBC considers the risks to the load forecast (and revenue requirement/rates) to be low. Variances in actual versus forecast Industrial load are not uncommon (as shown in Table 6.2 of Appendix A2 to the Application) and are expected given that FBC has relatively few Industrial customers (i.e., 42 customers). As explained in the RSF Application (and accepted in the RSF Decision), FBC uses the Industrial survey to forecast the Industrial load. This is the best measure for mitigating the potential for unexpected variances in Industrial load forecasts, as the individual customers are in the best position to forecast their load for the upcoming year. Please also refer to the response to MoveUP IR1 1.2 for a discussion of how FBC manages load uncertainty from an operational and planning perspective.

To the extent that variances between forecast and actual gross load occur, the impacts of these variances on revenue and power supply costs are captured in the Flow-through deferral account and amortized into rates in subsequent years. Therefore, customers are ultimately held whole for variances in actual load (positive or negative variances).

In the hypothetical scenario where the forecast Industrial load growth does not occur (i.e., both 2025 and 2026 loads equal to the 2024 Actual level), there would be no impact to the 2025 or 2026 revenue requirements and rates because the variances are captured in the Flow-through deferral account and amortized in future rates. Therefore, the variances in load would impact 2027 and 2028 rates.

However, to be responsive, assuming that FBC revised its load forecasts for 2025 and 2026 to assume no growth in load from the Industrial customer referenced in the Application (i.e., both 2025 Projected forecast and 2026 forecast equal to 2024 Actual), please refer to Table 1 below for the 2026 rate impact. There would be no change to the 2025 rate increase as FBC is proposing to maintain the 2025 permanent rate increase at the existing interim rate level of 5.65 percent. As a result, the reduced Industrial load forecast in 2025 would reduce the 2025 revenue surplus

being deferred to 2026 from $10.199 million to $8.153 million (i.e., Line 7 of Table 1 below). The reduced revenue surplus would increase the amortization and income tax expenses in 2026.

Table 1: Hypothetical 2025 and 2026 Rate Increases Compared to As-Filed Rate Increases

Line	Particular	2025 Projected (As-Filed)	2025 Projected (CEC 3.3)	Difference	2026 Forecast (As-Filed)	2026 Forecast (CEC 3.3)	Difference
1	Cost of Energy	207,920	200,402	(7,518)	221,311	209,170	(12,141)
2	O&M (net)	68,917	68,917	-	72,633	72,633	-
3	Depreciation	80,089	80,089	-	84,929	84,929	-
4	Amortization	(2,772)	(2,772)	-	(2,432)	(894)	1,538
5	Property Tax	21,583	21,583	-	23,358	23,358	-
6	Other Revenue	(13,835)	(13,835)	-	(13,958)	(13,958)	-
7	Deferred Revenue Deficiency/Surplus	10,199	8,153	(2,046)	-	-	-
8	Income Tax	14,547	14,547	-	15,463	16,032	569
9	Earned Return	120,965	120,965	-	126,849	126,849	-
10	**Total Revenue Requirement ($000s)**	**507,613**	**498,049**	**(9,564)**	**528,153**	**518,119**	**(10,034)**
11							
12	Revenue at Existing Rates ($000s)	480,467	471,414	(9,053)	510,532	495,928	(14,604)
13	**Revenue Deficiency ($000s)**	**27,146**	**26,635**	**(511)**	**17,621**	**22,191**	**4,570**
14	**Rate Increase (%)**	**5.65%**	**5.65%**	**0.00%**	**3.45%**	**4.47%**	**1.02%**

3.3 Please provide estimates of FBC's 2025 and 2026 Revenue Requirements, in the event that load growth associated with the one industrial customer (that is forecasting load growth in 2025 and 2026) does not materialize.

Response:

Please refer to the response to CEC IR1 3.2.

3.4 As per Table 3-3 of the Application, please discuss the probability of any downside risks to FBC's industrial load over the term of the Rate Setting Framework ("RSF") associated with the industrial customer count.

Response:

FBC does not consider there to be downside risk from a customer count perspective. As shown in Table 3-3 of the Application, the number of Industrial customers has remained stable at 42 customers since 2021. While the annual load of some Industrial customers may fluctuate from year to year, the number of customers (and their continuing usage of the system) remains consistent.

4. References: Exhibit B-2, Section 3.3, Table 3.2 and Exhibit B-2, Appendix A2, Section/Table 6.3

The CEC calculates that FBC's residential load growth averaged approx. 0.13%[5] on an average annual basis between 2015 and 2024, and approx. 0.39% on an average annual basis between 2019 and 2024.[6] The CEC also calculates that FBC's residential customer count grew by 1% [7] on an average annual basis between 2019 and 2024.

4.1 As per Table 6.3 of Appendix A2 to the Application, please explain the significance of the 0.8% decline in residential load in 2024 (versus 2023), given the above-average 2.6% growth in residential customer count for 2024 versus 2023. Please also comment and quantify on the contributing factors.

Response:

Although the residential customer count increased from 2023 to 2024, the load growth due to the increase in residential customer count was entirely offset by the reduction in the use rates of the residential customers by approximately 0.3 MWh in 2024. This resulted in the overall reduction of residential load by 0.8 percent in 2024.

FBC does not have specific information regarding the reduction in the use rates of residential customers in 2024. Potential factors contributing to this decline may have been technology changes as well as DSM activities.

As shown in Table 3-2 of the Application, FBC's load increased overall in 2024. Similar to other years, FBC experiences a combination of increases and decreases in load from different customer groups; however, FBC's total load has been increasing year-over-year and is expected to continue to increase.

[5] CEC Calculation based on Table 3-2 of the Application.
[6] CEC Calculation based on Exhibit B-2, Appendix A2, Section/Table 6.3.
[7] CEC Calculation based on Exhibit B-2, Appendix A2, Section/Table 6.3.

5. Reference: Exhibit B-2, Appendix A2, Section/Table 6.3

The CEC calculates that FBC's irrigation load is projected to increase by approx. 15%[8] in 2025 versus 2024 Actual (albeit decline by approx. 2.7% in 2026F vis-à-vis 2025P).

5.1 Please discuss and quantify the contributing factors to the 2025P irrigation load and the likelihood of irrigation load potentially becoming a more substantial component of FBC's load over the RSF term and beyond.

Response:

FBC is unable to confirm the CEC's calculation.

The table from Section 6.3 in Appendix A2 is reproduced below with both the 2024 and 2025 loads and percent changes highlighted. As shown in the table, FBC's Irrigation load is expected to increase by 4.4 percent in 2025P compared to 2024, not 15 percent as indicated in the question. Further, the decline in 2026F compared to 2025P is 6.5 percent, not 2.7 percent.

Irrigation load is dependent on weather and other factors. A year-to-year percentage change of 4.4 percent or 6.5 percent is well within the range of annual changes observed in recent actual data.

6.3 NORMALIZED AFTER-SAVINGS ANNUAL PERCENT GROWTH

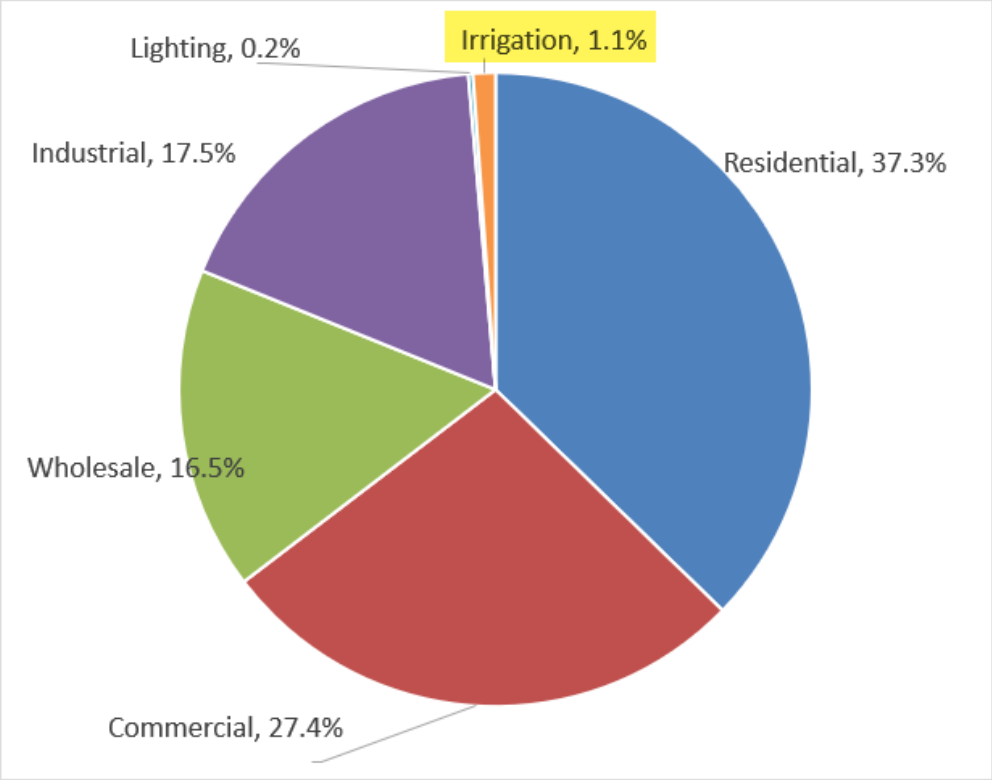
Energy (GWh)	2019	2020	2021	2022	2023	2024	2025P	2026F
Residential	1,266.1	1,346.8	1,330.3	1,320.4	1,325.8	1,314.9	1,331.3	1,334.2
Commercial	933.9	917.2	971.4	969.1	960.8	965.3	988.5	977.7
Wholesale	566.0	569.5	565.8	575.5	587.4	581.8	578.0	580.2
Industrial	494.9	441.2	472.3	558.5	581.2	617.4	713.3	773.8
Lighting	11.0	10.8	9.7	9.3	8.7	8.5	8.2	8.0
Irrigation	36.0	37.3	43.6	37.6	39.3	40.2	41.9	39.2
Net	3,307.9	3,322.8	3,393.2	3,470.3	3,503.1	3,528.0	3,661.2	3,713.1
Losses & Company Use	286.9	287.9	299.7	314.6	304.1	308.5	314.4	318.4
Gross	3,594.8	3,610.8	3,692.8	3,784.8	3,807.2	3,836.5	3,975.6	4,031.5
System Peak								
Winter Peak (MW)	732.4	730.8	684.8	734.3	676.9	746.6	739.6	740.2
Summer Peak (MW)	639.4	666.2	652.9	689.1	666.4	726.9	670.5	671.1

Growth Year over Year	2019	2020	2021	2022	2023	2024	2025P	2026F
Residential	-3.5%	6.4%	-1.2%	-0.7%	0.4%	-0.8%	1.2%	0.2%
Commercial	1.3%	-1.8%	5.9%	-0.2%	-0.9%	0.5%	2.4%	-1.1%
Wholesale	-3.2%	0.6%	-0.6%	1.7%	2.1%	-1.0%	-0.6%	0.4%
Industrial	22.9%	-10.8%	7.0%	18.2%	4.1%	6.2%	15.5%	8.5%
Lighting	-16.5%	-1.7%	-10.7%	-4.3%	-5.8%	-2.9%	-3.3%	-2.4%
Irrigation	-7.7%	3.6%	17.1%	-13.9%	4.6%	2.3%	4.4%	-6.5%
Net	1.0%	0.5%	2.1%	2.3%	0.9%	0.7%	3.8%	1.4%
Losses & Company Use	0.6%	0.4%	4.1%	5.0%	-3.3%	1.4%	1.9%	1.3%
Gross	1.0%	0.4%	2.3%	2.5%	0.6%	0.8%	3.6%	1.4%

As illustrated in the following figure based on the 2024 Actual normalized after savings load, Irrigation accounts for slightly more than 1 percent of FBC's total annual load. Given its relatively minor share of total annual load and modest projected increase, there is no evidence to expect

[8] CEC Calculation based on Exhibit B-2, Appendix A2, Section/Table 6.3.

that the Irrigation load will become a more substantial component of FBC's load in the short or long term.



LOSSES

6. References: Exhibit B-2, Section 3.3.7, Page 26; Exhibit B-2, Section 3.3.7, Page 27, Figure 3-10; and Exhibit B-2, Section 4.7, Page 41

6.1 Please clarify whether the losses (in GWh) provided in Figure 3-10[9] include losses associated with FBC's provision of wheeling services under RS 100 and RS 101 and losses associated with FBC's supply of energy to the Utility's Electric Vehicle ("EV") Direct Current Fast Charging ("DCFC") stations under RS 96, and please provide a quantified breakdown (for each year) of the losses (GWh) provided in Figure 3-10[10] accounting for all applicable and/or pertinent categories of losses.

Response:

The losses in Figure 3-10 are FBC's direct customer losses and do not include losses associated with FBC's provision of wheeling services under RS 100 and RS 101.

However, Figure 3-10 does include historic losses associated with FBC's supply of energy to its EV DCFC stations under RS 96, as these losses are incorporated into the commercial load data. The table below shows the losses associated specifically with RS 96 from 2015 to 2026F.

Table 1: RS 96 Losses 2015 to 2026F (GWh)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025P	2026F
RS 96 Losses (GWh)	0.00	0.00	0.00	0.00	0.01	0.01	0.02	0.03	0.04	0.06	0.08	0.12

[9] Exhibit B-2.

[10] Exhibit B-2.

EV DCFC SERVICE

7. References: Exhibit B-2, Section 3.5, Pages 30-33; Decision and Order G-176-24, Page i (PDF Page 5); and FBC 2025 Cost of Service Application ("COSA") and Revenue Rebalancing Application

7.1 In the Application, FBC states[11] that RS 96 revenue is part of FBC's commercial sales revenue. Please explain what elements, if any, of FBC's EV DCFC service provision (for example energy, revenue, losses, costs, etc.), inform FBC's 2025 COSA and Revenue Rebalancing Application, and please specify and quantify all impacted (if any) 2025 COSA Study components.

Response:

The electricity costs embedded in the calculation of the RS 96 rates are based on the rates of RS 21, pursuant to Order G-341-21. As such, all costs, including FBC's EV DCFC assets and revenues, were directly assigned to the commercial customer class under RS 21.

The 2025 COSA Study was based on FBC's 2024 Approved revenue requirement and the impact on the allocation due to FBC's EV DCFC service under RS 96 is minimal. The mid-year rate base for FBC's EV DCFC assets included in the 2025 COSA Study was approximately $2.7 million, which was approximately 0.17 percent of FBC's total mid-year rate base. Further, the 2024 forecast RS 96 revenue was approximately $0.241 million, which is approximately 0.05 percent of FBC's 2024 Approved revenue requirement. As such, the impact to the revenue-to-cost ratio of RS 21 rates in the 2025 COSA Study is immaterial.

[11] Exhibit B-2, Section 3.5, Page 32.

PEAK DEMAND AND FIRM RESOURCES

8. Reference: Exhibit B-2, Section 4.3, Page 36

> FBC currently has long-term, firm resources from which it can supply most of its forecast firm annual energy and capacity requirements. FBC's long-term, firm resources are capable of meeting its forecast capacity requirements, with the exception of a small number of hours during June 2025 and 2026. Consistent with the capacity self-sufficiency policy in FBC's 2021 Long Term Electric Resource Plan (LTERP), FBC will procure forward market blocks to cover these shortfalls on a planning basis. In addition, FBC is now forecasting small energy shortfalls emerging in the month of December. Consistent with the accepted 2025/26 Annual Electric Contracting Plan

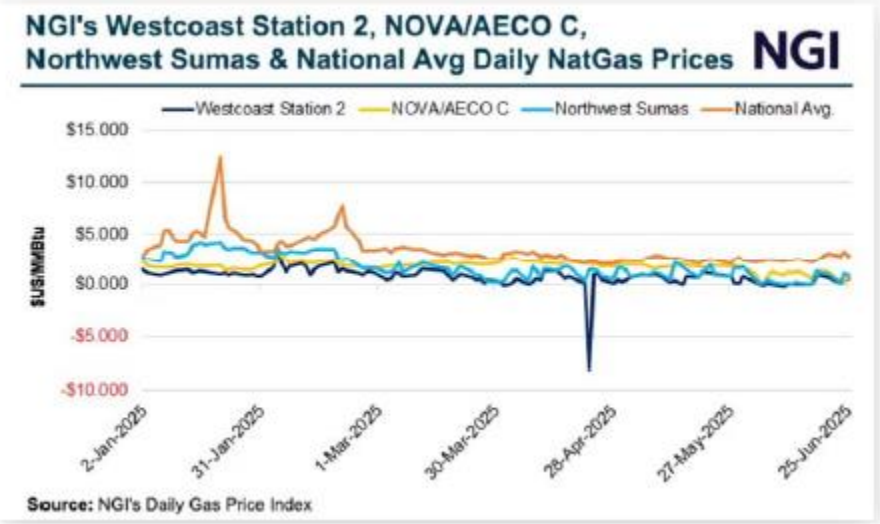
8.1 Please explain the operational factors impacting a projected and forecasted shortage of firm resources (albeit over a small number of hours) respectively for the month of June 2025 and June 2026. Why is the month of June significant in this regard (i.e. as opposed the normally hotter months of July and August)?

Response:

From an operational planning standpoint, the month of June has the most constrained load-resource balance in terms of capacity. This is due to FBC's monthly capacity entitlements, both owned and purchased, being at their lowest, coinciding with a rise in system load as summer approaches. To address any anticipated shortfalls and to maintain system reliability, FBC secures forward market energy blocks to ensure resource adequacy.

9. References: Exhibit B-2, Section 4.3, Page 37 and Natural Gas Intelligence ("NGI") Article[12]

> resources. However, over the past several years, the regional electricity market has been in a state of consistently higher prices compared to recent historical levels. This is due to several factors, including resource adequacy concerns, increased natural gas prices, and increased severe weather events. This change in the market price environment has resulted in limited opportunities to displace Tranche 1, nominated PPA purchases on a forward basis.



9.1 Please reconcile the above-referenced statement about the impact of higher natural gas prices on the regional electricity market with the 2025 year-to-date reality of Western Canadian natural gas prices as illustrated in the referenced graph.[13]

Response:

The statement on page 37 of the Application (and referenced in the preamble) reflects multi-year market dynamics since 2021 based on a number of factors which influence electricity prices, rather than a specific reference to year-to-date 2025 electricity prices.

While Western Canadian gas prices have been lower in 2025 due to increased gas supply, structural pressures in the electric markets persist. These include:

- Rising regional load, projected to grow over 30 percent by 2035;[14]
- Continued below average water flows;

[12] Natural Gas Spot Price Rally Eludes a Familiar Laggard – Western Canada: https://www.naturalgasintel.com/news/natural-gas-spot-price-rally-eludes-a-familiar-laggard-western-canada/

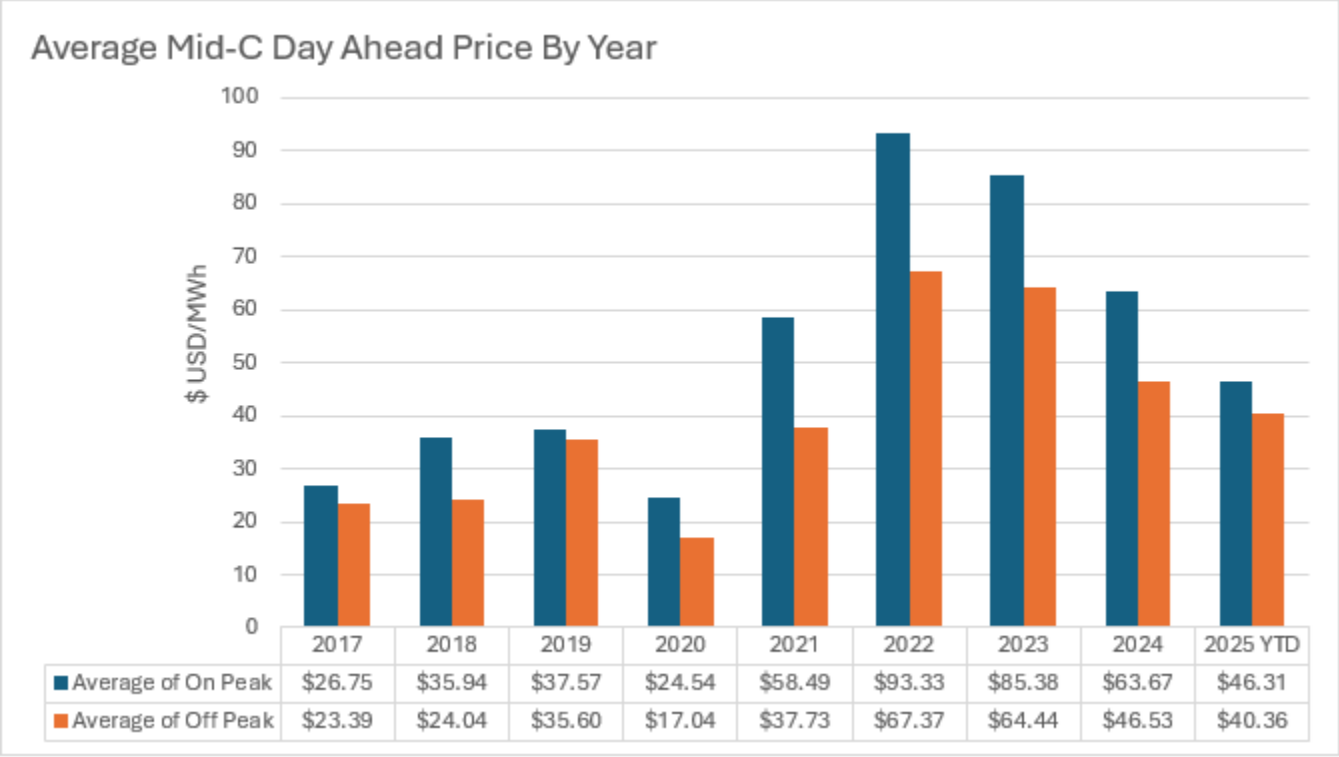
[13] Natural Gas Spot Price Rally Eludes a Familiar Laggard – Western Canada: https://www.naturalgasintel.com/news/natural-gas-spot-price-rally-eludes-a-familiar-laggard-western-canada/

[14] 2025 PNUCC Northwest Regional Forecast, Pg 5. Northwest Regional Forecast – Pacific Northwest Utilities Conference Committee.

- Delayed capacity and transmission expansion, which limits supply flexibility;[15] and
- Greater reliance on variable renewables, increasing price volatility and uncertainty.[16]

Furthermore, natural gas continues to play a critical role in setting marginal electricity prices. Even modest increases in gas prices, particularly during peak demand events, can have an impact on Mid-C pricing due to the region's constrained pipeline capacity and limited dispatchable generation.[17]

While year-to-date prices in 2025 have remained relatively subdued, prices have been elevated in recent years when compared to pre-2021 levels, as shown in the figure below. Looking ahead, structural market dynamics and emerging resource adequacy risks are expected to exert upward pressure on the long-term Mid-C price outlook.



	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD
Average of On Peak	$26.75	$35.94	$37.57	$24.54	$58.49	$93.33	$85.38	$63.67	$46.31
Average of Off Peak	$23.39	$24.04	$35.60	$17.04	$37.73	$67.37	$64.44	$46.53	$40.36

[15] 2025 PNUCC Northwest Regional Forecast, Pg 6-8. Northwest Regional Forecast – Pacific Northwest Utilities Conference Committee,

[16] 2025 PNUCC Northwest Regional Forecast, Pg 7-13. Northwest Regional Forecast – Pacific Northwest Utilities Conference Committee,

[17] 2025 PNUCC Northwest Regional Forecast, Pg 8-9. Northwest Regional Forecast – Pacific Northwest Utilities Conference Committee,

SYSTEM LOAD FACTOR

10. Reference: Exhibit B-2, Appendix A2, Page 12, Section/Table 6.6

Year	Energy (MWh)	Peak (MW)	Load Factor
2019	3,594,813	732	0.56
2020	3,610,765	731	0.56
2021	3,692,835	685	0.62
2022	3,784,830	734	0.59
2023	3,807,180	677	0.64
2024	3,836,452	747	0.59
2025P	3,975,631	740	0.61
2026F	4,031,500	740	0.62

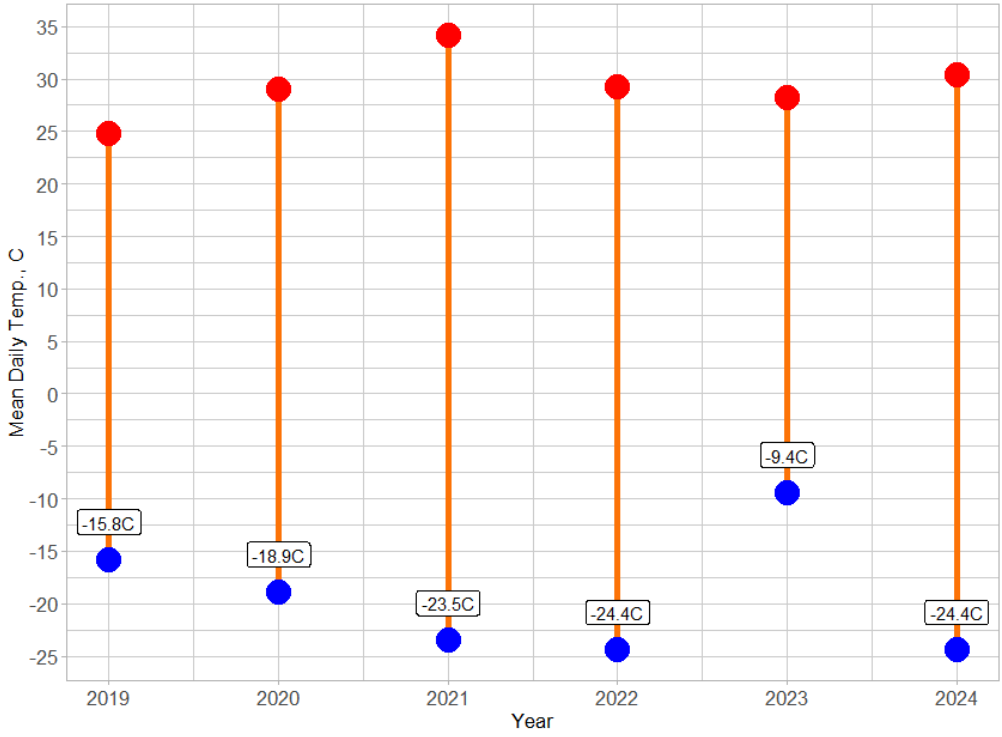
10.1 Please discuss and quantify the operational factors that contributed to the relatively higher load factor for FBC's system in year 2023 (0.64) relative to other years captured in Section/Table 6.6 of Appendix A2 to the Application.

Response:

The Load Factor is calculated by dividing the annual energy (MWh) by the hours in the year (8,760). This "average hour" is then divided by the peak demand (MW). As a result, the Load Factor is inversely proportional to the peak. During warm winters, when the peak demand is lower, the Load Factor will go up, all else equal. Therefore, the higher Load Factor in 2023 was due to a lower peak demand, which was caused by a very mild winter in 2023. The slightly higher Load Factor was not caused by any operational factors.

FBC notes that historic Load Factors are not used as an input into any element of the forecast and are provided for information only. For demonstration, Figure 1 below shows the peak weather experienced in Kelowna from 2019 to 2024, including the relatively warm peak winter day in 2023, which was 15 degrees Celsius warmer than 2022 and 2024.

Figure 1: Kelowna Peak Weather



O&M

11. Reference: Exhibit B-2, Section 6.1, Page 48

> The 2025 Formula O&M is $79.801 million, representing an increase of 9.6 percent from the 2024 Approved Formula O&M of $72.823 million. The drivers of the increase are the 2025 net inflation factor, the increase in the average customer count forecast from 2024 to 2025, the elimination of the discount on the growth factor applied to formula O&M, and the resetting of the Base O&M, which increased to $75.269 million as part of the RSF Decision. The 2026 Formula O&M is

11.1 Please quantify the effect of each contributing factor (including formula changes flowing from the RSF Decision, itemized) to the 9.6 percent increase in 2025 Formula O&M vis-à-vis 2024 Approved Formula O&M.

Response:

Please refer to Table 1 below which provides the reconciliation of the 9.6 percent increase from the 2024 Approved formula O&M of $72.823 million to the 2025 Approved formula O&M of $79.801 million.

Table 1: Reconciliation of the Increase from 2024 Approved Formula O&M to 2025 Formula O&M

	$ millions
2024 Approved Formula O&M ($millions)	**$ 72.823**
Resetting of Base O&M for RSF Term	2.446
2024 Base O&M Approved (RSF Decision)	**$ 75.269**
Increase due to 2025 Net Inflation Factor	3.078
Increase due to 2025 Customer Count Forecast	1.794
2023 Formula O&M True-up	(0.340)
2025 Formula O&M	**$ 79.801**
Increase from 2024 Approved to 2025 Formula	**9.6%**

FLOTATION COSTS

12. Reference: Exhibit B-2, Section 12.4.2.2, Pages 144-146

12.1 Please provide the equity cushion (in percentage terms above 41%) which FBC maintained in 2025 (YTD- on average) facilitated by the $1.9 million in actual (pre-tax) flotation costs incurred in 2023 and 2024.

Response:

The projections for the estimated rate base and estimated equity are subject to many variables that may change throughout the course of the year, including the actual capital expenditures being higher or lower than the forecast, actual rate base, the timing of spending on capital projects, and variances between projected and actual income and dividends. Particularly in periods of higher levels of capital spending, FBC attempts to maintain an equity cushion above the estimated equity portion of rate base. In addition, FBC issues equity above the 41 percent approved level to finance capital projects held outside of rate base during construction. As such, FBC is not able to provide a YTD average calculation of its equity cushion, and the final 2025 equity cushion will only be known following the completion of 2025.

Additionally, FBC notes that both the actual 2023 and 2024 flotation costs and the recovery of those costs from FBC customers do not impact the calculation of the equity cushion.

SERVICE QUALITY INDICATORS ("SQI'S") AND INFORMATIONAL SQI'S

13. References: Exhibit B-2, Section 13.2.2.5, Page 161; Exhibit B-2, Section 13.2.2.5, Page 162; and Exhibit B-2, Section 13.2.2.4, Pages160-161

> The Customer Satisfaction Index (CSI) is an informational indicator that measures overall customer satisfaction with the Company. The index reflects customer feedback about important service touch points including the contact centre, perceived accuracy of meter reading, energy conservation information and field services. The index includes feedback from both residential and commercial customers. The survey is conducted quarterly, and results are presented as a score out of 10.
>
> Overall Satisfaction and the Contact Centre decreased slightly from 8.4 to 8.3 and 8.4 to 8.2, respectively. The June 2025 YTD score is 8.3.
>
> The June 2025 YTD TSF (Non-Emergency) was largely impacted early in 2025 by the Canada Post job action and high bill inquiries creating challenging volumes in the first quarter. The job

13.1 Please explain whether and how the quarterly customer survey which FBC administers for purposes of the Customer Satisfaction Index ("CSI") informational SQI captures customer sentiment with respect to high bills, and please clarify which of FBC's SQI's is most informed by and best reflects either high bill inquiries or customer sentiment regarding high bills.

Response:

FBC has a suite of SQIs and informational indicators to monitor service quality to customers throughout the RSF term and there is no single metric that best reflects high bill inquiries or customer sentiment regarding high bills. Rather, the various metrics together provide a holistic view of customer experience.

With respect to the quarterly CSI, the survey includes targeted questions on price satisfaction and reasons for low overall satisfaction, and can be cross referenced with high bill related inquiries across contact centre interactions, field service visits, and energy efficiency program information. By aggregating feedback from these touchpoints, the data from the CSI provides insights into how high bill concerns may be impacting customer experience and satisfaction.

Further, customer sentiment towards high bills may fluctuate year-over-year. While customers often appreciate the customer service that the contact centre, collections or billing representative provides regarding their bill, some customers do not consider the issue resolved without a change to their billed amount, thus impacting their evaluation. Other FBC SQIs, such as the First Contact Resolution, Telephone Service Factor, and Average Speed of Answer, are materially impacted by high bill inquiries, largely due to the unpredictability of weather, changes in rates, and external factors, such as the Canada Post labour disruption experienced in 2024 and 2025.

RELIABILITY SERVICE QUALITY INDICATORS (SAIDI AND SAIFI)

14. References: Exhibit B-2, Section 13.2.3, Pages 162-164

> FBC measures transmission and distribution system reliability according to the Institute of Electrical and Electronics Engineers (IEEE) method of normalizing reliability statistics by excluding "major events". Major events are identified as those that cause outages exceeding a threshold number of customer-hours. Threshold values are calculated by applying a statistical method called the "2.5 Beta" adjustment to historical reliability data. Any single outage event that exceeds the threshold value is excluded from the reliability data. Excluding major events allows them to be studied separately and reveals trends in daily operations that would be hidden or skewed if they were included in the data set. Major event days in the FBC service territory have been caused by mudslides, wind or snow storms, and wildfires.
>
> ***13.2.3.1 System Average Interruption Duration Index (SAIDI) – Normalized***
>
> SAIDI is the amount of time the average customer's power is off during the year (i.e., the total amount of time the average customer's clock would lose during a year), after adjusting for the impact of major events as described above, and is calculated as follows:
>
> $$\frac{\text{Total Customer Hours of Interruption}}{\text{Total Number of Customers Served}}$$
>
> Customer Hours of Interruption related to a power outage are calculated by multiplying the number of customers affected by the outage by the duration of the outage.
>
> ***13.2.3.2 System Average Interruption Frequency Index (SAIFI) – Normalized***
>
> SAIFI is the average number of interruptions per customer served per year (i.e., the number of times the average customer would have to reset their clock during the year), after adjusting for the impact of major events as described above, and is calculated as follows:
>
> $$\frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers Served}}$$
>
> The Number of Customer Interruptions related to a power outage is the number of customers affected by the outage.

14.1 Please describe and provide the number and average duration of 'major events' that occurred in FBC's service territory for each year from 2015 to 2024, and please comment on the observed trends regarding the frequency, magnitude and duration of 'major events', and please discuss if and how the analysis of 'major events' informs FBC's decision-making for purposes of its Annual Review and/or capital planning processes.

Response:

Please refer to the table below for the number of major events and the customer hours of interruption resulting from the major events. FBC has provided the customer hours of interruption instead of duration because it better reflects the customer impact as compared to the overall duration of a major event. For example, outage duration can vary significantly across affected areas, particularly when events involve multiple lines with staggered restoration times. Since customers are restored at different times during the event, the overall duration does not accurately represent the customer experience, whereas customer hours of interruption captures both the duration and scale of impact.

FBC has consistently applied the IEEE 2.5 Beta method as the preferred method recommended from Electricity Canada throughout the 2015-2024 period to determine major events. Major events are exceptional occurrences that significantly exceed normal operational events.

Year	Major Event Threshold (2.5 Beta)	Number of Major Events	Customer Hours of Interruption Resulting from Major Events
2015	31,683	3	309,746
2016	34,443	1	54,158
2017	37,199	3	180,506
2018	45,536	2	98,270
2019	42,790	1	56,624
2020	39,933	3	337,580
2021	40,313	3	574,709
2022	46,697	0	0
2023	39,661	1	46,763
2024	39,212	4	302,860

As demonstrated in the table above, there is no consistent or discernable trend in the frequency, magnitude, or impact of major events. Due to their atypical nature and variability, major events are not suitable for trend analysis.

FBC conducts internal reviews of major events to assess whether further action is warranted to mitigate future reliability impacts. While these reviews support operational awareness, major event analysis does not generally inform FBC's decision making for the purposes of the Annual Reviews. If FBC observed that the number and impact of major events were consistently increasing (which is not the case), FBC would consider whether further activities (and costs) were required to mitigate the impacts of major events. Additionally, major events are included in FBC's non-normalized outage statistics, which are considered when prioritizing capital projects.