

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

550 Burrard Street, Suite 2900
Vancouver, British Columbia V6C 0A3
Canada

T +1 604 631 3131
+1 866 635 3131
F +1 604 631 3232
fasken.com

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Christopher R. Bystrom
Direct +1 604 631 4715
Facsimile +1 604 632 4715
cbystrom@fasken.com

Electronic Filing

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Registrar

Dear Sirs/Mesdames:

Re: FortisBC Inc. – 2025 and 2026 Annual Review of Rates – Reply Argument

In accordance with the regulatory timetable in the above proceeding, we enclose for filing the Reply Argument of FortisBC Inc., dated October 27, 2025.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP



Christopher Bystrom*
*Law Corporation

Encl.

cc (email only)

Registered Interveners



**BRITISH COLUMBIA UTILITIES COMMISSION
IN THE MATTER OF THE UTILITIES COMMISSION ACT,
R.S.B.C. 1996, CHAPTER 473**

AND

**FORTISBC INC.
ANNUAL REVIEW FOR 2025 AND 2026 RATES**

**REPLY SUBMISSION
OF
FORTISBC INC.**

OCTOBER 27, 2025

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PART ONE: INTRODUCTION

1. Six interveners filed final arguments in this proceeding, with BCOAPO and RCIA filing a joint final argument. The interveners are largely supportive of FBC's approvals sought; however, they raise discrete issues across a range of topics in the Application. FBC has organized its Reply Submission around the following points:

- (a) Contrary to the submissions of ICG, the use of interim rates on a refundable/recoverable basis is not retroactive ratemaking;
- (b) Returning the 2025 revenue surplus to customers through 2026 rates is the most reasonable, practical, and understandable option for returning the revenue;
- (c) FBC has thoroughly explained and justified its revenue requirements in this proceeding and BCOAPO-RCIA's comments on FBC's costs are misleading;
- (d) Intervenors' arguments purporting to relitigate matters dealt with in the EV DCFC proceeding and COSA proceeding should be rejected;
- (e) FBC has forecast its industrial load in accordance with the approved forecasting methodology and used the correct Irrigation customer count for its O&M calculations;
- (f) The Flotation Costs deferral account should be amortized over 5 years;
- (g) The directives advocated for by ICG with respect to FBC's SQI methods are not necessary and should be rejected; and
- (h) The majority of interveners agree with FBC that a combined FBC-FEI Annual Review proceeding would not introduce efficiencies or result in cost savings.

2. While FBC has sought to be comprehensive in responding to the issues raised in this proceeding, silence in this Reply Submission on any particular point should not be taken as agreement.

PART TWO: THERE IS NO RETROACTIVE RATEMAKING

3. IGC submits that the interim rate increase of 5.65 percent should be made permanent; however, the final rate increase of 3.53 percent should not be approved on the basis that

adjusting the permanent rate for 2025 actuals would be contrary to the principle against retroactive ratemaking.¹

4. As explained in the Application, Order G-314-24 approved 2025 rates on an interim and refundable/recoverable basis, prior to the start of the year.² The use of interim rates is a common, well-established and frequently used mechanism explicitly in place to prevent retroactive ratemaking. With rates approved for a test period on an interim basis, the BCUC necessarily has the power to modify the rates for that test period at a later date, by final order. The use of interim rates is necessary in cases, such as the present one, where the revenue requirement application is not able to be filed and a decision issued on the application prior to the start of the test year.³

5. ICG's position is novel and contrary to the law regarding retroactive ratemaking. ICG's submission does not respond to FBC's submissions on this topic at paras. 19-20 of FBC's Final Argument. As recognized by the BCUC and in case law, interim rates are set to avoid issues of retroactive ratemaking. As described by the Alberta Court of Appeal in *Atco Gas and Pipelines Ltd v Alberta (Utilities Commission)*:⁴

[56] Simply because a ratemaking decision has an impact on a past rate does not mean it is an impermissible retroactive decision. The critical factor for determining whether the regulator is engaging in retroactive ratemaking is the parties' knowledge. Hunt JA stated at para 57:

Both *Bell Canada 1989* [*Bell Canada v Canada (Canadian Radio-Television and Telecommunications Commission)*, 1989 CanLII 67 (SCC), [1989] 1 SCR 1722] and *Bell Aliant* [*Bell Canada v Bell Aliant Regional Communications*, 2009 SCC 40, [2009] 2 SCR 764] (which concerned deferral accounts rather than interim rates) illustrate the same preoccupation: **were the affected parties aware that the rates were subject to change?** If so, the concerns about predictability and unfairness that underlie the prohibitions against retroactive and retrospective ratemaking become less significant. (Emphasis added.)

¹ ICG Final Argument, pp. 1-2.

² Exhibit B-2, Application, p. 1.

³ Exhibit B-9, BCUC IR1 1.1.1.

⁴ [2014 ABCA 28](#).

[57] If a utility is aware that a rate is interim and subject to change, then a regulator's revision of the rate will not be disallowed for impermissible retroactive ratemaking. This was the conclusion reached by the Supreme Court of Canada in *Bell Canada v Canada (Canadian Radio-Television and Telecommunications Commission)*, 1989 CanLII 67 (SCC), [1989] 1 SCR 1722, 60 DLR (4th) 682 [*Bell Canada 1989*].

[58] According to the Supreme Court of Canada in *Bell Canada 1989* at 1756, alteration of an interim rate by a regulator is simply a function of regulators who have the mandate to ensure rates and tariffs are, at all times, just and reasonable.

6. The law is, therefore, clear that the fact that 2025 rates have been made interim avoids any concern with retroactive ratemaking with respect to 2025. FBC also notes that, if the BCUC were prohibited from relying on updated forecasts after interim rates were set, as ICG alleges, it would defeat the purpose of setting interim rates in the first place. FBC submits that ICG's position has no merit and should be dismissed.

PART THREE: REVENUE SURPLUS SHOULD BE AMORTIZED IN 2026

7. CEC recommends that the BCUC direct FBC to return the 2025 revenue surplus "to customers in 2025, as a retroactive bill adjustment in 2025". CEC submits that customer revenue should be returned to customers as expeditiously as possible and not be carried over "for the convenience of the Utility".⁵ FBC submits that CEC's proposal is not feasible and that the CEC has mischaracterized FBC's proposal.

8. In the Application, FBC considered the option of applying the difference between interim and permanent 2025 rates as a retroactive bill adjustment in 2025 (Option 1).⁶ However, Option 1 is not feasible or practical given that a decision on this Application cannot be received until November or December 2025 based on the regulatory timetable established by Order G-180-25. Given this timing, FBC would not be able to implement a retroactive bill adjustment in 2025.⁷ Even if FBC were able to implement a one-time bill adjustment, FBC expects that it would create

⁵ CEC Final Argument, para. 194.

⁶ Exhibit B-2, Application, p. 143.

⁷ Exhibit B-2, Application, p. 143.

a high level of customer dissatisfaction given the resulting rate increase in 2026.⁸ CEC does not address these considerations in its Final Argument.

9. As set out in Part Two of FBC's Final Argument, FBC strongly prefers its proposed Option 3, which involves establishing permanent 2025 rates at the approved interim level of 5.65 percent, recording the revenue surplus in the 2023 Revenue Deficiency deferral account (to be renamed the Revenue Deficiency/Surplus deferral account), and returning the surplus over one year in 2026. Contrary to CEC, FBC's selection of Option 3 is not for its own convenience, but is based on applicable rate setting considerations, including rate stability. FBC submits that its proposed option is the most reasonable, understandable, and practical to implement, and should be approved.

PART FOUR: FBC'S REVENUE REQUIREMENTS HAVE BEEN EXPLAINED AND JUSTIFIED

10. BCOAPO-RCIA do not object to FBC's proposed 2025 and 2026 revenue requirements,⁹ but make a number of comments to which FBC responds below.

11. BCOAPO-RCIA present a table on page 6 of their Final Argument that compares FBC's forecast 2026 revenue requirement to FBC's 2024 Approved.¹⁰ FBC notes that its 2024 Approved revenue is not \$507.6 million as indicated by BCOAPO-RCIA. As shown in Table 3-6 of the Application, FBC's 2024 Approved revenue was \$457.247 million.¹¹

12. BCOAPO-RCIA state that their comparison to 2024 Approved "arguably provide[s] valuable additional context in evaluating and understanding the major drivers of the Utility's proposed revenue requirements."¹² FBC disagrees, as BCOAPO-RCIA's analysis is not informed by the evidence of what is actually driving changes in FBC's costs over time. Moreover, FBC

⁸ Exhibit B-2, Application, p. 143.

⁹ BCOAPO-RCIA Final Argument, pp. 4, 14.

¹⁰ BCOAPO-RCIA Final Argument, p. 6.

¹¹ \$507.6 million is the 2025 Projected revenue with the proposed 5.65 percent increase as shown in Section 11, Schedule 16 (2025), Line 7, Column 5.

¹² BCOAPO-RCIA Final Argument, p. 5.

already explained in Section 1.4 of the Application why each individual revenue requirement component has increased from 2024 to 2026 by major driver, and in more detail in the individual sections of the Application. For example:

- (a) For Power Supply, Section 4 of the Application provides various tables which break down the components of Power Supply for 2024 Approved, 2024 Actual, 2025 Projected and 2026 Forecast. FBC also explained in Section 1.4.3 that the increases were primarily due to higher purchase rates for power from the market and contracted producers, as well as an increase in the BC Hydro PPA.
- (b) For depreciation, FBC explained in Section 1.4.7 that the increases in 2025 and 2026 are related to FBC's regular capital additions (Growth, Sustainment, and Other) from 2024 and 2025, respectively. The drivers of the increases in FBC's 2024, 2025 and 2026 regular capital expenditures were explored in detail in the RSF proceeding, and FBC's 2025 and 2026 regular capital expenditure forecasts were approved as part of the RSF Decision.
- (c) For amortization, FBC explained in Section 1.4.8 that the increase in 2025 was due to a reduction in the credit amortization from the Flow-through deferral account. It is expected that the Flow-through deferral account amortization will vary year-over-year and may oscillate between credit and debit amortization year-over-year depending on the variances in flow-through expenses and revenues. The other primary driver of the increased amortization expense in both 2025 and 2026 is increased amortization of the DSM deferral account related to increased DSM expenditures approved as part of the 2023-2027 DSM Plan.

13. Furthermore, BCOAPO-RCIA's observations regarding the increase in O&M from 2024 Approved to 2026 Forecast¹³ are misleading as they ignore the incremental increase from 2024 Approved (i.e., the 2024 formula O&M approved as part of the 2020-2024 Multi-year Rate Plan) to the 2024 Base O&M that was approved by the RSF Decision. Once accounting for the re-basing of O&M approved in the RSF Decision, the only drivers of the increases to 2025 and 2026 formula

¹³ BCOAPO-RCIA Final Argument, p. 7.

O&M are the approved net inflation and growth factors and the forecast increase in customer counts for 2025 and 2026.¹⁴

14. BCOAPO-RCIA's concern with FBC's increase in O&M outside of the formula¹⁵ is similarly lacking context. Table 6-3 of the Application shows that the primary driver of the increase in FBC's forecast O&M is due to the increase in Pension/OPEB, particularly from the 2024 Approved to 2025 Projected. This increase is primarily due to a decrease in the actuarially determined discount rate from 2024 Approved to 2025 Projected. The discount rate increases or decreases based on the market yield of high-quality debt instruments at a specific point in time and is, therefore, not within FBC's control.¹⁶

15. BCOAPO-RCIA provide a table on page 9 of their Final Argument which purports to compare FBC's 2026 Forecast revenue requirements to FBC's 2020 Approved revenue requirements.¹⁷ However, BCOAPO-RCIA do not cite any source for their numbers, and their 2020 Approved amounts do not align with FBC's 2020 Approved amounts. FBC considers that

¹⁴ Exhibit B-2, Application, Section 1.4.5.

¹⁵ BCOAPO-RCIA Final Argument, p. 7.

¹⁶ Exhibit B-2, Application, Section 6.3.1.

¹⁷ While BCOAPO-RCIA reference "Table 2" on page 9 of their Final Argument, this is actually the third table in their argument.

the BCUC can take notice of the following record of FBC's approved income and earned return in 2020 from FBC's 2020-2021 Annual Review approved by Order G-42-21.¹⁸

FORTISBC INC.		FBC Annual Review for 2020 and 2021 Rates Evidentiary Update, October 28, 2020					Section 11 - 2020
UTILITY INCOME AND EARNED RETURN FOR THE YEAR ENDING DECEMBER 31, 2020 (\$000s)							Schedule 16
Line No.	Particulars	2019 Approved	2020 Forecast at Existing Rates	Revised Revenue	at Revised Rates	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	ENERGY VOLUMES						
2	Sales Volume (GWh)	3,319	3,294		3,294	(25)	Schedule 17, Line 9, Column 3
3							
4	REVENUE						
5	Sales	\$ 370,534	\$ 363,020	\$ -	\$ 363,020	\$ (7,514)	Schedule 17, Line 19, Column 3
6	Deficiency (Surplus)	-	-	3,632	3,632	3,632	
7	Total	370,534	363,020	3,632	366,652	(3,882)	Schedule 18, Line 8, Column 5
8							
9	EXPENSES						
10	Cost of Energy	160,765	155,487	-	155,487	(5,278)	Schedule 19, Line 33, Column 3
11	O&M Expense (net)	50,321	52,870	-	52,870	2,549	Schedule 20, Line 20, Column 4
12	Depreciation & Amortization	48,473	53,899	-	53,899	5,426	Schedule 21, Line 11, Column 3
13	Property Taxes	16,713	16,993	-	16,993	280	Schedule 22, Line 7, Column 3
14	Other Revenue	(9,268)	(10,645)	-	(10,645)	(1,377)	Schedule 23, Line 9, Column 3
15	Deferred 2019 Revenue Surplus / 2020 Revenue Deficiency	5,633	683	-	683	(4,950)	
16	Utility Income Before Income Taxes	97,897	93,732	3,632	97,365	(532)	
17							
18	Income Taxes	7,827	3,938	981	4,919	(2,908)	Schedule 24, Line 13, Column 3
19							
20	EARNED RETURN	\$ 90,071	\$ 89,794	\$ 2,652	\$ 92,446	\$ 2,375	Schedule 26, Line 5, Column 7
21							
22	UTILITY RATE BASE	\$ 1,341,649	\$ 1,412,153		\$ 1,412,153	\$ 70,504	Schedule 2, Line 29, Column 3
23	RATE OF RETURN ON UTILITY RATE BASE	6.71%	6.36%		6.55%	-0.16%	Schedule 26, Line 5, Column 6

16. BCOAPO-RCIA comments that FBC's 2025 and 2026 O&M, income tax and earned return reflect "anomalous increases" since 2020 that should be further considered in the next RSF proceeding.¹⁹ FBC submits that BCOAPO-RCIA's observations ignore the evidentiary record regarding these types of costs and fail to consider the significant BCUC processes that have gone into setting FBC's rates each year. Notably, FBC has explained every change in its revenue requirement year-over-year through the Annual Review processes and in the RSF proceeding. FBC's annual revenue requirements have been subject to extensive review by the BCUC and interveners, and FBC's rates are approved by the BCUC each year in accordance with the framework approved by the BCUC. Despite the significant evidence and historical process on the components of FBC's revenue requirement, BCOAPO-RCIA make no attempt to understand the

¹⁸ FBC 2020-2021 Annual Review, Evidentiary Update, Appendix A, dated October 28, 2020.

¹⁹ BCOAPO-RCIA Final Argument, p. 9.

nature of the costs that they make their observations on or the potential reasons for increases in those costs. As such, their observations are not helpful.

17. For example, FBC's income tax and earned return were influenced by the approved change in FBC's allowed equity thickness from 40 percent to 41 percent, and return on equity from 9.15 percent to 9.65 percent.²⁰ Further, FBC's increases in property taxes are due to factors beyond FBC's control, including the assessed values of FBC's property and tax rates.²¹ The rate setting framework does not influence these types of factors, which are key to explaining the increases that BCOAPO-RCIA observe.

18. In summary, BCOAPO-RCIA's observations fail to consider the details of the evidentiary record, the nature of the costs, and the significant BCUC processes that have gone into setting FBC's rates each year. BCOAPO-RCIA have not observed anything that has not already been explained, reviewed and approved.

PART FIVE: CLEAN GROWTH INITIATIVE - EV DCFC STATIONS

19. In this Part, FBC responds to the comments from the CEC and ICG related to FBC's EV DCFC stations.

A. Losses are Incorporated into RS 96

20. CEC states that it has reviewed FBC's 2023 Application for Approval of EV DCFC Service Rate Design and Rates (2023 EV DCFC Application) and submits that the cost of losses associated with FBC's supply of energy to its EV DCFC stations are not included in RS 96 and should be incorporated in the EV DCFC rate design.²² CEC's submission is incorrect. As FBC stated in response to CEC IR1 7.1, the electricity costs embedded in the calculation of the RS 96 rates are based on the rates of RS 21, pursuant to Order G-341-21.²³ As with other rate schedules, RS 21

²⁰ Approved as part of the BCUC's Decision and Order G-236-23 regarding the Stage 1 Generic Cost of Capital proceeding.

²¹ Exhibit B-2, Application, Sections 1.4.10 and 9.

²² CEC Final Argument, para. 82.

²³ Exhibit B-6, CEC IR1 7.1.

is designed to recover its share of FBC's revenue requirement, including FBC's power supply costs, which includes losses. Therefore, as losses are included in RS 21, they are also included in RS 96.

B. Treatment of RS 96 in COSA is Not In Scope

21. CEC also submits that "the Commission should direct FBC to treat the RS 96 class as a separate class for purposes of the next iteration of the Utility's COSA study".²⁴ FBC submits that this requested direction is out of scope of this Annual Review and there is no evidentiary basis in this proceeding for the BCUC to make directions regarding how FBC should treat RS 96 in its next COSA study. The impact of RS 96 in the COSA is immaterial²⁵ and treating RS 96 as a separate class is complicated by the fact that RS 96 is a levelized rate set by Order G-176-24, which directed that: "The approved energy-based public EV fast charging rate will not be subject to general rate changes, unless otherwise directed by the BCUC." As a levelized rate, RS 96 is not set according to a revenue-to-cost ratio like the other rate classes. FBC submits that these complex rate design matters cannot be reasonably adjudicated in an Annual Review process in which there is no evidentiary record to support a decision. FBC will consider such matters in the ordinary course when it files its next COSA study for the BCUC's review and approval.

C. FBC Is Monitoring and Evaluating Cost Recovery as Directed by the BCUC

22. In the EV DCFC proceeding, BCOAPO recommended FBC identify any changes impacting revenues or costs in future years. RCIA recommended FBC regularly monitor to ensure cost recovery remains consistent. The BCUC considered their recommendations and directed FBC to file a monitoring and evaluation report of RS 96 by September 30, 2028.²⁶

23. Now in this proceeding, RCIA submits that the BCUC should establish a threshold at which a review of RS 96 would be triggered to "operationalize" BCOAPO and RCIA's recommendations

²⁴ CEC Final Argument, para. 85.

²⁵ Exhibit B-6, CEC IR1 7.1.

²⁶ Decision and Order G-176-24, p. 10-11.

in the EV DCFC proceeding, which it says will allow for proactive monitoring and adjustments, if needed, and align with regulatory best practices and stakeholder expectations.²⁷

24. FBC will comply with the direction of the BCUC in Order G-176-24 and has provided an update to its cost recovery in this proceeding.²⁸ BCOAPO-RCIA cannot use this Annual Review as an opportunity to relitigate the issues canvassed in the EV DCFC proceeding. The BCUC fully considered these issues in that proceeding and the current Panel does not have the benefit of the full record on these issues that was available in the EV DCFC proceeding.

D. FBC Is Already Subject to Direction Regarding Idling Charges

25. ICG submits that FBC should be directed to report on its efforts regarding implementation of an idling charge in the next Annual Review.²⁹ There is no need for such a direction.

26. FBC is already subject to comprehensive reporting requirements related to its EV DCFC rates pursuant to Decision and Order G-347-21 and Decision and Order G-176-24,³⁰ including a directive that FBC will file a revised RS 96 tariff with the BCUC for endorsement reflecting the idling charge at least 15 days prior to the effective date.

27. FBC reported on its idling charge in this Application and will do so again in the next Annual Review. As discussed in the Application, FBC's vendor for its EV charging stations does not currently support idling charges as part of its standard configuration. When FLO replaces its current platform with a new system that will support the application of idling charges, FBC will work with FLO to implement the idling charge.³¹

²⁷ BCOAPO-RCIA Final Argument, pp. 10, 15.

²⁸ Exhibit B-1, Application, p. 32; Exhibit B-9, BCUC IR1 5.1.

²⁹ ICG Final Argument, p. 1.

³⁰ Exhibit B-2, Application, pp. 30-31.

³¹ Exhibit B-2, Application, Section 3.5, p. 33; Exhibit B-7, ICG IR1 3.1.

PART SIX: LOAD FORECAST

A. Industrial Forecast Accords with Approved Methodology

28. Although the CEC understands that FBC's load forecasting methodology was approved in the RSF Decision and that FBC's forecast is consistent with that methodology, the CEC nonetheless comments on the risk if a single industrial customer's load does not materialize as forecast.³² FBC submits in reply that it has forecast its industrial load in accordance with the approved forecasting methodology, which has consistently produced reasonable results.

B. Irrigation Customer Counts

29. CEC requests that FBC address in this Reply Argument the discrepancies it identifies for the 2025 Projected and 2026 Forecast customer count for the Irrigation rate class between Table 6-3 and Table 3-3 of the Application.³³ FBC notes an error in Table 6-3 of Appendix A2 of the Application. Table 6-3 shows the normalized after-savings annual percent growth in FBC's customer counts across each customer group. For 2025 Projected and 2026 Forecast, FBC inadvertently reversed the customer counts for the Lighting and Irrigation customer groups, as illustrated below.

³² CEC Final Argument, para. 67.

³³ CEC Final Argument, para. 74.

Table 6-3 (Original)

Customer Count	2019	2020	2021	2022	2023	2024	2025P	2026F
Residential	122,465	124,966	126,678	129,131	131,295	134,703	137,583	139,786
Commercial	15,956	16,165	16,594	16,773	16,905	17,104	17,267	17,437
Wholesale	6	6	6	6	6	6	6	6
Industrial	51	43	42	42	42	42	42	42
Lighting	1,467	1,443	1,407	1,380	1,340	1,308	1,108	1,108
Irrigation	1,082	1,091	1,103	1,103	1,110	1,108	1,275	1,241
Total Direct	141,027	143,714	145,830	148,435	150,698	154,271	157,281	159,620
Growth Year over Year	2019	2020	2021	2022	2023	2024	2025P	2026F
Residential	1.8%	2.0%	1.4%	1.9%	1.7%	2.6%	2.1%	1.6%
Commercial	1.8%	1.3%	2.7%	1.1%	0.8%	1.2%	1.0%	1.0%
Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Industrial	-1.9%	-15.7%	-2.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Lighting	-1.0%	-1.6%	-2.5%	-1.9%	-2.9%	-2.4%	-15.3%	0.0%
Irrigation	0.4%	0.8%	1.1%	0.0%	0.6%	-0.2%	15.0%	-2.6%
Total Direct	1.8%	1.9%	1.5%	1.8%	1.5%	2.4%	2.0%	1.5%

Table 6-3 (Corrected)

Customer Count	2019	2020	2021	2022	2023	2024	2025P	2026F
Residential	122,465	124,966	126,678	129,131	131,295	134,703	137,583	139,786
Commercial	15,956	16,165	16,594	16,773	16,905	17,104	17,267	17,437
Wholesale	6	6	6	6	6	6	6	6
Industrial	51	43	42	42	42	42	42	42
Lighting	1,467	1,443	1,407	1,380	1,340	1,308	1,275	1,241
Irrigation	1,082	1,091	1,103	1,103	1,110	1,108	1,108	1,108
Total Direct	141,027	143,714	145,830	148,435	150,698	154,271	157,281	159,620
Growth Year over Year	2019	2020	2021	2022	2023	2024	2025P	2026F
Residential	1.8%	2.0%	1.4%	1.9%	1.7%	2.6%	2.1%	1.6%
Commercial	1.8%	1.3%	2.7%	1.1%	0.8%	1.2%	1.0%	1.0%
Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Industrial	-1.9%	-15.7%	-2.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Lighting	-1.0%	-1.6%	-2.5%	-1.9%	-2.9%	-2.4%	-2.6%	-2.6%
Irrigation	0.4%	0.8%	1.1%	0.0%	0.6%	-0.2%	0.0%	0.0%
Total Direct	1.8%	1.9%	1.5%	1.8%	1.5%	2.4%	2.0%	1.5%

30. As demonstrated in the original and corrected Tables 6-3 above, the total number of customers for 2025 Projected and 2026 Forecast remain the same, except the number of Irrigation customers were put in the Lighting customer row, and vice versa, which resulted in the

incorrect calculation in the table of percentage growth year over year for Lighting and Irrigation customers in 2025 and 2026.

31. Table 3-3, which shows the actual and forecast year-end customer count by rate class, is accurate.

Table 3-3: Customer Forecast¹¹

Rate	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025P	2026F
Residential	114,166	115,772	117,748	120,291	122,465	124,966	126,678	129,131	131,295	134,703	137,583	139,786
Commercial	14,976	15,073	15,398	15,678	15,956	16,165	16,594	16,773	16,905	17,104	17,267	17,437
Wholesale	6	6	6	6	6	6	6	6	6	6	6	6
Industrial	50	50	50	52	51	43	42	42	42	42	42	42
Lighting	1,590	1,559	1,511	1,482	1,467	1,443	1,407	1,380	1,340	1,308	1,274	1,241
Irrigation	1,095	1,090	1,080	1,078	1,082	1,091	1,103	1,103	1,110	1,108	1,108	1,108
Total	131,883	133,550	135,793	138,587	141,027	143,714	145,830	148,435	150,698	154,271	157,281	159,620

32. FBC used the correct customer count reflected in the revised Table 6-3 of Appendix A2 and Table 3-3 of the Application above for its O&M calculations in the Application. Accordingly, there is no change to FBC's revenue requirements, including no change to FBC's O&M formula amounts. Therefore, the BCUC should reject CEC's recommendation that FBC be directed to correct the error in a future filing before the BCUC issues its Decision on this Application.

PART SEVEN: ACCOUNTING MATTERS

A. Amortization of Flotation Costs Deferral Account

33. CEC recommends that the BCUC direct FBC to adopt a 10-year amortization period for the Flotation Costs deferral account.³⁴ FBC continues to consider a 5-year amortization period to be more appropriate than a 10-year amortization period. As described in the Application:³⁵

A 5-year amortization period sufficiently reflects the long-term nature of the costs and their benefit period. The rate impact resulting from a 5-year amortization period (i.e., 0.09 percent) approximately equals to the average rate impacts of the

³⁴ CEC Final Argument, para. 13.

³⁵ Exhibit B-2, Application, p. 147.

four amortization scenarios discussed above and adequately smooths out any lumpiness in equity issuances and their associated costs.

34. A 5-year amortization period is most appropriate for the Flotation Costs deferral account. While FBC's flotation costs do provide longer-term benefits that favour longer-term amortization periods, there are various factors to balance when determining the appropriate amortization period for a deferral account, including the amounts being recorded in the deferral account, the expected deferral account balance (and the resulting rate impact from amortizing the balance), the degree of rate smoothing that would be achieved through longer amortization periods, and the potential for intergenerational inequity.³⁶

35. In particular, the size of the balance in the account is an important factor that sometimes outweighs others. For example, deferral accounts with small balances are typically amortized over a short period of time, regardless of the length of benefits that they may be associated with, due to the minor rate impact resulting from a short amortization period. A 10-year amortization period for the Flotation Costs deferral account would be unnecessarily long considering the size of the deferral account balance and the diminishing benefits of rate smoothing that would result. FBC, therefore, submits that the five-year amortization period proposed for the Flotation Costs deferral account reflects the best balance between rate smoothing and concerns of intergenerational inequity.

PART EIGHT: SERVICE QUALITY INDICATORS

A. FBC Provides Comprehensive Data to Calculate Five-Year Averages

36. CEC takes issue with FBC's approach to calculating five-year averages for its SQIs, on the basis that FBC uses four and a half years of data instead of the prior full five calendar years. CEC says that this approach is not consistent with FBC's submission that "the most appropriate time to review SQI results is during the following year's annual review, when full year results are available for all SQI indicators and a complete evidentiary record is available to assess actual

³⁶ Exhibit B-2, Application, Section 12.4.2.2.

performance in the context of the full year's financial picture".³⁷ CEC has misunderstood the evidentiary record.

37. FBC provides the SQI data for the first six months of the 2025 calendar year, and also provides the actual results from 2020-2024 along with the rolling five-year average for each of these years. Consistent with past practice, FBC only used the 2025 YTD data for the 2025 five-year rolling average. This comprehensive approach which provides the most recent data and a rolling average for each of the five prior years provides the most relevant and complete picture of FBC's SQI results.

B. SAIDI and SAIFI Are Correctly Calculated

38. Major events are those that cause outages exceeding a threshold number of customer hours. Threshold values are calculated by applying a statistical method "2.5 Beta" consistent with the Electricity Canada standard for reporting.³⁸ ICG submits that, based on comments in the Canadian Electricity Association's (CEA) Major Event Day Determination Reference Guide, FBC should be required to demonstrate that the use of the IEEE 2.5 Beta method for identifying major event days and their causes is appropriate, or otherwise propose an alternative methodology before adjusting SQIs.³⁹

39. ICG did not raise this concern during the IR process and, therefore, there is no information on the record on this point. However, to be helpful to the BCUC, and as this does not impact the calculation of FBC's rates, FBC confirms that the dataset utilized to calculate the threshold for major events does follow a log-normal distribution as per the recommendation from CEA when utilizing the 2.5 Beta Method.

³⁷ CEC Final Argument, para. 184.

³⁸ Exhibit B-7, ICG IR1 11.1.

³⁹ ICG Final Argument, p. 2.

40. In any event, the Major Event Day Determination Reference Guide is a *non-binding* guidance document authored by the CEA's Service Continuity Committee.⁴⁰ As quoted in the Reference Guide, the IEEE Working Committee recommends that the identification and processing of major events should be determined on an individual company basis, since there is no universal method.⁴¹ FBC submits that it has selected the appropriate method for its circumstances. There is no evidence to the contrary. Therefore, ICG's submission should be rejected.

C. Customer Service Index Is Informative and Approved

41. ICG submits that the BCUC should direct FBC to revise the Customer Satisfaction Index (CSI) to directly measure customer concerns about FBC's rates.⁴² The CSI has been in place as an SQI since FBC's 2014-2019 PBR Plan and was approved again in the RSF Decision. There is no evidence that the CSI should be revised in the manner proposed by ICG. As described in response to CEC IR1 13.1,⁴³ the quarterly CSI is an informational SQI that provides a holistic view of customer experience, including targeted questions on price satisfaction and reasons for low overall satisfaction. These results can be cross-referenced with high bill related inquiries across FBC service touch points. By aggregating feedback from these touchpoints, the data from the CSI provide insight into how high bill concerns may be impacting customer experience and satisfaction.

⁴⁰ Canadian Electricity Association, Major Event Day Determination Reference Guide (2015), p. 2, online at: https://www.electricity.ca/files/reports/english/MED-Methods_CEA_2015-1.pdf. FBC provided a link to this document in Exhibit B-7, ICG IR1 11.1.

⁴¹ Major Event Day Determination Reference Guide, p. 12.

⁴² ICG Final Argument, pp. 2-3.

⁴³ Exhibit B-6, CEC IR1 13.1.

PART NINE: ANNUAL REVIEW PROCESS

42. MoveUP, BCSEA, ICG, BCOAPO and RCIA agree with FBC that combining the FBC and FEI Annual Reviews into a single proceeding would create unnecessary inefficiencies and complexity.⁴⁴

43. CEC submits that there could be efficiencies in a combined filing of FBC's and FEI's Annual Review applications.⁴⁵ In response to CEC's proposal to work with FBC and FEI to develop a combined application, FBC submits that this is not required as the Utilities are fully capable of, and solely responsible for, developing their rate applications. Moreover, CEC's proposal would introduce inefficiencies and increase the time required to develop an application, contrary to the BCUC's efficiency objectives.

44. MoveUP advocates for re-instating the workshop component of previous Annual Review processes.⁴⁶ BCOAPO and RCIA also submit that the previous process including a workshop "consistently struck an appropriate balance" and that they are concerned with any blanket orders about future processes.⁴⁷ ICG submits that FBC customers should have an opportunity to participate in Annual Reviews in-person, "perhaps in Vancouver".⁴⁸ FBC is not opposed to in-person components of the Annual Review process, such as the workshops that were conducted in past proceedings. However, FBC supports the BCUC's efficiency objectives and believes a continuation of the process used in this Annual Review would be consistent with those objectives.

45. ICG also submits that "FBC should be willing to file information that is not within the scope of the Annual Review" in order for "customers to make inquiries about operations at FBC".⁴⁹ FBC submits that it responds to general inquiries from its customers directly, and in the context of

⁴⁴ MoveUP Final Argument, p. 2; BCSEA Final Argument, para. 2(c); BCOAPO-RCIA Final Argument, pp. 13-14; ICG Final Argument, p. 3.

⁴⁵ CEC Final Argument, para. 200.

⁴⁶ MoveUP Final Argument, p. 2.

⁴⁷ BCOAPO-RCIA Final Argument, p. 13.

⁴⁸ ICG Final Argument, pp. 3-4.

⁴⁹ ICG Final Argument, pp. 3-4.

regulatory proceedings, FBC endeavours to provide information that focuses on issues and topics that contribute to the BCUC's review of the application at issue, consistent with the BCUC's efficiency objectives.

PART TEN: CONCLUSION

46. FBC submits that the approvals sought in the Application are reasonable and appropriate and should be approved as filed.

47. ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated: October 27, 2025



Chris Bystrom
Counsel for FortisBC Inc.

Dated: October 27, 2025



Courtney Gibbons
Counsel for FortisBC Inc.