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July 31, 2026

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

Dear Registrar:

Re: FortisBC Inc. (FBC)

**Rate Setting Framework for the Years 2025 to 2027 approved by British Columbia
Utilities Commission (BCUC) Order G-70-25 (Rate Framework)**

Annual Review for 2027 Rates

In accordance with the Rate Framework and BCUC Order G-151-26 setting out the Regulatory Timetable for FBC's Annual Review, FBC hereby attaches its Annual Review for 2027 Rates Application materials.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Registered Interveners in the FBC 2025 and 2026 Annual Review of Rates proceeding.



FORTISBC INC.

**Rate Setting Framework
for 2025 through 2027**

Annual Review for 2027 Rates

July 31, 2026

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1. APPROVALS SOUGHT, OVERVIEW OF THE APPLICATION AND PROPOSED PROCESS

1.1 INTRODUCTION

FortisBC Inc. (FBC or the Company) files this Application in compliance with British Columbia Utilities Commission (BCUC) Decision and Order G-70-25, which approved a Rate Setting Framework (RSF or the Rate Framework) for FBC for the years 2025 to 2027 (RSF Decision). In accordance with the RSF Decision, an Annual Review process is required to set rates for each year of the RSF. With the filing of this Application, FBC seeks to commence the Annual Review process to set permanent rates for 2027.

The proposed rates for 2027 flowing from the approved formulas and forecasts set out in the Application, including returning the actual 2025 earnings sharing to customers, result in a 6.42 percent increase from 2026 rates. For an average residential customer, the rate increase in 2027 is equivalent to an annual bill impact of approximately \$117.59.¹

In the subsections below, FBC sets out its approvals sought and provides an overview of the requirements for the Annual Review process. This is followed by a summary of FBC's proposed revenue requirements and rate changes for 2027 as well as a summary of the service quality indicator (SQI) results. These matters are addressed in more detail in subsequent sections of the Application.

1.2 APPROVALS SOUGHT

FBC requests BCUC approval of the following pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA):

1. Approval to recover the 2027 revenue requirement and the resulting rate change on a permanent basis, effective January 1, 2027, as filed in the Application and subject to any adjustments identified by FBC during the regulatory process and from any directives or determinations made by the BCUC in its decision on the Application.
2. Approval to establish the following rate base deferral accounts to capture the costs associated with regulatory processes, as described in Section 7.6.1:
 - 2028+ Rate Setting Application deferral account, with the amortization period to be determined in a future proceeding; and
 - 2026 Long-Term Electric Resource Plan (LTERP) deferral account, with the amortization period to be determined in a future proceeding.

¹ Based on consuming approximately 9,900 kWh per year.

3. Exogenous factor (Z-Factor) treatment for the incremental expenditures related to the Midway Substation fire, as described in Section 12.2.1 of the Application.

4. Approval to record the actual after-tax costs of the 2026 equity issuance in the Flotation Costs deferral account.

A draft order is included in Appendix C.

1.3 REQUIREMENTS FOR THE ANNUAL REVIEW

On page 73 of the RSF Decision, the BCUC Panel stated that the Annual Review process should continue in the Rate Framework and that the content (list of items) set out in the 2020-2024 MRP Decision (page 167) remains appropriate. For reference, the table below sets out each requirement and FBC's response or where it is addressed in the Application.

Table 1-1: Annual Review Requirements

Item	Description	Response or Reference
1	Review of the current year projections and the upcoming year's forecast. For further clarity, these items are listed below:	See items 1(a) to 1(f) below
1(a)	Customer growth, volumes and revenues;	Section 3
1(b)	Year-end and average customers, and other cost driver information including inflation;	Section 2
1(c)	Expenses, determined by the indexing formula plus items forecast annually;	Section 6
1(d)	Capital expenditures (as provided for by the capital forecast), plus other items forecast annually;	Section 7
1(e)	Plant balances, deferral account balances and other rate base information and depreciation and amortization to be included in rates; and	Sections 7 and 12
1(f)	Projected earnings sharing for the current year and true-up to actual earnings sharing for the prior year.	Section 10
2	Identification of any efficiency initiatives that the Utilities have undertaken, or intend to undertake, that require a payback period extending beyond the MRP period with recommendations to the BCUC with respect to the treatment of such initiatives.	N/A. For the term of the RSF, the BCUC approved FBC's request to remove the Efficiency Carryover Mechanism (ECM).
3	Review of any exogenous events that the Company or stakeholders have identified that should be put forward to the BCUC for review.	Section 12.2
4	Review of the Utilities' performance with respect to SQIs. Bring forward recommendations to the BCUC where there have been a "sustained serious degradation" of service.	Section 13

Item	Description	Response or Reference
5	Assess and make recommendations with respect to any SQIs that should be reviewed in future Annual Reviews.	FBC does not have any recommendations at this time.
6	Reporting on the Innovation Fund status.	N/A for FBC
7	Assess and make recommendations to the BCUC on potential issues or topics for future Annual Reviews.	FBC does not have any recommendations at this time.

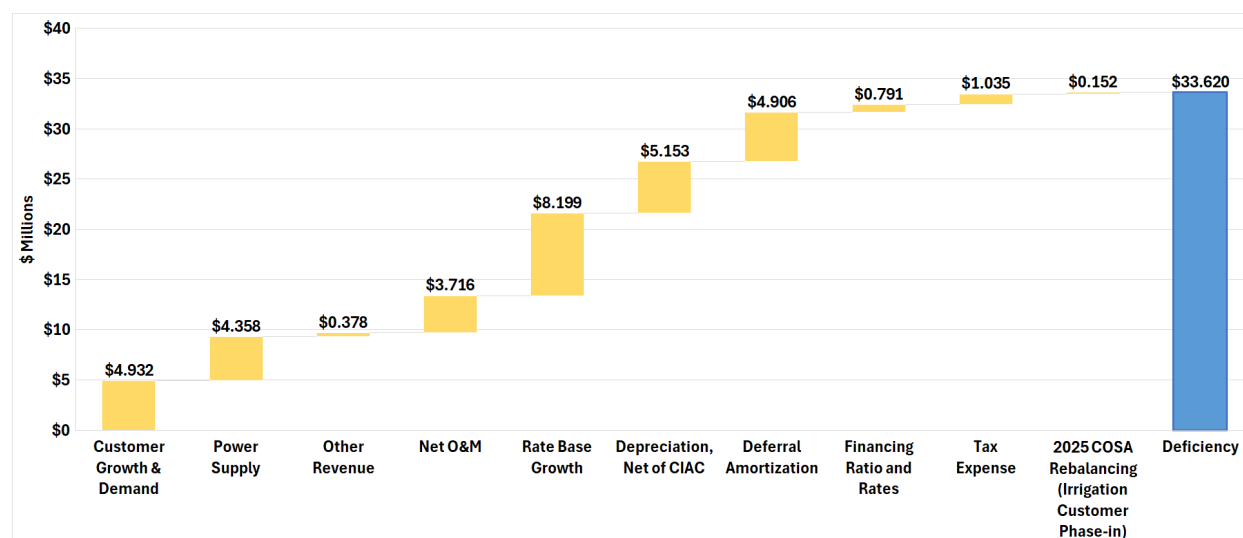
1.4 REVENUE REQUIREMENT AND RATE CHANGES FOR 2027

FBC has calculated the 2027 revenue requirement using a combination of the approved formula for O&M and the approved forecasts for regular capital (Growth, Sustainment, and Other) from the RSF Decision as well as the 2027 Forecast amounts for items that are forecast annually.

The revenue requirement components for 2027 set out in the Application result in a revenue deficiency of \$33.620 million which is equivalent to a rate increase of 6.42 percent from the 2026 Approved rates.

The following chart summarizes the items that contribute to the 2027 revenue deficiency. The chart shows the items that increase the deficiency in yellow. The 2027 deficiency of \$33.620 million is then the sum of all previous bars and is shown at the end of the chart in blue.

Figure 1-1: 2027 Revenue Deficiency (\$ millions)



Each of the categories is discussed briefly below.

1.4.1 Customer Growth and Volume Forecast (Section 3)

For 2027, FBC is forecasting total net load of approximately 3,661 GWh, which is a decrease of 53 GWh (or 1.4 percent) from the 2026 Approved level. The decrease is primarily due to a forecast decrease in industrial customer load, which is partially offset by increases in residential and wholesale customer load. Overall, the decrease in the 2027 Forecast net load from the 2026 Approved level contributes approximately \$4.932 million to the 2027 revenue deficiency when calculated based on the 2026 Approved rates.

1.4.2 Power Supply (Section 4)

For 2027, FBC is forecasting an increase in power supply expense of \$4.358 million compared to 2026 Approved. The increase is driven primarily by increases in rates for the Brilliant power purchase agreement (PPA) and the Waneta Expansion Capacity Purchase Agreement (WAX CAPA), as well as an increase in the forecast purchase volume under FBC's PPA with BC Hydro. These increases are partially offset by an overall reduction in forecast gross load as described above, which reduces the forecast market purchases, as well as lower market prices.

1.4.3 Other Revenue (Section 5)

Other Revenue is forecast to decrease by approximately \$0.378 million which has a small contribution to the revenue deficiency. The reduction is primarily due to a forecast reduction in Contract Revenue.

1.4.4 Operations and Maintenance (O&M) Expense (Section 6)

FBC establishes the majority of its O&M costs by formula during the RSF term. The 2027 Formula O&M is \$86.974 million, which incorporates a net inflation factor of 2.034 percent, inclusive of an X-Factor of 0.45 percent, and the 2027 forecast average customer count of 161,037. The 2027 Formula O&M is approximately \$2.949 million² or 3.5 percent higher than the 2026 Formula O&M.

For the 2027 O&M forecast outside of the formula, FBC is forecasting an amount of \$3.380 million, which is approximately \$1.449 million³ or 75.0 percent higher than the 2026 Approved level. The increase is primarily due to increases in the pension and OPEB expense and the triennial Mandatory Reliability Standards (MRS) audit costs in 2027.

Overall, the increase in 2027 O&M, net of capitalized overhead is \$3.716 million.

1.4.5 Rate Base Growth (Section 7)

The 2027 rate base is forecast to increase by approximately \$122.276 million compared to the 2026 Approved rate base, which results in an increase to the 2027 Forecast earned return and the 2027 deficiency of approximately \$8.199 million. The increase is primarily due to the mid-year

² Increase in formula O&M of \$2.492 million net of capitalized overhead.

³ Increase in forecast O&M of \$1.224 million net of capitalized overhead.

1 impact of FBC's 2027 Approved regular capital additions (Growth, Sustainment, and Other
2 capital) to plant in 2027, the full-year impact of the projected capital additions from 2026, as well
3 as the capital additions from the A.S. Mawdsley (ASM) Terminal Station CPCN Project.

4 **1.4.6 Depreciation (Section 7)**

5 Depreciation expense in 2027 is forecast to increase the revenue deficiency by \$5.365 million.
6 This increase is primarily due to the additions to rate base from regular capital as discussed
7 above. The increase in depreciation expense is partially offset by a forecast increase of
8 \$0.212 million in Contributions in Aid of Construction (CIAC), resulting in a net increase of
9 \$5.153 million in depreciation expense.

10 **1.4.7 Amortization of Deferral Accounts (Sections 7 and 12)**

11 Amortization of deferral accounts in 2027 is forecast to increase by \$4.906 million, primarily due
12 to the elimination of the credit from the non-rate base Revenue Deficiency/Surplus deferral
13 account which was fully amortized in 2026, as well as increased amortization from the rate base
14 DSM deferral account resulting from increased DSM expenditures. These increases are partially
15 offset by the credit amortization from the non-rate base Flow-through deferral account.

16 FBC also notes that pursuant to the BCUC's decision on the 2025 Cost Service Allocation (COSA)
17 and Revenue Rebalancing Application (2025 COSA Decision and Order G-265-25), FBC is
18 approved to phase-in the revenue rebalancing for Rate Schedule (RS) 60/61 Irrigation and
19 Drainage customers over a four-year period, with 2027 being the second year of the phase-in.
20 The net revenue deficiency resulting from the phase-in is approximately \$0.152 million in 2027,
21 which is captured in the non-rate base Irrigation Rebalancing Phase-in deferral account.

22 **1.4.8 Financing and Return on Equity (Section 8)**

23 Financing impacts FBC's deficiency through changes in financing rates, as well as changes in the
24 ratio of long-term debt versus short-term debt.

25 For 2027, FBC currently does not plan to issue any long-term debt. The average long-term debt
26 rate embedded in the 2027 Forecast revenue requirement is 4.77 percent, which is an increase
27 from the 4.73 percent embedded in the 2026 Approved revenue requirement. FBC is forecasting
28 a short-term debt rate of 3.61 percent, which is lower than the 3.69 percent short-term debt rate
29 embedded in the 2026 Approved revenue requirement. The 2027 deficiency is forecast to
30 increase by \$0.379 million due to the changes in financing rates (primarily due to the increase in
31 the average long-term debt rate) and by \$0.412 million resulting from the changes in the financing
32 ratio between long-term and short-term debt. Combining the impact of the financing rates changes
33 and ratio changes, the 2027 deficiency is forecast to increase by \$0.791 million.

34 Finally, FBC utilizes the approved capital structure and return on equity (ROE) of 41.0 percent
35 and 9.65 percent, respectively, to develop the 2027 revenue requirement.

1.4.9 Taxes (Section 9)

FBC's 2027 property taxes are forecast to increase by \$1.142 million or 4.9 percent from 2026 Approved. The increase is primarily driven by higher assessed values as well as new transmission and distribution asset additions in 2027.

There has been no change in the income tax rate of 27 percent from 2026. Income taxes are forecast to decrease in 2027 by \$0.107 million or 0.7 percent from the 2026 Approved level. The decrease is primarily related to the new legislation introduced by the Federal government for productivity-enhancing assets eligible for 100 percent Capital Cost Allowance (CCA) deduction and the reinstatement of the Accelerated Investment Incentive rules enabling additional CCA deductions for qualifying expenditures made after January 1, 2025 and before 2034. The additional income tax deductions are partially offset by a higher rate base, higher amortization of deferred charges, and higher depreciation of property, plant, and equipment in 2027.

Overall, FBC is forecasting an increase in tax expenses in 2027 of approximately \$1.035 million.

1.5 SERVICE QUALITY INDICATORS (SECTION 13)

FBC reports on its 2025 and June 2026 year-to-date (YTD) SQI results in Section 13. Pursuant to the RSF Decision, seven of the SQIs have benchmarks and performance ranges set by a threshold level while five of the SQIs are for information only and as such do not have benchmarks or performance ranges.

In 2025, for the seven SQIs with benchmarks, three met or were better than the benchmark, three performed better than the threshold, and one SQI (Emergency Response Time) was slightly below the threshold. For the five informational SQIs, performance in 2025 generally remains at a level consistent with or better than prior years. In 2026 to date, performance for the metrics with benchmarks is trending towards meeting the benchmark or the threshold.

2. FORMULA DRIVERS

2.1 INTRODUCTION AND OVERVIEW

This section provides the calculation of the Inflation Factor (or I-Factor) and Growth Factor used for calculating the 2027 O&M amounts according to the RSF formula.

In the RSF Decision and Order G-70-25, the BCUC approved an I-Factor which includes a fixed labour weighting of 60 percent and a fixed non-labour weighting of 40 percent for FBC during the RSF term and uses the actual CPI-BC and BC-AWE indices from the previous year.

The RSF Decision approved the use of a forecast of growth⁴ to determine formula O&M. Further, the RSF Decision approved the elimination of the growth factor multiplier for formula O&M.

The Inflation Factor and Growth Factor calculations utilize the above-described inputs and determinations. FBC has used July 2024 through June 2026 inflation data for the 2027 revenue requirement calculations, using the Statistics Canada tables included in Appendix A1 of the Application.

Section 2.2 below explains how FBC determined the 2027 Inflation Factor based on prior years' BC-CPI and BC-AWE, and Section 2.3 below explains how FBC determined the average customer count, both of which are used to calculate the formula O&M discussed in Section 6. Both the inflation factor and the average customer count are used to calculate the formula O&M discussed in Section 6.

2.2 INFLATION FACTOR CALCULATION SUMMARY

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 weighting of 40 percent non-labour and 60 percent labour 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 May 2026 for AWE-BC has been used as a placeholder, as the June 2026 result has not been released by Statistics Canada. Once the June 2026 result becomes available, this placeholder will be replaced with the actual result and included in the compliance filing to the BCUC's decision on this Application.

As shown in Table 2-1 below, the I-Factor has been calculated utilizing actual CPI-BC and AWE-BC data. Applying the fixed non-labour and labour weightings of 40 percent and 60 percent, respectively, the calculation of the 2027 I-Factor is $(2.134 \text{ percent} \times 40 \text{ percent}) + (2.717 \text{ percent} \times 60 \text{ percent}) = 2.484 \text{ percent}$.

⁴ Forecast of average customers for Formula O&M, including a true-up to actual customers in the following years.

1

Table 2-1: I-Factor Calculation

Line No.	Date	<i>Table: 18-10-0004-01</i>	<i>Table: 14-10-0223-01</i>	<u>12 Mth Average</u>				<u>Last Completed Year</u>		I-Factor %	RSF Year
		BC CPI index	BC AWE \$	CPI index	AWE \$	CPI %	AWE %	Non Labour %	Labour %		
1	Jul-2024	156.4	1,280.92								
2	Aug-2024	156.2	1,284.97								
3	Sep-2024	155.8	1,285.71								
4	Oct-2024	156.2	1,289.28								
5	Nov-2024	156.3	1,290.96								
6	Dec-2024	156.1	1,292.51								
7	Jan-2025	156.0	1,298.71								
8	Feb-2025	157.6	1,299.76								
9	Mar-2025	157.8	1,302.42								
10	Apr-2025	157.8	1,308.50								
11	May-2025	159.0	1,294.59								
12	Jun-2025	158.8	1,302.31	157.0	1,294.22	2.397%	4.010%	40%	60%	3.365%	2026
13	Jul-2025	159.1	1,299.03								
14	Aug-2025	159.0	1,302.02								
15	Sep-2025	158.8	1,309.68								
16	Oct-2025	159.4	1,310.70								
17	Nov-2025	159.5	1,320.73								
18	Dec-2025	158.7	1,315.46								
19	Jan-2026	159.1	1,331.01								
20	Feb-2026	160.3	1,349.12								
21	Mar-2026	161.7	1,349.57								
22	Apr-2026	161.7	1,355.98								
23	May-2026	163.6	1,354.67								
24	Jun-2026	163.3	1,354.67	160.4	1,329.39	2.134%	2.717%	40%	60%	2.484%	2027

2

3 **2.3 GROWTH FACTOR CALCULATION SUMMARY**

4 As noted above, the BCUC approved the use of a forecast of average customers, without
5 discount, to determine formula O&M.

6 Table 2-2 below provides the 12-month customer counts and the average customer counts for
7 2026 Projected and 2027 Forecast. The 2027 Forecast average customer count (shown on Line
8 22 of Table 2-2 below) is 161,037, which is used to determine FBC's 2027 Formula O&M. Table
9 2-2 below also shows the 2025 true-up of the average customer count of 26 (shown on Line 26),
10 which is reflected in the 2027 Formula O&M, as discussed in Section 6.

Table 2-2: Calculation of 2027 Average Customer (AC) Growth Factor

Line No.	Date	2026 Projected	2027 Forecast	Reference
1	Prior Year Ending Customer Count	157,846	159,729	Appendix A2, Section 3.1 Customers
2				
3	Projected/Forecast Monthly Ending Customer Count			
4	January	158,075	159,929	
5	February	158,316	160,132	
6	March	158,428	160,330	
7	April	158,506	160,533	
8	May	158,628	160,732	
9	June	158,786	160,935	
10	July	158,944	161,138	
11	August	159,103	161,341	
12	September	159,259	161,541	
13	October	159,415	161,742	
14	November	159,570	161,942	
15	December	159,729	162,146	
16	Total Projected/Forecast Additions for the Year	1,883	2,417	Line 15 - Line 1; Appendix A2, Section 3.2
17				
18	Actual/Projected Prior Year Average Customers	155,942	158,897	2026: Sch 3, Line 13; 2027: Prior Year, Line 19
19	Average Customers for the Year	158,897	161,037	Average of Line 4 to Line 15
20	Change in Average Customers	2,955	2,140	Line 19 - Line 18
21				
22	Average Customer Forecast for Rate Setting	158,897	161,037	Line 19
23				
24	2025 Approved Average Customers		155,916	G-293-25 (Sch 3, Line 15)
25	2025 Actual Average Customers		155,942	2025 Annual Report
26	2025 True Up		26	(Line 25 - Line 24)

2.4 INFLATION AND GROWTH CALCULATION SUMMARY

A summary of the factors used to determine formula O&M for 2027 is provided in Table 2-3 below, including the I-Factor calculated in Section 2.2, the approved X-Factor of 0.45 percent, and the forecast of average customers shown in Section 2.3.

1

Table 2-3: Summary of Formula Drivers

Line	Particulars	2027	Reference
1	CPI	2.134%	Table 2-1, Line 24
2	AWE	2.717%	Table 2-1, Line 24
3			
4	Non Labour	40%	Table 2-1, Line 24
5	Labour	60%	Table 2-1, Line 24
6			
7	Inflation (I-Factor)	2.484%	(Line 1 x Line 4) + (Line 2 x Line 5)
8			
9	Productivity (X-Factor)	-0.450%	Order G-70-25
10			
11	Net Inflation Factor	2.034%	Line 7 + Line 9
12			
13	Average Customers Count	161,037	Table 2-2, Line 22

2

3 In summary, the Net Inflation Factor for 2027 is 2.034 percent and the average customers forecast
4 for 2027 is 161,037.

3. LOAD FORECAST AND REVENUE AT EXISTING RATES

3.1 INTRODUCTION AND OVERVIEW

This section describes FBC's forecast of gross system load which includes residential, commercial⁵, wholesale, industrial, lighting and irrigation, as well as system losses and company use. The forecast of gross system load also includes the forecast savings associated with DSM, which is further explained in Section 3.2.

FBC's load forecasts have been developed in accordance with the methods approved by the BCUC in the RSF Decision.⁶ As determined in the RSF Decision, the merits of the approved load forecasting methods are outside the scope of the Annual Reviews during the RSF term.

For 2027, FBC is forecasting gross load of approximately 3,975 GWh, which is a decrease of approximately 58 GWh (or 1.4 percent) from 2026 Approved. The forecast decrease is primarily due to reduced industrial customer load.

At the 2026 Approved rates for each customer class, FBC's 2027 Forecast revenue is approximately \$523.660 million.

The following sections set out the results of the load forecasts. In the figures provided in the load forecast sections, the following time periods are shown:

- **Actual Years:** Actual years (2016 to 2025) are those for which actual data exists for the full calendar year. For this Annual Review, the latest calendar year for which full actual data exists is the 2025 calendar year.
- **Seed Year:** The Seed Year (2026S) is the year prior to the first forecast year. The Seed Year is forecast based on the latest years of actual data available (through 2025).
- **Forecast Year:** This is the year or years for which the forecast is being developed. In this Application, the forecast year is 2027 (2027F).

Please refer to Appendix A2 of the Application for the historical actual and forecast demand over the past 10 years.

3.2 DEMAND SIDE MANAGEMENT SAVINGS

FBC forecasts the DSM savings that are incremental to the DSM savings that are already embedded in historical loads up to and including 2025.

⁵ The Commercial load includes FBC's Electric Vehicle Direct Current Fast Charging (EV DCFC) service.

⁶ RSF Decision and Order G-70-25, pp. 73-74.

The DSM savings forecast is deducted from the before-savings forecast for all customer classes. All forecast values in the sections below are shown after being reduced by DSM savings unless explicitly stated otherwise.

The forecast DSM savings for 2027 are summarized in Table 3-1 below, which are incremental to the savings already embedded in the historical loads. Historical DSM savings are provided in Appendix A2.

Table 3-1: 2027 Forecast Incremental DSM Savings (GWh)

Line No.	Description	2027 Forecast
1	Residential	6.8
2	Commercial	27.5
3	Wholesale	8.6
4	Industrial	18.5
5	Lighting	0.5
6	Irrigation	0.4
7	Net Load (GWh)	62.4
8	Losses	5.1
9	Gross Load (GWh)	67.6

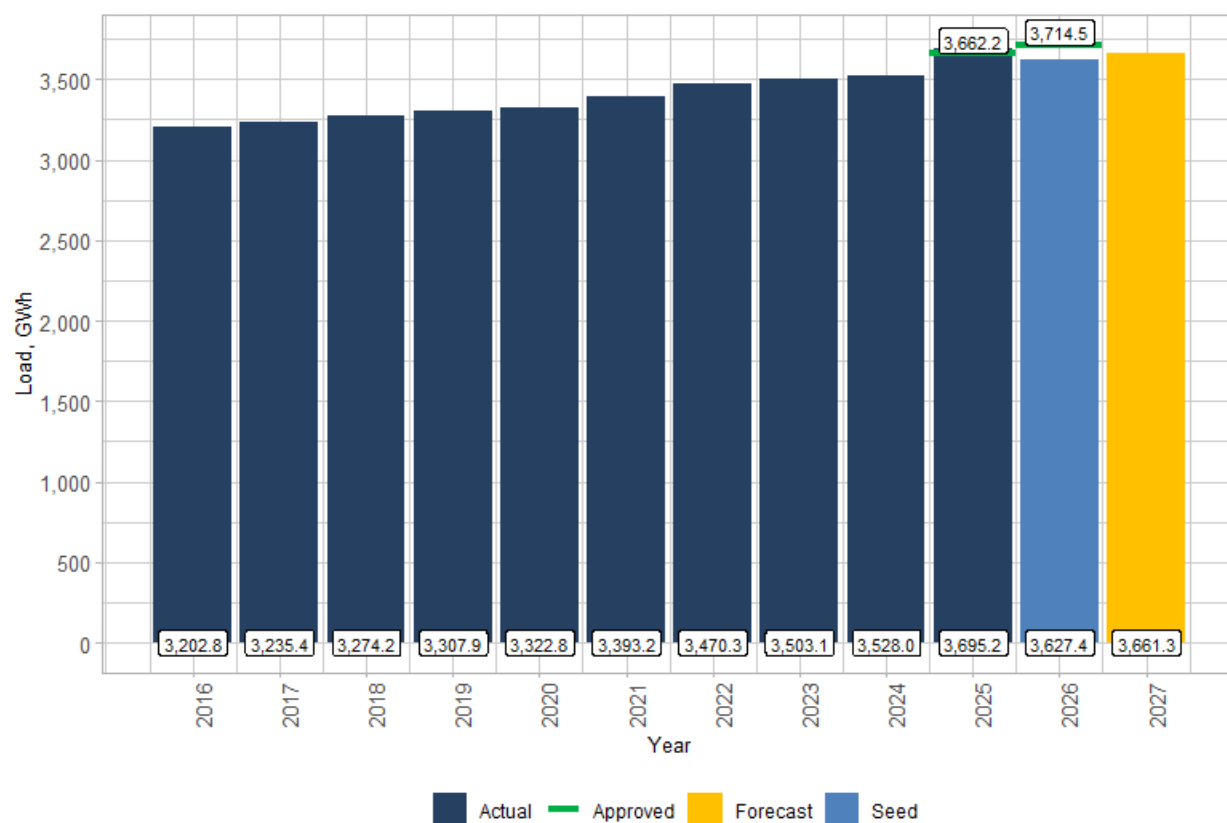
3.3 LOAD FORECAST

FBC's total load consists of the weather normalized residential and wholesale load and the actual commercial, industrial, lighting and irrigation load.

As shown in Figure 3-1 below, the load forecast variance in 2025 was 33.0 GWh or 0.9 percent. For 2026S, the total load, net of losses, is forecast to be 3,627.4 GWh, which is a decrease of 87.1 GWh (or 2.3 percent) from 2026 Approved. For 2027F, the total load, net of losses, is forecast to be 3,661.3 GWh, which is an increase of 33.9 GWh (or 0.9 percent) from 2026S.

1

Figure 3-1: Total Net Load (GWh)



2

3 Table 3-2 below shows the normalized after-savings gross load by customer class as well as the
4 system peak.

Table 3-2: Normalized After-Savings Gross Load and System Peak

Rate	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026S	2027F
Energy (GWh)												
Residential	1,295.6	1,320.5	1,312.6	1,266.1	1,346.8	1,330.3	1,320.4	1,325.8	1,314.9	1,361.6	1,346.5	1,339.9
Commercial	901.4	920.4	922.0	933.9	917.2	971.4	969.1	960.8	965.3	989.6	983.7	980.6
Wholesale	574.4	574.1	584.7	566.0	569.5	565.8	575.5	587.4	581.8	586.2	585.7	588.9
Industrial	373.4	362.6	402.7	494.9	441.2	472.3	558.5	581.2	617.4	707.9	663.6	704.4
Lighting	15.9	15.9	13.2	11.0	10.8	9.7	9.3	8.7	8.5	7.9	7.6	7.4
Irrigation	42.1	41.9	39.0	36.0	37.3	43.6	37.6	39.3	40.2	42.0	40.3	40.1
Net Load	3,202.8	3,235.4	3,274.2	3,307.9	3,322.8	3,393.2	3,470.3	3,503.1	3,528.0	3,695.2	3,627.4	3,661.3
Losses & Company Use	273.8	282.3	285.1	286.9	287.9	299.7	314.6	304.1	308.5	259.4	311.3	314.0
Gross Load	3,476.6	3,517.7	3,559.4	3,594.8	3,610.8	3,692.8	3,784.8	3,807.2	3,836.5	3,954.5	3,938.7	3,975.3
System Peak (MW)												
Winter	754.7	713.6	682.2	732.4	730.8	684.8	734.3	676.9	746.6	711.0	739.3	739.9
Summer	593.0	604.8	630.9	639.4	666.2	652.9	689.1	666.4	726.9	717.8	671.3	671.3

The residential, commercial, wholesale, industrial, lighting, irrigation, load loss, and the winter and summer peak demand forecasts are provided separately in the following subsections.

3.3.1 Residential

Consistent with the forecasting methodology approved in the RSF Decision, the load forecast for residential customers is based on forecasts for the number of customers and use per customer (UPC) rates. The UPC forecast is multiplied by the corresponding forecast of the number of annual average customers to derive the residential load forecasts.

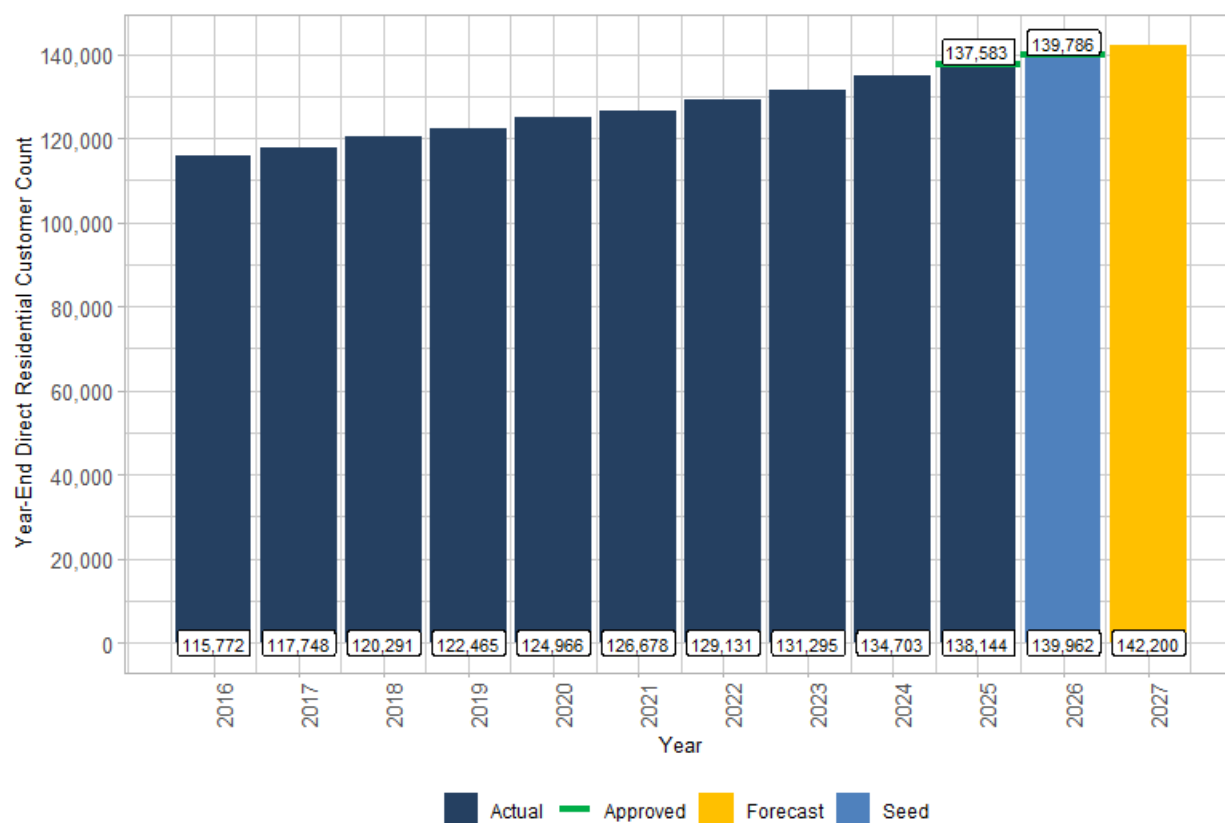
3.3.1.1 Residential Customers

Forecast residential customer counts are determined by a regression of the year-end customer accounts against population in the FBC direct service area. The population forecast for the FBC service area is provided by a BC Statistics report produced for FBC.

As shown in Figure 3-2 below, the 2027 Forecast residential customer count is 142,200, which is an increase of 2,238 or 1.6 percent from 2026S.

1

Figure 3-2: Year-End Direct Residential Customer Count



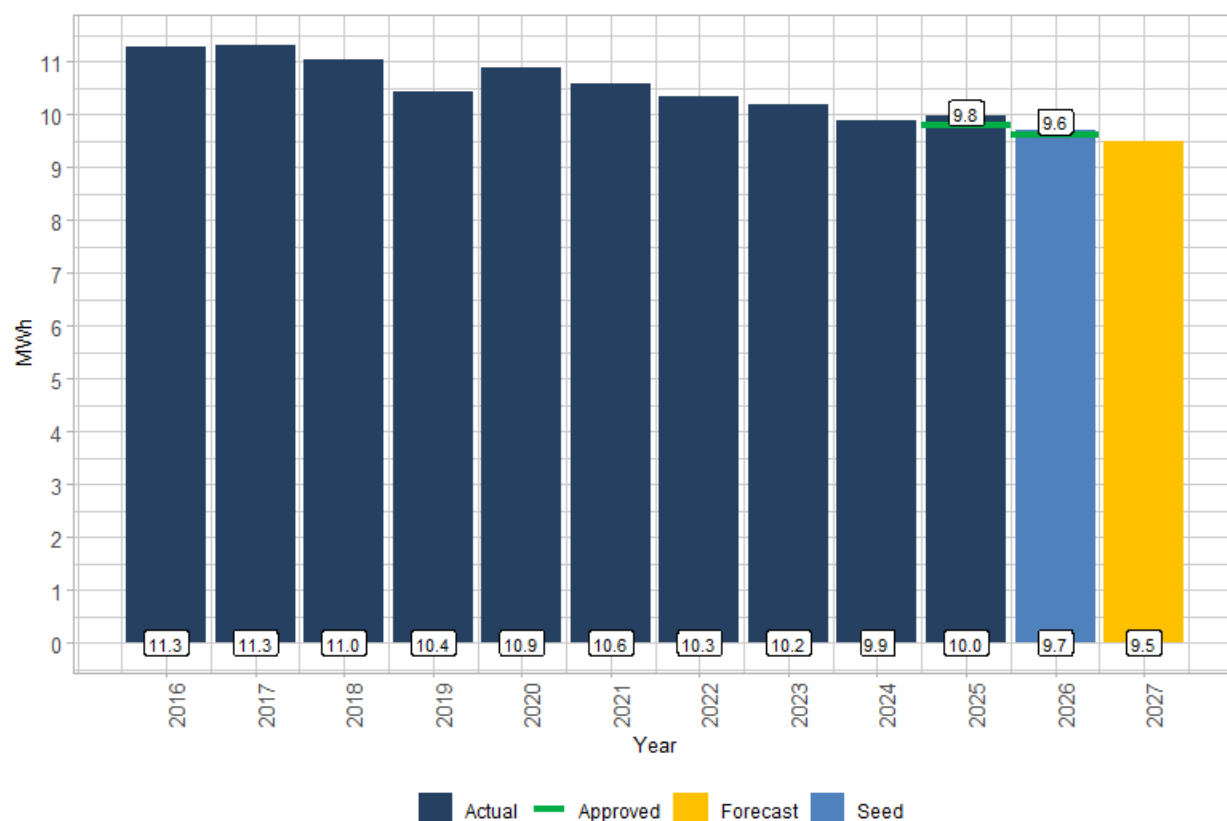
2

3 **3.3.1.2 Residential UPC**

4 As shown in Figure 3-3 below, the 2027 normalized after-savings residential UPC is forecast to
5 decrease slightly by 0.2 MWh from 2026S (from 9.7 to 9.5 MWh).

1

Figure 3-3: Normalized After-Savings Residential UPC (MWh)



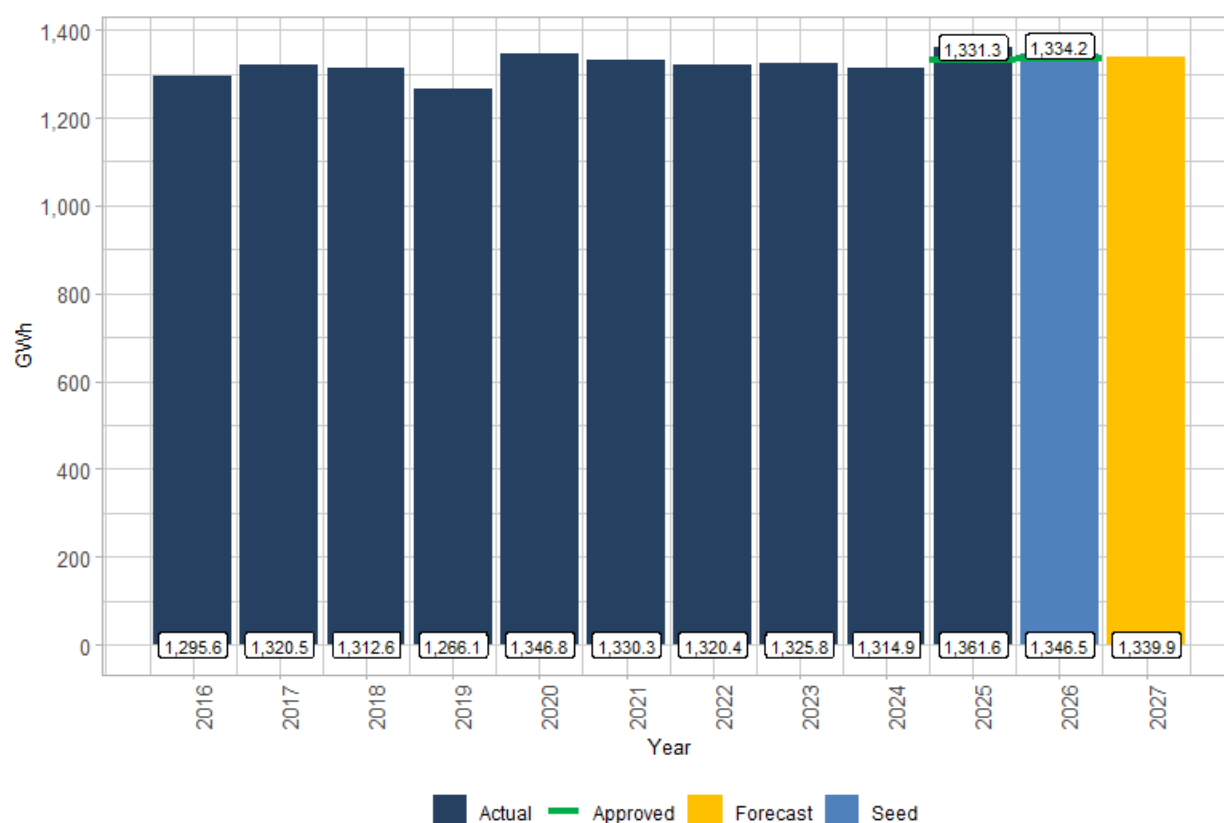
2

3 **3.3.1.3 Residential Load**

4 Based on the 2027 customer counts forecast and the 2027 UPC forecast described above, the
 5 residential load is forecast to be 1,339.9 GWh in 2027 as shown in Figure 3-4 below, which is a
 6 decrease of 6.6 GWh (or 0.5 percent) from 2026S.

1

Figure 3-4: Normalized After-Savings Residential Load (GWh)



2

3 **3.3.2 Commercial**

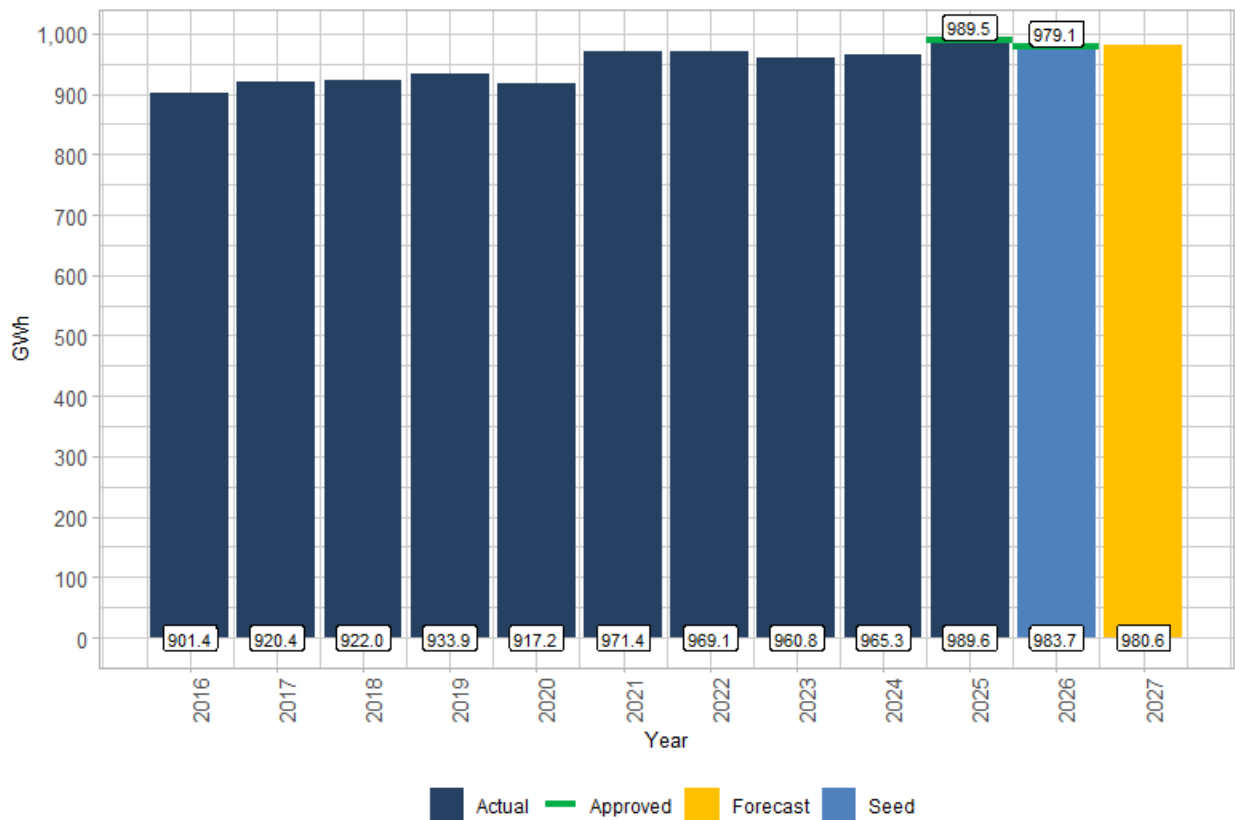
4 Consistent with the forecasting methodology approved in the RSF Decision, the commercial class
5 load and customer forecasts are based on regressions against the provincial GDP forecast
6 obtained from the Conference Board of Canada (CBOC), plus the forecast load for FBC's Electric
7 Vehicle Direct Current Fast Charging (EV DCFC) service.

8 As shown in Figure 3-5 below, FBC is forecasting the commercial after-savings load in 2027 to
9 be 980.6 GWh, which is a decrease of 3.1 GWh (or 0.3 percent) from 2026S.⁷

⁷ Includes EV DCFC load of 1.2 GWh for 2026S and 1.6 GWh for 2027F.

1

Figure 3-5: After-Savings Commercial Load (GWh)



2

3 **3.3.3 Wholesale**

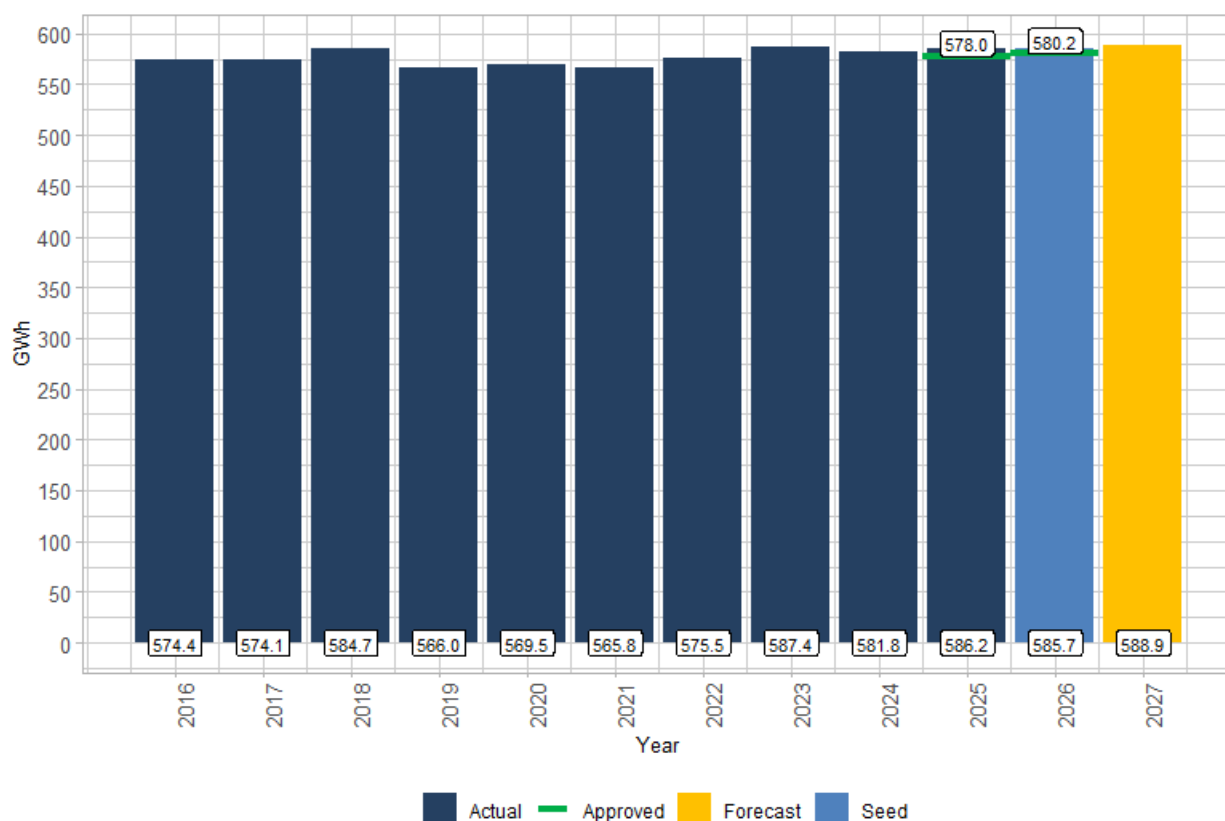
4 FBC sells wholesale power to municipalities for service to certain customers within its service
5 area that own and operate their own electrical distribution systems, and to BC Hydro. The
6 wholesale customers' load composition is a combination of residential, commercial, industrial and
7 lighting.

8 Consistent with the forecasting methodology approved in the RSF Decision, the wholesale class
9 is forecast using survey information from the individual wholesale customers, as these customers
10 are best able to forecast their future load growth.

11 For 2027, all wholesale customers responded with their load forecasts. Further, consistent with
12 prior years, FBC hosted a Wholesale Customer Workshop on June 2, 2026 to provide an
13 opportunity for wholesale customers to describe developments in their service area as well as to
14 ask forecast-related questions of FBC. The workshop was offered to all wholesale customers.
15 Representatives from the City of Penticton, the City of Nelson, the City of Grand Forks and BC
16 Hydro attended.

As shown in Figure 3-6 below, the 2027 wholesale load is forecast to be 588.9 GWh, which is an increase of 3.2 GWh (or 0.5 percent) from 2026S.

Figure 3-6: Normalized After-Savings Wholesale Load (GWh)



3.3.4 Industrial

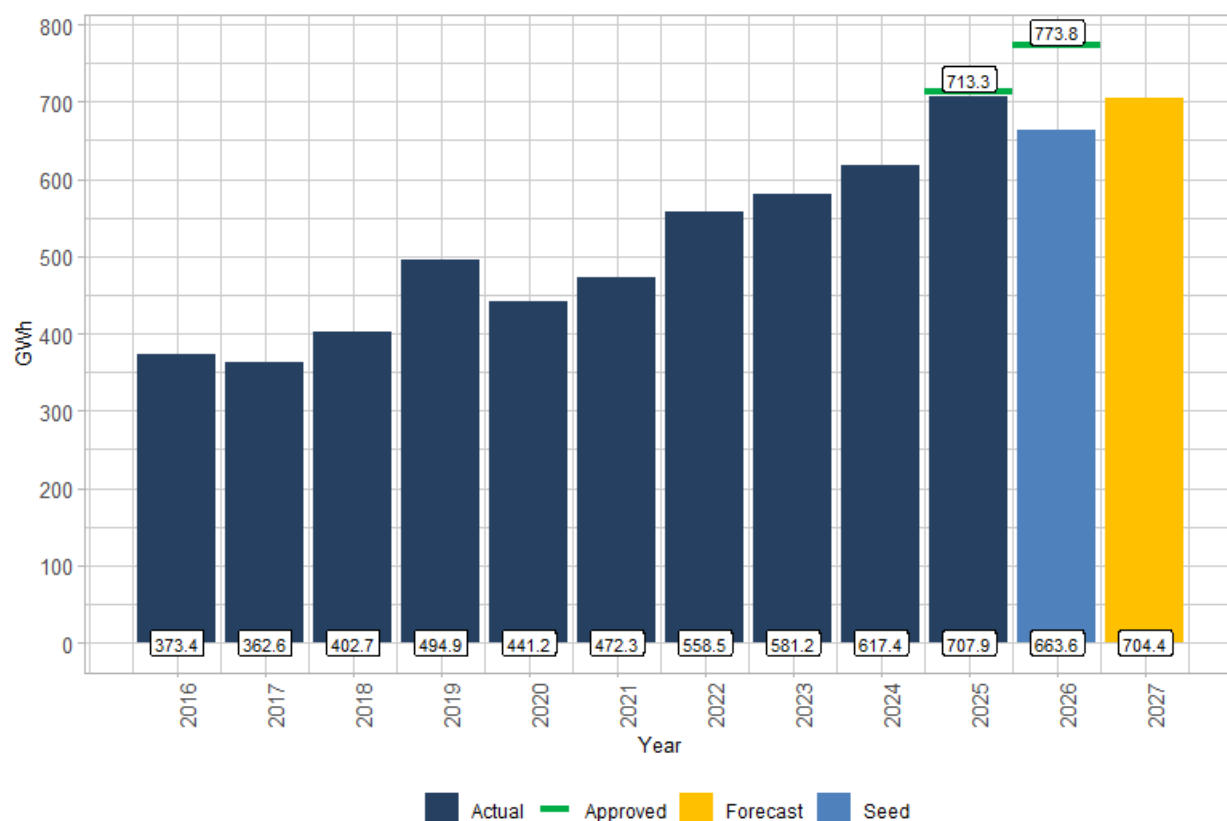
Consistent with the forecasting methodology approved in the RSF Decision, the industrial forecast is determined through customer load surveys and, when not available, escalation of the most recent annual loads by the corresponding provincial GDP growth rates for individual industries.

For 2027, FBC received a response from 81 percent (34 of 42) of the surveys sent out. The responding customers represent approximately 93 percent of the forecast 2027 industrial load.

As shown in Figure 3-7 below, the 2027F industrial load is 704.4 GWh, which is a decrease of 69.4 GWh (or 9.0 percent) from 2026 Approved but is an increase of 40.8 GWh (or 6.1 percent) from 2026S. The decrease in industrial load in 2026S and 2027F from the 2026 Approved level is primarily due to reduced demand from a single customer.

1

Figure 3-7: After-Savings Industrial Load (GWh)



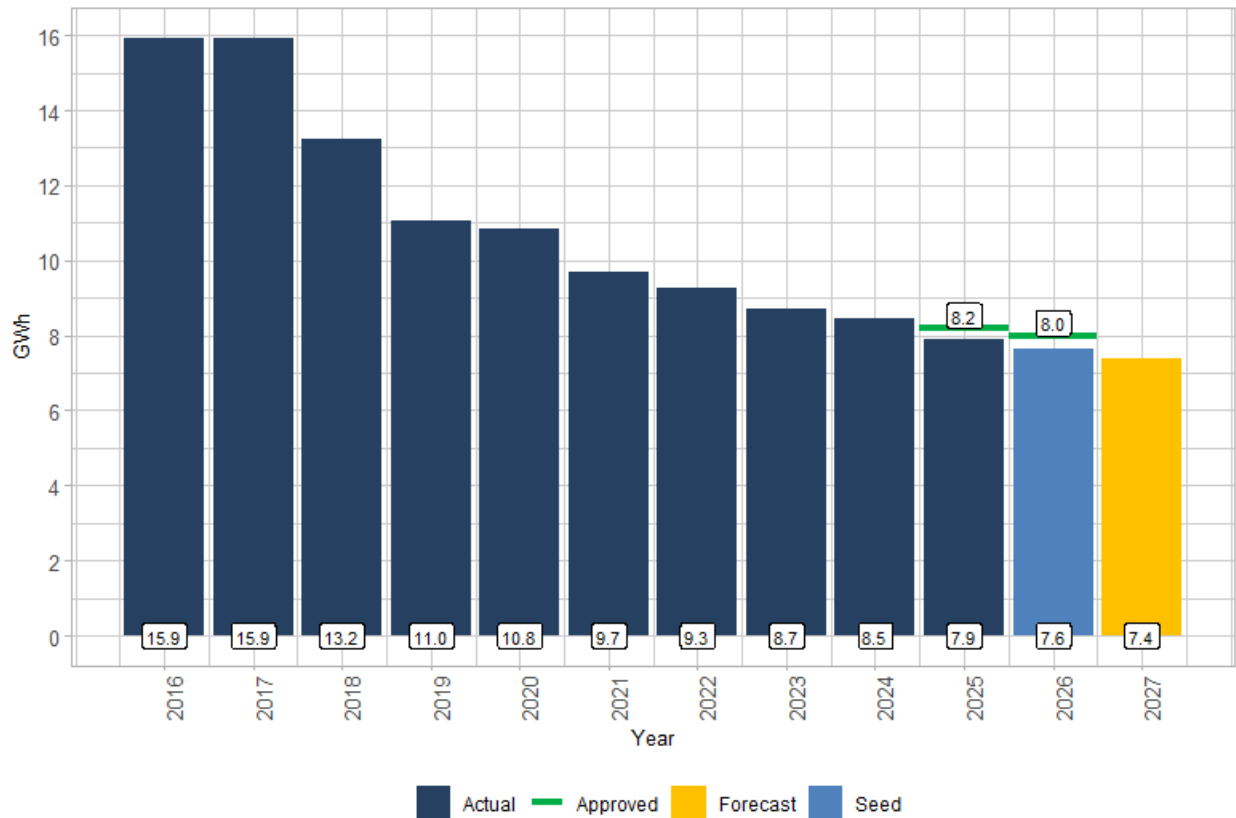
2

3.3.5 Lighting

Consistent with the forecasting methodology approved in the RSF Decision, FBC used 2025 actuals to forecast the 2026S and 2027F lighting load, then reduced the forecasts by the DSM savings as discussed in Section 3.2 above.

As shown in Figure 3-8 below, the 2026S after-savings lighting load is 7.6 GWh, which is a decrease of 0.4 GWh from 2026 Approved. For 2027, the after-savings lighting load is forecast to be 7.4 GWh, which is a decrease of 0.2 GWh from 2026S.

1 **Figure 3-8: After-Savings Lighting Load (GWh)**

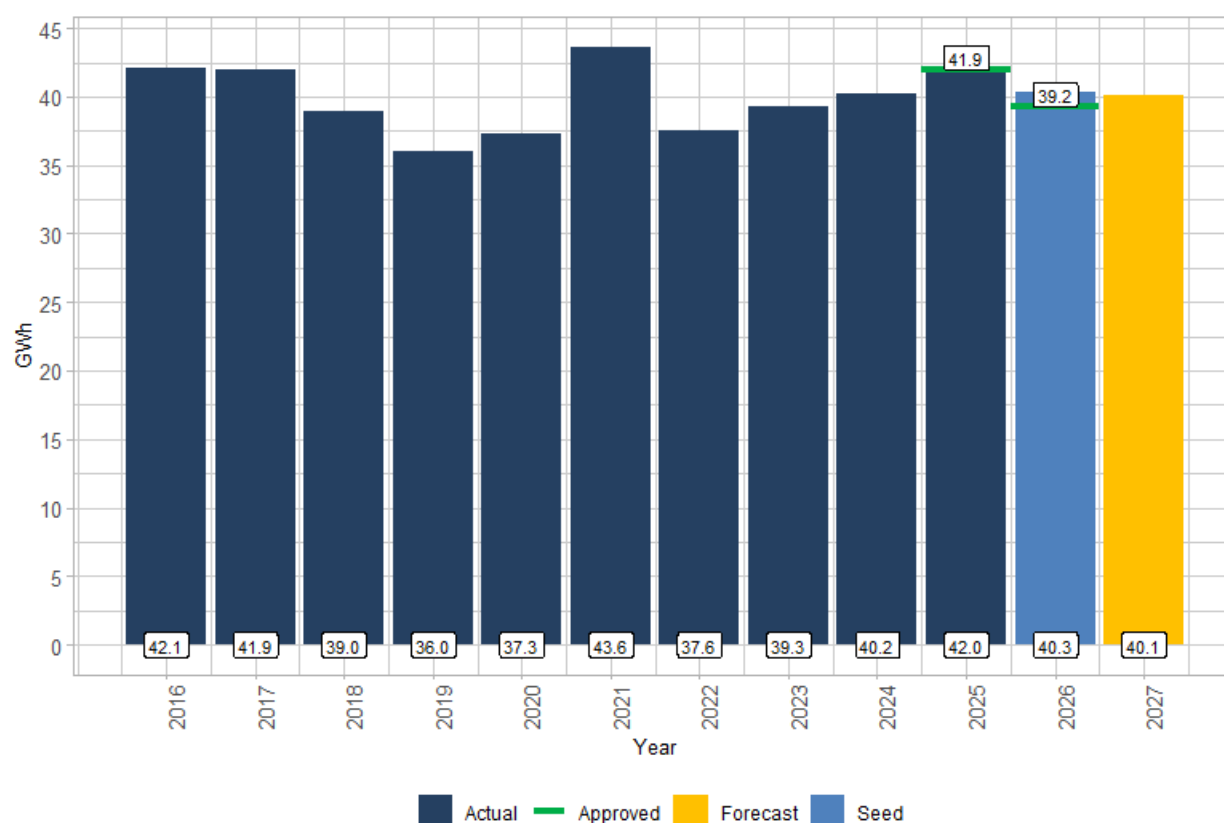


3 **3.3.6 Irrigation**

4 Consistent with the forecasting methodology approved in the RSF Decision, FBC used a five-year
5 average of 2021 to 2025 actuals to forecast the 2026S and 2027F irrigation load due to the
6 variability in the load of irrigation customers.

7 As shown in Figure 3-9 below, the 2026S after-savings irrigation load is 40.3 GWh, which is an
8 increase of 1.1 GWh (or 2.8 percent) from 2026 Approved. For 2027, the after-savings irrigation
9 load is forecast to be 40.1 GWh, which is a decrease of 0.2 GWh (or 0.5 percent) from 2026S.

1 **Figure 3-9: After-Savings Irrigation Load (GWh)**



2

3 **3.3.7 Losses and Company Use**

4 FBC continues to assume a loss rate of 7.6 percent of gross load (excluding company use) based
5 on the 2019 Losses Study.⁸

6 System losses consist of:

- 7 • Losses in the transmission and distribution system;
- 8 • Losses due to wheeling through the BC Hydro system; and
- 9 • Unaccounted-for load (meter inaccuracies and theft).

10 As shown in Figure 3-10 below, the forecast 2027 after-savings load losses are 301.0 GWh, which
11 is an increase of 2.7 GWh from 2026S.

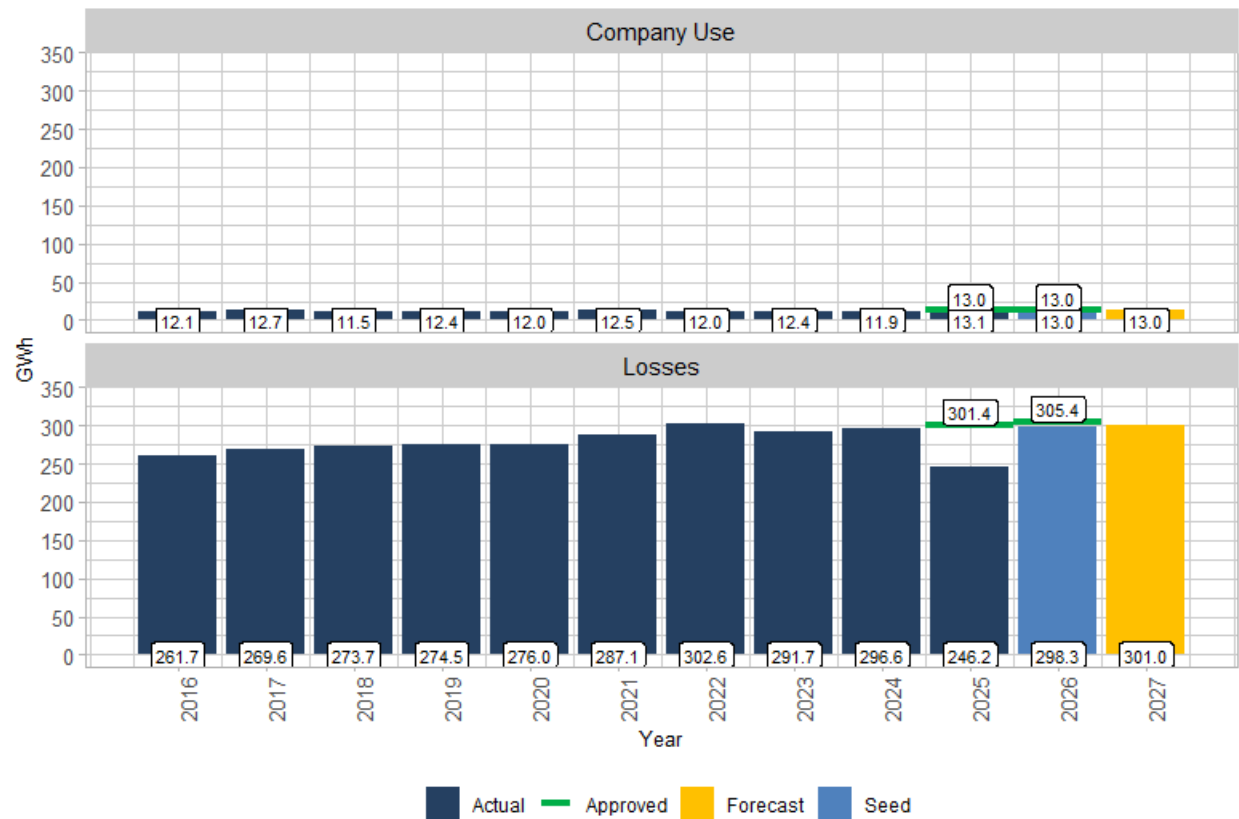
12 There was a larger-than typical variance between actual and approved load losses in 2025. A
13 variety of factors likely contributed to this result, including the increase in large industrial load in
14 2025 compared to previous years (as shown in Figure 3-7 above). FBC is currently undertaking

⁸ 2020-2024 Multi-year Rate Plan (MRP) Application, Exhibit B-1-1, Appendix B3.

an updated Losses Study using actual results from 2019 to 2025 with AMI data. FBC expects to file this updated Losses Study as part of the next rate-setting application.

For company use, FBC continues to forecast 13.0 GWh per year for 2026S and 2027F, consistent with 2026 Approved.

Figure 3-10: Company Use and Normalized After-Savings Load Losses (GWh)



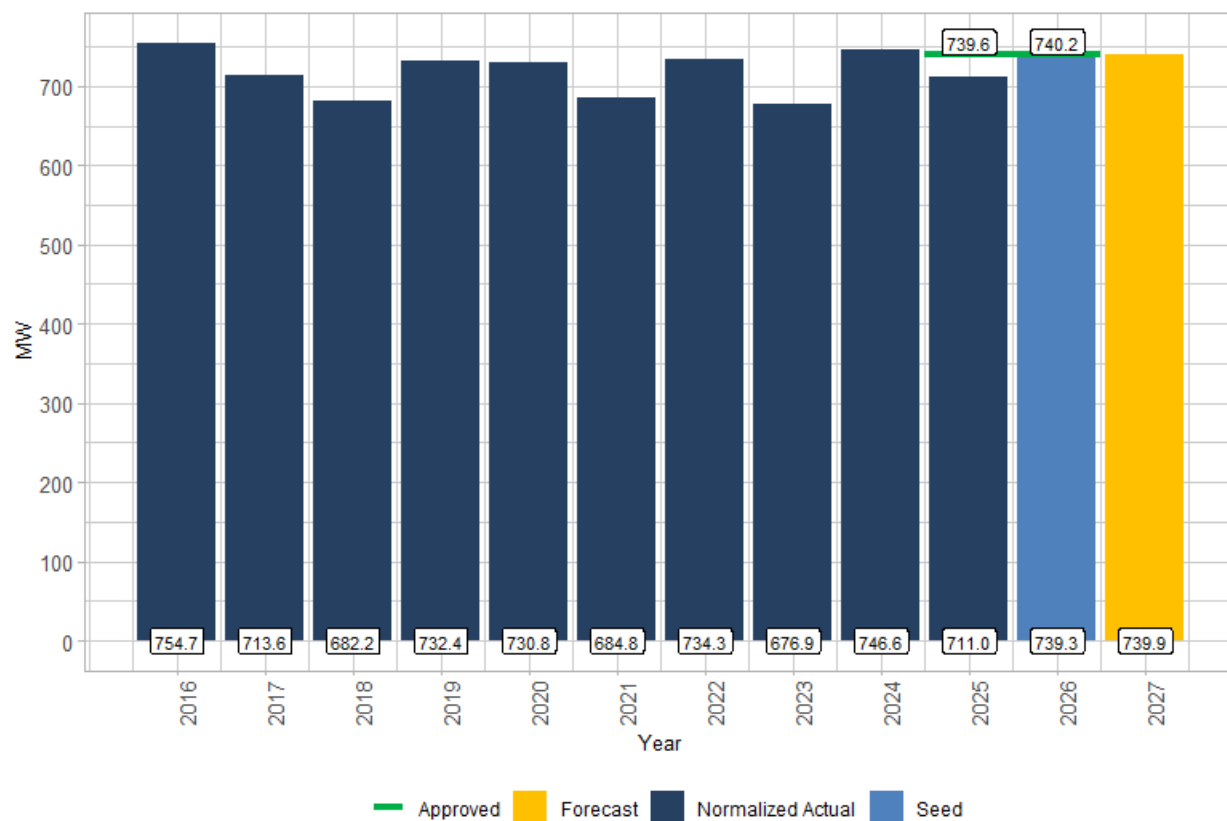
3.3.8 Peak Demand

The peak demand forecast is produced using the 10-year average of historical peaks. The historical peak data is escalated by the gross load growth rate before it is averaged to account for the growth of demand on the FBC system.

Figures 3-11 and 3-12 below provide the historical winter and summer peaks, respectively, from 2016 to 2025, as well as the forecasts for 2026S and 2027F. To illustrate non-weather-related changes in both winter and summer peaks over the last 10 years, the historical winter and summer peaks shown in Figures 3-11 and 3-12 below are weather normalized, while the 2026 Approved, 2026S and 2027F peaks are produced using the 10-year average of historical peaks. Furthermore, the peaks shown in both figures below are seasonal, i.e., the winter peak can fall in

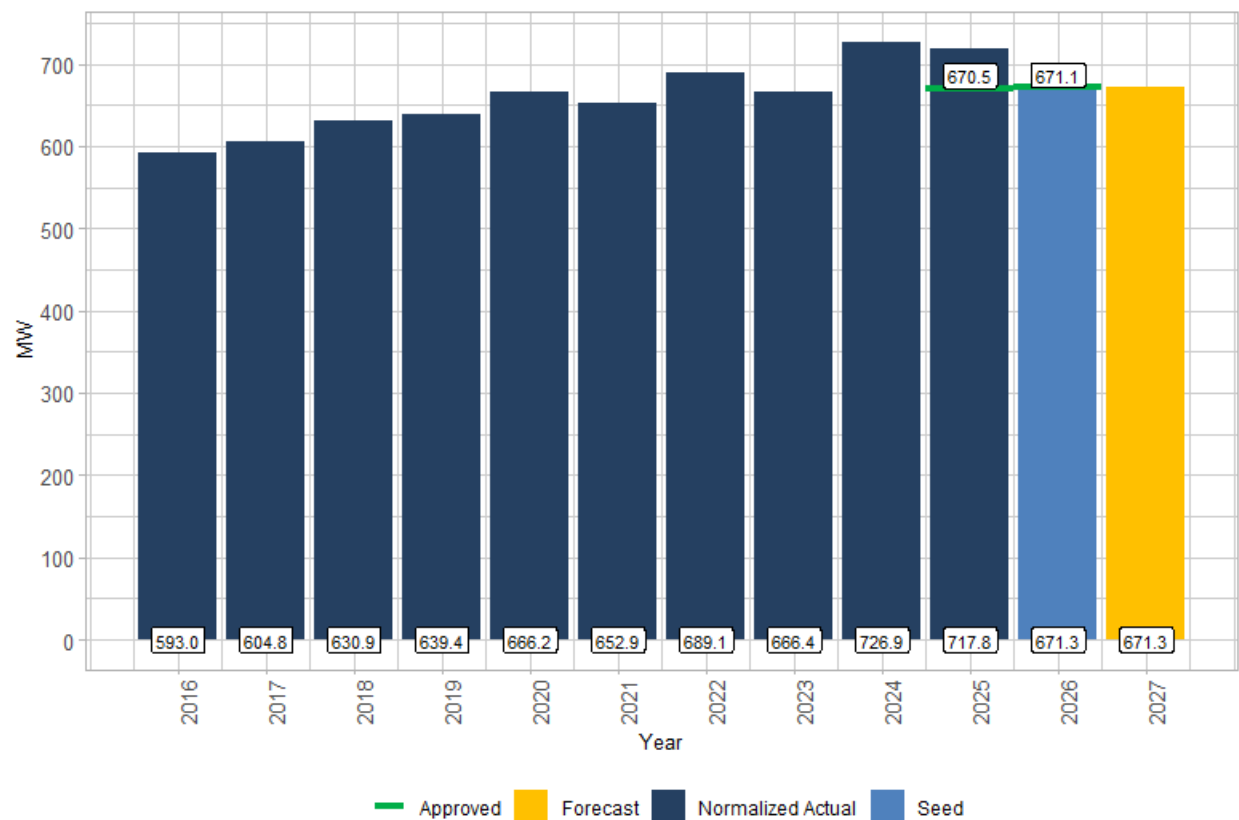
- 1 any month between November of the current year and February of the following year, and the
- 2 summer peak can fall in any month between June and August.

3 **Figure 3-11: After-Savings Winter Peaks (MW)**



4

1 **Figure 3-12: After-Savings Summer Peaks (MW)**



3 **3.4 CUSTOMER FORECAST**

4 Table 3-3 below shows the actual and forecast year-end customer count by rate class. The
5 customer forecast for 2027 is 162,146, which is an increase of 2,417 from 2026S.

Table 3-3: Customer Forecast⁹

Rate	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	115,772	117,748	120,291	122,465	124,966	126,678	129,131	131,295	134,703	138,144	139,962	142,200
Commercial	15,073	15,398	15,678	15,956	16,165	16,594	16,773	16,905	17,104	17,276	17,375	17,587
Wholesale	6	6	6	6	6	6	6	6	6	6	6	6
Industrial	50	50	52	51	43	42	42	42	42	42	42	42
Lighting	1,559	1,511	1,482	1,467	1,443	1,407	1,380	1,340	1,308	1,275	1,241	1,208
Irrigation	1,090	1,080	1,078	1,082	1,091	1,103	1,103	1,110	1,108	1,103	1,103	1,103
Total	133,550	135,793	138,587	141,027	143,714	145,830	148,435	150,698	154,271	157,846	159,729	162,146

3.5 REVENUE FORECAST

Revenues are a function of both load consumption and the rate applicable at the time the load is consumed. FBC has developed its forecast of revenues by multiplying the load forecast by the approved rates for each rate class. Table 3-4 below summarizes the 2026 Approved, 2026 Projected, and 2027 Forecast sales revenue by customer segment, at the approved 2026 rates.

Table 3-4: Forecast Sales Revenue at Approved Rates (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Residential	\$ 248.126	\$ 246.439	\$ 249.719
2	Commercial	130.795	129.402	130.706
3	Wholesale	64.542	65.067	65.519
4	Industrial	78.029	65.301	71.014
5	Lighting	2.284	2.166	2.107
6	Irrigation	4.816	5.358	4.595
7	Total	\$ 528.592	\$ 513.733	\$ 523.660

Variances between the revenue forecast in this section and the actual revenues realized are captured in the Flow-through deferral account.

3.6 SUMMARY

FBC's forecast of load for electricity is based on methods approved in the RSF Decision. FBC's forecast provides a reasonable estimate of electricity demand for 2027. Based on these methods, FBC is forecasting a decrease in gross load of approximately 58 GWh (or 1.4 percent) from the 2026 Approved level, which is equivalent to a decrease in revenue of \$4.932 million based on 2026 Approved rates.

⁹ Direct customers only, i.e., excludes indirect wholesales customer count.

4. POWER SUPPLY

4.1 INTRODUCTION AND OVERVIEW

This section includes a review of the 2026 Projected and 2027 Forecast power purchase expense (PPE), wheeling expense and water fees. Collectively, the PPE, wheeling expense and water fees are referred to as the power supply cost.

As shown in Table 4-1 below, the 2027 Forecast power supply cost of \$225.669 million represents an increase of \$4.358 million or 2.0 percent compared to the 2026 Approved cost of \$221.311 million. The increase is primarily driven by increased Waneta Expansion expenses, increased purchases under FBC's power purchase agreement (PPA) with BC Hydro, and increased Brilliant rates compared to 2026 Approved. These increases are partially offset by reduced forecast market purchases due to an overall reduction in forecast gross load as well as lower market prices.

Any variances between forecast and actual power supply costs are recorded in the Flow-through deferral account and returned to or recovered from customers in the subsequent year.

Table 4-1: Power Supply Cost (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Power Purchase Expense	\$ 200.280	\$ 184.590	\$ 203.991
2	Wheeling Expense	7.725	7.348	8.213
3	Water Fees	13.306	13.304	13.465
4	Total Power Supply Cost	<u>\$ 221.311</u>	<u>\$ 205.243</u>	<u>\$ 225.669</u>
5				
6	Gross Load (GWh)	4,032	3,862	3,974

4.2 SUMMARY OF POWER SUPPLY RESOURCES

FBC uses a combination of Company-owned generation entitlements, firm contracted supply, and market purchases to meet its load requirements. FBC's firm resources consist of:

1. Canal Plant Agreement (CPA) entitlements associated with the generation facilities owned by FBC. The costs associated with FBC-owned generation are not included in the power purchase estimates, except for the Balancing Pool adjustments, which account for year-to-year timing differences in the entitlement energy storage under the CPA;
2. The Brilliant Power Purchase Agreement (BPPA), a 125 MW contract (Order E-7-96), and an amendment to the BPPA which reflects the purchase of 20 MW of Brilliant Upgrade power (Letter L-57-00), and the 5 MW Brilliant Tailrace Capacity Agreement (Order E-17-01);

3. A power purchase agreement (PPA) with BC Hydro (a 200 MW contract) under BC Hydro RS 3808 (Order G-60-14);
4. The Waneta Expansion Capacity Purchase Agreement (WAX CAPA), which is a 40-year purchase agreement with the Waneta Expansion Limited Partnership for capacity entitlements under the CPA (Orders E-29-10 and E-15-12);
5. A number of small Independent Power Producer (IPP) contracts; and
6. A number of market purchase arrangements.

4.3 PORTFOLIO OPTIMIZATION

The primary objectives of FBC's power supply portfolio planning are:

1. to ensure that the Company has sufficient firm resources to meet expected load requirements;
2. to ensure the availability of cost-effective reliable power for FBC's customers;
3. to prudently manage exposure to the cost and availability of market power supplies; and
4. to optimize the value of any surplus resources that are not needed to meet load requirements.

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 2027. 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 2026/27 Annual Electric Contracting Plan (AECPP), FBC will purchase winter energy blocks to address tightening winter energy supply and mitigate exposure to high spot market prices, should load exceed expected levels.

FBC's contracted resources, in particular the BC Hydro PPA, provide FBC some flexibility to participate in the market when conditions are favourable to mitigate the cost of holding firm resources. However, over the past several years, the regional electricity market has shown significant volatility. In the 2021 to 2024 period, market prices rose considerably from historic levels. This is due to a multitude of factors, including but not limited to: resource adequacy concerns; changes in natural gas prices; an influx of intermittent resources; and increased severe weather events. This market price environment resulted in intermittent opportunities to displace Tranche 1 nominated PPA purchases on a forward basis. Since 2024, market conditions steadily softened, particularly in the last 12 months as lower natural gas prices, improved hydro conditions in the Pacific Northwest (PNW), increased renewable generation and lower than normal winter loads drove prices down. The softening market conditions have increased opportunities to

displace Tranche 1 nominated PPA purchases. However, the overall volatility makes it difficult for FBC to rely on consistent opportunities to mitigate PPA expense through the wholesale market.

Furthermore, although FBC's load requirements are forecast to grow over time, the amount of capacity provided under the WAX CAPA is currently greater than FBC's capacity requirements in most months, and FBC sells the surplus capacity to mitigate power purchase expense. The surplus WAX CAPA will be sold to Powerex Corp. (Powerex) on a day-ahead basis, if and when it is not required to meet FBC load requirements. These sales are made under the Capacity and Energy Purchase and Sale Agreement (CEPSA) with Powerex dated February 17, 2015, and accepted by Order E-10-15.

4.4 FBC 2026/27 ANNUAL ELECTRIC CONTRACTING PLAN

On April 27, 2026, FBC filed its 2026/27 AECP with the BCUC. The purpose of the AECP is to outline FBC's plan to meet its peak demand requirements and annual energy requirements for the respective operating year (commencing October 1 and ending September 30), as well as to facilitate FBC's annual energy nomination under the PPA.

FBC is required to take or pay for 75 percent of the PPA Nomination, regardless of whether it schedules the energy. The difference between the PPA Nomination and the 75 percent minimum take provides flexibility to manage annual loads that are below forecast or to displace PPA purchases with lower cost market purchases. Therefore, real-time opportunities to displace PPA purchases are restricted to a maximum of 25 percent of the PPA nominated energy, but could be more or less, depending on system conditions.¹⁰ The AECP also outlines FBC's load and resource balance over the following four years, and FBC's plan for optimizing its portfolio over that period. FBC's forecasts of PPE for the remainder of 2026 and for 2027 are based on the plan detailed in the 2026/27 AECP, which was accepted by the BCUC on June 4, 2026, by Order G-124-26.¹¹

The AECP identified FBC's intention to make its annual energy nomination under the PPA for the 2026/27 contract year equal to 1,041 GWh, less any firm market contracts that FBC could enter, as described in Section 5 of the 2026/27 AECP. Prior to the June 30, 2026 nomination deadline, FBC updated its forecast load and resource balance for the 2026/27 contract year and submitted a nomination of 1,041 GWh.

4.5 2026 PROJECTED POWER PURCHASE EXPENSE

As shown in Table 4-2 below, FBC's 2026 Projected gross load (after taking into account DSM and other customer savings) is 169 GWh lower than 2026 Approved. The lower projected gross load has contributed to the lower 2026 Projected PPE compared to 2026 Approved (i.e., \$15.690 million lower than 2026 Approved) by reducing FBC's purchases under the BC Hydro

¹⁰ For example, if loads were 50 GWh lower in a year than forecast, that must be adjusted for as part of the 25 percent PPA flexibility such that the amount of PPA energy that can be displaced by market purchases is also reduced by 50 GWh.

¹¹ The AECP was filed confidentially. The non-confidential Executive Summary is attached to Order G-124-26.

PPA. The decrease in 2026 Projected PPE is also attributable to lower market prices, enabling FBC to mitigate costs through market purchases. These reductions are partially offset by increased Waneta Expansion expenses due to reduced sales revenue under the CEPISA.

Table 4-2: 2026 Power Purchase Expense (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	Difference
1	Brilliant	\$ 50.531	\$ 50.530	\$ (0.001)
2	BC Hydro PPA	76.620	67.295	(9.325)
3	Waneta Expansion	40.786	47.924	7.138
4	Market and Contracted Purchases	32.144	18.834	(13.310)
5	Independent Power Producers	0.199	0.220	0.021
6	Self-Generators	-	0.010	0.010
7	CPA Balancing Pool	-	(0.210)	(0.210)
8	Transmission Service Loss Recoveries	-	-	-
9	Special and Accounting Adjustments	-	(0.013)	(0.013)
10	Total	\$ 200.280	\$ 184.590	\$ (15.690)
11				
12	Gross Load (GWh)	4,032	3,862	(169)

4.6 2027 FORECAST POWER PURCHASE EXPENSE

As shown in Table 4-3 below, the 2027 Forecast PPE is approximately \$203.991 million, which is approximately \$19.401 million higher than 2026 Projected. The increase is primarily driven by higher gross load, which leads to a greater reliance on BC Hydro-supplied energy at increased rates, as well as increased costs of Market and Contracted Purchases. Further contributing to the overall increase are forecast escalations in the Brilliant contract rates.

Table 4-3: 2026 Projected and 2027 Forecast Power Purchase Expense (\$ millions)

Line No.	Description	2026 Projected	2027 Forecast	Difference
1	Brilliant	\$ 50.530	\$ 52.192	\$ 1.662
2	BC Hydro PPA	67.295	79.880	12.585
3	Waneta Expansion	47.924	48.797	0.873
4	Market and Contracted Purchases	18.834	22.887	4.053
5	Independent Power Producers	0.220	0.235	0.015
6	Self-Generators	0.010	-	(0.010)
7	CPA Balancing Pool	(0.210)	0.000	0.210
8	Transmission Service Loss Recoveries	-	-	-
9	Special and Accounting Adjustments	(0.013)	-	0.013
10	Total	<u>\$ 184.590</u>	<u>\$ 203.991</u>	<u>\$ 19.401</u>
11				
12	Gross Load (GWh)	3,862	3,974	111

The reasons for significant variances between 2026 Projected and 2027 Forecast are provided in the following sub-sections.

4.6.1 Brilliant

Brilliant expense is forecast to increase in 2027 by \$1.662 million compared to 2026 Projected due to increased rates, which are based on a forecast of the operating and maintenance cost of the plant, as well as a true-up to the prior year's actual costs compared to forecast.

The 30-year milestone of the Brilliant PPA was reached in May 2026. Based on the PPA terms, going forward from May 2026, costs are to be based on market prices for the remaining 30 years of the Brilliant PPA. However, the method for determining these costs is not explicitly defined in the current Brilliant PPA and is still under negotiation between FBC and the Brilliant Power Corporation. At this time, due to the continued uncertainty, FBC is forecasting the entire year of 2027 using the existing pricing structure from the first 30 years of the Brilliant PPA. Any differences between forecast and actual costs will be captured in the Flow-through deferral account and will be returned to or recovered from customers in the subsequent year.

4.6.2 BC Hydro PPA

BC Hydro PPA expense is forecast to increase by \$12.585 million in 2027 compared to 2026 Projected. This increase is primarily driven by a higher purchased volume (148 GWh) which contributes approximately \$10.494 million to the forecast increase, and an increase in the average purchase rate which adds a further \$4.291 million to the overall increase. Together, these factors result in a gross increase of \$14.785 million. However, FBC has reduced its 2027 Forecast by \$3.300 million to reflect anticipated real-time market opportunities that could allow for lower-cost purchases in place of PPA volumes. For 2026, a smaller adjustment of \$1.100 million was

included for anticipated real-time market opportunities. As a result, the net variance between the 2026 Projected and 2027 Forecast PPA expense is \$12.585 million,¹² as shown in Table 4-3.

4.6.3 Waneta Expansion

The \$0.873 million increase in Waneta Expansion expense is primarily driven by contractual escalation and changes in forecast sales revenues. This increase reflects the 2.1 percent annual fixed escalation in WAX CAPA rates, partially offset by a \$0.568 million increase in revenue from the CEPSCA.

4.6.4 Market and Contracted Purchases

The \$4.053 million increase in the 2027 Forecast for Market and Contracted Purchases is primarily due to higher projected purchase prices compared to 2026. The 2026 Projected amount includes fixed-price contracts, year-to-date real-time market purchases, and short-term market purchases for RS 37¹³ and RS 38 customers. In contrast, the 2027 Forecast includes fixed-price contracts, forecast forward market purchases consistent with the AECP, and forecast short-term purchases for RS 37 and 38 customers. As noted in the BC Hydro PPA variance discussion, there may be additional opportunities in 2027 to leverage real-time market purchases by utilizing the flexibility within the PPA structure.

4.6.5 CPA Balancing Pool

The CPA Balancing Pool represents timing differences in entitlement energy storage under the CPA and is used to manage fluctuations in load and resource availability, or to take advantage of market opportunities. In the 2026 Projected PPE, FBC stored a net total of 5 GWh of entitlement energy, valued at \$0.210 million. For the 2027 Forecast, and consistent with past practice, FBC does not forecast any net use or storage of entitlement energy.

4.7 TRANSMISSION SERVICE LOSS RECOVERIES

Transmission service customers taking service under FBC's RS 100 and 101 currently physically deliver energy to FBC to compensate for the losses that are incurred on FBC's system as a result of wheeled energy. FBC includes transmission wheeling losses in its load forecast (included in Tables 4-2 and 4-3, Line 8), and also includes loss recovery as a firm resource. Because the recoveries are delivered physically, there is no associated cost or revenue. Table 4-4 below shows the 2026 Approved, 2026 Projected and 2027 Forecast loss recoveries in GWh.

¹² \$12.585 million is calculated as follows: The total increase of \$14.785 million, less the \$3.300 million of 2027 Forecast real-time opportunities, plus the \$1.100 million of anticipated savings included in 2026 Projected.

¹³ RS 37 is a large commercial stand-by service, which is an on-demand back-up and maintenance service provided to self-generating customers. This service is provided to the customer at an hourly market-based rate, reflective of FBC's cost of supply. FBC procures this supply on a real-time basis because there is little certainty as to when customers will use this service. Forecast RS 37 load for 2027 is 17 GWh or 0.4 percent of total gross load.

Table 4-4: Transmission Service Loss Recoveries (GWh)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Loss Recoveries	10.588	10.464	10.464

4.8 WHEELING EXPENSE

Wheeling expense includes wheeling service provided by BC Hydro under the Amended and Restated Wheeling Agreement (ARWA) and the Open Access Transmission Tariff (OATT) as needed to supply FBC's loads in the Okanagan, Creston and Princeton. Also included are charges paid to Teck Metals Ltd. (Teck) for the use of its 71 Line. Rates under the ARWA are specified in BC Hydro's RS 3817.

Wheeling expense is forecast using the same method as was used in the Annual Review for 2025-2026 Rates.¹⁴ Table 4-5 below shows FBC's wheeling expense for 2026 Approved, 2026 Projected, and 2027 Forecast.

Table 4-5: Wheeling Expense (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Wheeling Nomination (MW Months)			
2	Okanagan Point of Interconnection	2,655	2,655	2,790
3	Creston	525	525	498
4				
5	Wheeling Expense			
6	Okanagan Point of Interconnection	\$ 6.212	\$ 6.188	\$ 6.664
7	Creston	0.800	0.797	0.775
8	Other	0.713	0.363	0.774
9	Total Wheeling Expense	\$ 7.725	\$ 7.348	\$ 8.213

The 2026 Projected wheeling expense is \$0.377 million lower than 2026 Approved due to lower projected load. The 2027 Forecast wheeling expense is \$0.488 million higher than 2026 Approved. This is a result of increased ARWA use and rates as of October 1, 2026, which is based on forecast BC-CPI, as well as increases to the Teck wheeling rate.

4.9 WATER FEES

Water fees are based on FBC's entitlement usage in the previous year, and the rate increases are indexed to BC-CPI.

¹⁴ ARWA expense is forecast using known volumes and prior year's rates escalated by estimated BC-CPI. Teck wheeling is forecast based on the most recent three years of historical volumes, using contract rates which are escalated by 2 percent annually. OATT wheeling costs are estimated using an average of prior years' expenses.

As shown in Table 4-6 below, the 2026 Projected water fee expense is consistent with 2026 Approved. The 2027 Forecast water fees are \$0.159 million higher than 2026 Approved. This increase is due to increased rates, which is partially offset by lower forecast entitlement usage.

Table 4-6: Water Fees (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Plant Entitlement in Previous Year (GWh)	1,614	1,609	1,596
2				
3	Water Fees	\$ 13.306	\$ 13.304	\$ 13.465

4.10 SUMMARY

FBC's forecast of PPE is based on FBC's firm resources in place at the time of filing, as well as forecast market purchases, and is consistent with the 2026/27 AECP. Any variances in the power supply cost, including any decreases in PPE due to further portfolio optimization, are recorded in the Flow-through deferral account and returned to or recovered from customers in the subsequent year.

5. OTHER REVENUE

5.1 INTRODUCTION AND OVERVIEW

This section discusses FBC's forecasts of Other Revenue. As approved by the RSF Decision (page 18), variances between forecast and actual Other Revenue (other than EV DCFC carbon credits)¹⁵ are subject to earnings sharing.

As shown in Table 5-1 below, FBC is forecasting a decrease in Other Revenue of approximately \$0.378 million in 2027 compared to 2026 Approved. The main driver of the decrease is Contract Revenue.

Table 5-1: Other Revenue (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Apparatus and Facilities Rental	\$ 7.332	\$ 7.332	\$ 7.405
2	Contract Revenue	2.970	2.970	2.247
3	Transmission Access Revenue	1.817	1.828	1.888
4	Interest Income	0.036	0.036	0.036
5	Late Payment Charges	0.925	1.077	1.080
6	Connection Charges	0.584	0.584	0.630
7	EV DCFC Stations Carbon Credits	-	-	-
8	Other Recoveries	0.294	0.294	0.294
9	Total Other Revenue	\$ 13.958	\$ 14.121	\$ 13.580

In the following sections, FBC summarizes the methods used to forecast the line items included in the table above.

5.2 APPARATUS AND FACILITIES RENTAL

Apparatus and Facilities Rental is comprised primarily of pole contact revenue from other utilities and businesses that attach their facilities to FBC infrastructure to deliver services to their customers, such as telephone and cable television providers. Rent is charged at a unit rate per pole contact multiplied by the number of poles that are contacted, with the majority of invoices being issued during the third quarter of the year.

The 2026 Projected revenue is expected to be consistent with 2026 Approved based on amounts earned to date in 2026. The forecast increase in 2027 is due to expected escalations in unit rental rates for continuing contracts.

¹⁵ Variances in Other Revenue associated with EV station carbon credits are treated as flow-through, as EV DCFC stations are prescribed undertakings under section 5 of the GGRR and the cost of service associated with EV DCFC stations is subject to flow-through treatment.

5.3 CONTRACT REVENUE

FBC performs work under contract to third parties at the Waneta and Brilliant hydroelectric generating facilities. This third-party work, and the associated management fees earned, fluctuates from year to year based on customer requirements, which include routine and non-routine work planned at the start of the customer's fiscal year. FBC also operates and maintains other facilities for third-party entities through its non-regulated affiliate FortisBC Pacific Holdings Inc. (FPHI). Transactions between FBC and FPHI are conducted in accordance with FBC's Code of Conduct and Transfer Pricing Policy¹⁶ and earn a transfer price profit revenue. Revenues may fluctuate from year to year depending on customer requirements.

The 2026 Projected revenue is expected to be consistent with 2026 Approved based on amounts earned to date in 2026. The 2027 Forecast is lower than 2026 Approved due to lower transfer price profit revenue from the termination of the management agreements in place with FPHI. In October 2025, the owner of the facilities that FPHI manages issued a Notice of Termination of the management agreements, which will result in these contracts expiring on April 1, 2027. As a result, FBC will no longer earn a transfer price profit revenue on services provided to FPHI to fulfill these contracts beyond April 1, 2027.

5.4 TRANSMISSION ACCESS REVENUE

Transmission Access Revenue represents charges to customers for transmitting power over the FBC system. The 2026 Projected revenue is expected to be relatively consistent with 2026 Approved based on amounts earned to date in 2026, as well as no changes in nominations expected for the remainder of the year. The 2027 Forecast is higher than 2026 Approved due to an inflationary increase in expected rates.

5.5 INTEREST INCOME

Interest Income is primarily comprised of DSM loan interest income, as well as other banking interest income. FBC is not forecasting significant changes in the amount of DSM loans outstanding or cash balances on hand attracting interest; therefore, the 2026 Projected and 2027 Forecast are consistent with 2026 Approved.

5.6 LATE PAYMENT CHARGES

The 2026 Projected Late Payment Charges are higher than 2026 Approved based on amounts charged to date in 2026.

Consistent with the method approved in the RSF Decision,¹⁷ the 2027 Forecast for Late Payment Charges is calculated based on the average of the 2025 Actual Late Payment Charges of

¹⁶ As approved by Order G-5-10A.

¹⁷ RSF Decision and Order G-70-25, p. 56.

\$1.084 million and the 2026 Projected amount of \$1.077 million. This results in a minor increase in 2027 Forecast Late Payment Charges compared to 2026 Projected.

5.7 CONNECTION CHARGES

Connection Charges are calculated based on the fees specified in FBC's rate schedules applicable to new customer connections or current customer reconnections. The 2026 Projected charges are expected to be consistent with 2026 Approved based on amounts charged to date in 2026. The 2027 Forecast is expected to be higher than 2026 Approved based on the average of 2025 Actual and 2026 Projected connection charges and customer growth assumptions.

5.8 CLEAN GROWTH INITIATIVE – EV DCFC STATIONS CARBON CREDITS

FBC's EV DCFC stations are prescribed undertakings under section 5 of the GGRR¹⁸ and the cost of service associated with the charging stations is subject to flow-through treatment. The sale of the carbon credits related to the charging stations¹⁹ earned under the Renewable Low Carbon Fuel Requirements Regulation (RLCFRR) is recorded as Other Revenue in FBC's regulated accounts, which is embedded in the rate design of the charging stations.

FBC has accumulated a total of 4,075 validated but unmonetized credits from the 2021 to 2025 compliance periods.²⁰ With a more active credit market, FBC expects to begin selling these credits in Q4 2026. Consistent with the approach described in previous Annual Reviews, FBC does not forecast revenue from the sale of credits for future years due to the uncertainty in market pricing and timing of offers. The cost of service associated with EV DCFC stations is subject to flow-through treatment; therefore, any actual monetization of carbon credits will be captured in the Flow-through deferral account and will be returned to customers in a subsequent year.

5.9 OTHER RECOVERIES

Other Recoveries are primarily comprised of fees earned on the recovery of costs for miscellaneous services, such as street light maintenance charged to municipalities and AMI radio-off meter read fees. The 2026 Projected is expected to be consistent with 2026 Approved based on amounts charged to date in 2026. The 2027 Forecast is expected to be consistent with 2026 Projected based on the average of 2025 Actual and 2026 Projected Other Recoveries.

¹⁸ Order G-215-21.

¹⁹ FBC is only permitted to claim credits for charging stations owned by FBC and does not currently claim credits for non-public EV charging services for either commercial or residential customers.

²⁰ The 4,075 unmonetized credits are comprised of 2,187 credits from the 2021 to 2023 compliance periods, 835 credits from the 2024 compliance period, and 1,053 credits from the 2025 compliance period.

1 **5.10 SUMMARY**

2 FBC has forecast the Other Revenue components for 2027 reflecting all applicable contracts and
3 fixed revenues, and based on FBC's best knowledge of the factors that drive the variable
4 components. Variances in Other Revenue, with the exception of EV DCFC stations carbon
5 credits, are shared with customers through the earnings sharing mechanism.

6. O&M EXPENSE

6.1 INTRODUCTION AND OVERVIEW

Under the RSF, FBC's O&M expense is primarily determined by formula, with the addition of certain items that are forecast outside the formula on an annual basis.

The 2027 Formula O&M is \$86.974 million, representing a 3.5 percent increase from the 2026 Formula O&M, driven by the 2027 net inflation factor and an increase in the forecast average customer count. For the O&M expenses tracked outside of the formula (i.e., forecast O&M), the 2027 Forecast O&M is \$3.380 million, representing a \$1.449 million (75.0 percent) increase from the amount approved for 2026. The increase is primarily due to an increase in pension and OPEB expense and the MRS triennial audit costs.

Overall, the increase in gross O&M expense from 2026 Approved to 2027 Forecast is 5.1 percent. The components of 2027 O&M expense are shown in Table 6-1 below.

Table 6-1: 2027 O&M Expense (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast	Reference
1	Formula O&M	\$ 84.025	\$ 84.025	\$ 86.974	Section 11, Schedule 20, Line 12
2	Forecast O&M	1.931	2.120	3.380	Section 11, Schedule 20, Line 20
3	Total Gross O&M	85.956	86.145	\$ 90.354	Line 1 + Line 2
4	Capitalized Overhead	(13.323)	(13.323)	(14.005)	Section 11, Schedule 20, Line 23
5	Net O&M	\$ 72.633	\$ 72.822	\$ 76.349	Line 3 + Line 4

In the sections below, FBC provides further details on its formula and forecast O&M expenses for 2027.

6.2 FORMULA O&M EXPENSE

The formula-driven portion of O&M is calculated based on the prior year's Approved Base UCOM, escalated by the inflation factor (I-Factor) less the X-Factor of 0.45 percent, resulting in the current year inflation-indexed O&M before true-up. A true-up of formula O&M based on actual average customers from two years prior is then added to the current year inflation-indexed O&M.

For 2027, the formula O&M is calculated as follows:

$$2026 \text{ Base UCOM} \times [1 + (\text{I Factor} - \text{X Factor})] \times [2027 \text{ Forecast Average Customer Count}] \\ + 2025 \text{ Formula O\&M True-up}$$

As discussed in Section 2 of the Application, the 2027 net inflation factor based on prior year's BC-CPI and BC-AWE, less the X-Factor, is 2.064 percent.

Table 6-2 below shows the calculation of the 2027 Formula O&M, including the calculation of the 2025 Formula O&M true-up.

Table 6-2: Calculation of 2027 Formula O&M (\$ millions)

Line No.	Description	2027 Forecast	Reference
1	Prior Year Base Unit Cost O&M (\$/customer)	\$ 529	G-293-25: 2025-2026 Annual Review
2	Net Inflation Factor	2.064%	Section 2, Table 2-3
3	Current Year Unit Cost O&M (\$/customer)	\$ 540	Line 1 x (1 + Line 2)
4	Average Customer Forecast	161,037	Schedule 3, Line 15
5	Inflation-Indexed O&M before True-up	\$ 86.960	Line 3 x Line 4 / 1,000,000
6	2025 True-up O&M	0.014	Line 14
7	Inflation-Indexed O&M	\$ 86.974	Line 5 + 6
8			
9	2025 O&M True-up		
10	2025 Actual 12-month Average Customers	155,942	Table 2-2 Line 25
11	2025 Forecast 12-month Average Customers	155,916	Table 2-2 Line 24
12	Change in Customers - True-up	26	Line 10 - Line 11
13	2025 Unit Cost (\$/customer)	\$ 514	G-293-25: 2025-2026 Annual Review
14	O&M True-up for 2025	\$ 0.014	Line 12 x Line 13 / 1,000,000

6.3 O&M EXPENSE FORECAST OUTSIDE THE FORMULA

In addition to formula O&M, FBC forecasts a number of O&M items outside of the formula annually, including pension and OPEB expense, insurance, BCUC levies, the O&M supporting Clean Growth Initiatives (i.e., EV charging stations) and the MRS triennial audit costs, as well as any O&M impacts resulting from exogenous factors. The 2027 amounts are shown in Table 6-3 below along with a comparison to 2026.

Table 6-3: 2027 Forecast O&M (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Pension/OPEB (O&M Portion)	\$ (1.375)	\$ (1.375)	\$ (0.410)
2	Insurance Premiums	2.552	2.498	2.581
3	BCUC Levies	0.393	0.434	0.447
4	EV DCFC Stations	0.361	0.313	0.412
5	MRS Triennial Audit	-	-	0.350
6	Exogenous Factor - Midway Substation Fire	-	0.250	-
7	Total Forecast O&M	\$ 1.931	\$ 2.120	\$ 3.380

Each of the items that is forecast outside of the formula is discussed below. Variances in pension and OPEB expense are captured in the Pension and OPEB Variance deferral account and amortized into rates over a three-year period, as approved by Order G-139-14. Variances in BCUC levies are captured in the BCUC Levies Variance deferral account and amortized into rates in the subsequent year. Variances in insurance, the O&M associated with FBC's EV DCFC stations, the MRS triennial audit costs, and exogenous factors are captured in the Flow-through deferral account.

6.3.1 Pension and OPEB Expense

Pension and OPEB expense is based on actuarial estimates using a range of assumptions provided by FBC's actuary. In addition to O&M, pension and OPEB expense is embedded in capital expenditures, as shown in Table 6-4.

Table 6-4: Pension and OPEB Expense (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	O&M	\$ (1.375)	\$ (1.375)	\$ (0.410)
2	Capital	2.395	2.395	2.471
3	Total Pension & OPEB Expense	\$ 1.020	\$ 1.020	\$ 2.061

The total 2027 Forecast Pension and OPEB expense is \$1.041 million higher than 2026 Approved. This increase is primarily due to the following:

- An increase in interest costs of \$1.319 million. These changes are largely due to an increase in the actuarially determined discount rate from 4.75 percent to 5.00 percent; and
- A decrease in the amortization of actuarial gains.

The increase is partially offset by:

- A higher expected return on assets of \$0.743 million, reflecting continued growth in pension plan asset values.

6.3.2 Insurance Expense

Insurance expense relates to the insurance premium expense allocated to FBC by Fortis Inc., as set out in Table 6-5 below.

Table 6-5: Insurance Premiums (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Insurance Premiums	\$ 2.552	\$ 2.498	\$ 2.581

FBC's annual insurance renewal occurs in July of each year. The 2026 Projected insurance premium expense of \$2.498 million is \$0.054 million lower than the 2026 Approved, as it incorporates FBC's actual July 2025 to June 2026 insurance renewals (for the months of January to June 2026) and FBC's actual July 2026 to June 2027 insurance renewals (for the months of July to December). The 2026 Projected insurance premium also includes \$0.160 million that FBC pays to the Province related to the cost of wildfire fighting services.

The 2027 Forecast insurance premium expense is \$2.581 million, which is an increase of \$0.083 million from 2026 Projected. The 2027 Forecast is calculated based on the actual

insurance renewal from July 2026 to June 2027, plus 5 percent escalation for the insurance renewal from July 2027 to June 2028 and the \$0.160 million related to the wildfire fighting services paid to the Province.²¹

6.3.3 BCUC Levies

The 2026 Projected BCUC levies are \$0.434 million. The 2026 Projected amount is based on the following:

- The levy amount in Order G-117-25 for the fourth quarter (Q4) of the BCUC's Fiscal 2025/26 year (January to March 2026); and
- For the remainder of 2026, the levy amount in Order G-123-26 for Q1 to Q3 of the BCUC's Fiscal 2026/27 year.

The 2027 Forecast for BCUC levies is \$0.447 million. The 2027 Forecast is based on the annual levy amount in Order G-123-26, which represents the best information available at this time, as the BCUC levy calculation for Fiscal 2027/28 will not be available until early to mid 2027.

BCUC levies receive flow-through treatment, with annual variances between actual and forecast amounts in O&M expense being recorded in the BCUC Levies Forecast Variance deferral account and amortized over one year.

6.3.4 Clean Growth Initiative – EV Charging Stations

FBC's EV DCFC stations are prescribed undertakings under section 5 of the GGRR²² and the cost of service associated with EV DCFC stations is subject to flow-through treatment.

Table 6-6 below provides a breakdown of the 2026 Approved, 2026 Projected, and 2027 Forecast O&M expenses for FBC's EV DCFC service. The O&M expenses consist of network management, repairs and maintenance, inspection fees, FBC internal labour, and the electricity costs from third-party utilities (i.e., for stations in Grand Forks, Nelson, and Penticton).

²¹ 2027 Forecast: \$1.181 million (first 6 months of 2027) x 1.05 = \$1.240 million. \$1.181 million + 1.240 million + \$0.160 million (2025-2028 wildfire fighting service fee) = \$2.581 million.

²² Order G-215-21.

Table 6-6: Clean Growth Initiative – EV DCFC Stations (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Network Management	\$ 0.070	\$ 0.031	\$ 0.105
2	Repairs and Maintenance	0.090	0.090	0.095
3	Inspection Fees	0.055	0.035	0.030
4	FBC Labour Costs	0.070	0.082	0.086
5	Third Party Utilities Costs	0.075	0.075	0.096
6	Total EV DCFC O&M	\$ 0.361	\$ 0.313	\$ 0.412

As shown in Table 6-6 above, the 2026 Projected O&M expense for the EV DCFC service was \$0.048 million lower than 2026 Approved. The decrease is primarily due to FBC incorrectly including the 15 percent transaction fees (approximately \$0.050 million) to FLO Service Inc. (FLO) in the 2026 Approved network management costs. The 15 percent transaction fees are charged and recovered directly by FLO to the EV charging customers during each charging event. These transaction fees are not accounted for as revenue to FBC and should therefore not be included in FBC's O&M expenses. As noted above, variances between FBC's approved and actual EV DCFC service O&M are treated as flow-through; therefore, the difference due to the incorrect inclusion of the 15 percent transaction fees will be returned to customers through the amortization of the Flow-through deferral account. The reduction in the network management costs was slightly offset by additional global network management service fees from FLO related to the new stations installed in 2026 (the existing EV DCFC stations will incur service renewal fees in 2027, as further described below). For the inspection fees, the 2026 Projected amount was lower due to FBC shifting contractor inspections from quarterly to annually. However, this was partially offset by an increase in FBC's labour costs as the quarterly inspections are now being completed by FBC staff.

For 2027, FBC is forecasting an increase of approximately \$0.099 million from the 2026 Projected level. The increase is primarily due to higher Network Management O&M due to the bi-annual renewal fees for FLO's global network management service (the last renewal occurred in 2025, therefore the renewal fees were not included in 2026 Approved). The other main driver of the increase in 2027 is higher third-party utility costs, resulting from expected increases in energy use as well as estimated rate increases by the third-party utilities.

6.3.5 Mandatory Reliability Standards (MRS) Triennial Audit Cost

As part of the RSF Decision²³, FBC was approved to treat the triennial MRS audit costs as Forecast (flow-through) O&M, with variances between forecast and actual costs to be recorded in the Flow-through deferral account.

²³ RSF Decision and Order G-70-25, p. 18.

The next triennial MRS compliance audit is scheduled to occur in 2027. The audit will be performed by the administrator of the BC MRS Program – the Western Electricity Coordinating Council (WECC). The audit involves a review, at minimum, of all applicable reliability standards identified in the Actively Monitored List, including Critical Infrastructure Protection (CIP), and Operations and Planning (O&P) standards. Based on previous audits, FBC is forecasting the audit will cost \$0.350 million in 2027.

6.3.6 Midway Substation Fire (Exogenous Factor)

FBC has included \$0.250 million in 2026 Projected O&M related to the incremental O&M costs incurred as a result of the Midway Substation fire.

As described in Section 12.2.1, FBC is seeking exogenous factor treatment for the incremental costs resulting from the Midway Substation fire. The total remediation cost was \$1.57 million, of which \$1.32 million was recovered through insurance, leaving the remaining \$0.250 million of insurance deductible to be recovered as incremental O&M.

Consistent with the treatment of previous exogenous factors, the incremental expenditures will be treatment as flow-through O&M in 2026. As the 2026 Approved flow-through O&M did not include an amount related to the exogenous factor event, the \$0.250 million will be recorded in the Flow-through deferral account and recovered from customers through amortization of the deferral account.

6.4 NET O&M EXPENSE

Net O&M expense is gross O&M less capitalized overhead. As approved in the RSF Decision, the capitalized overhead rate is set at 15.5 percent for FBC. After capitalized overhead, the net O&M expense for 2027 is \$76.349 million.

6.5 SUMMARY

Overall, the increase in gross O&M expense from 2026 Approved to 2027 Forecast is 5.1 percent, with approximately 3.4 percent out of the 5.1 percent attributable to the increase in formula O&M and the remaining 1.7 percent attributable to an increase in O&M forecast outside of the formula.

7. RATE BASE

7.1 INTRODUCTION AND OVERVIEW

Rate base is comprised of mid-year net plant in service, work in progress not attracting AFUDC, unamortized deferred charges, working capital, and the utility plant acquisition adjustment.²⁴

FBC's 2027 Forecast rate base is \$2.020 billion. It includes the full-year impact of the 2026 closing projected plant balances as well as the impact of the following amounts:

- Mid-year impact of regular capital additions, net of Contribution in Aid of Construction (CIAC) additions of \$145.949 million;
- Mid-year impact of plant depreciation, net of CIAC amortization of \$84.573 million; and
- Full-year impact of major project capital additions of \$33.379 million related to the ASM Terminal Station Project.

In addition, various changes in deferred charges, working capital and other items are forecast to increase rate base by a net amount of \$58.209 million in 2027.

Details of the 2027 Forecast plant balances as well as depreciation, retirements, CIAC, working capital, and other rate base items are provided in the financial schedules in Section 11.

7.2 REGULAR CAPITAL EXPENDITURES

As part of the RSF Decision, FBC received the following approvals for regular capital expenditures:

- Three-year forecasts for regular Growth, Sustainment and Other capital expenditures for the years 2025 through 2027; and
- Flow-through capital for certain items to be forecast on an annual basis.

The components of FBC's 2027 regular capital expenditures are shown in Table 7-1 below.

Table 7-1: Regular Capital Expenditures (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast	Reference
1	Forecast Capital	\$ 142.074	\$ 142.074	\$ 140.365	Section 11, Schedule 4, Line 5
2	Flow-Through Capital	0.490	1.012	-	Section 11, Schedule 4, Line 10
3	Total Gross Regular Capital	\$ 142.564	\$ 143.086	\$ 140.365	Sum of Lines 1 & 2
4	Less CIAC	(9.605)	(9.415)	(9.301)	Section 11, Schedule 9, Line 4
5	Net Regular Capital	\$ 132.959	\$ 133.671	\$ 131.064	Sum of Lines 3 & 4

²⁴ The utility plant acquisition adjustment relates to the 1982 purchase of Plants 2, 3, and 4 and is being amortized over a period of 64 years.

In the subsections below, FBC provides further details on its regular capital expenditures for 2027.

7.2.1 Forecast Capital Expenditures

The level of forecast capital expenditures approved for 2027 by the RSF Decision is shown in Table 7-2 below. The 2026 Approved and 2026 Projected capital expenditures are also shown for informational purposes.

Table 7-2: Forecast Capital Expenditures (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast	Reference
1	Growth Capital	\$ 45.036	\$ 45.036	\$ 46.357	Section 11, Schedule 4, Line 2
2	Sustainment Capital	72.116	72.116	71.310	Section 11, Schedule 4, Line 3
3	Other Capital	24.922	24.922	22.698	Section 11, Schedule 4, Line 4
4	Total	\$ 142.074	\$ 142.074	\$ 140.365	Sum of Lines 1 through 3

7.2.2 Flow-Through Capital Expenditures

In addition to FBC's forecast Growth, Sustainment, and Other capital, the BCUC approved flow-through treatment for certain capital items, including Clean Growth Initiatives and any exogenous factors (if applicable). These amounts are shown in Table 7-3 below along with a comparison to 2026.

Table 7-3: Flow-Through Regular Capital Expenditures (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast	Reference
1	Clean Growth Initiative - EV DCFC	\$ 0.090	\$ 0.612	\$ -	Section 11, Schedule 4, Line 8
2	MRS - Exogenous Factor	0.400	0.400	-	Section 11, Schedule 4, Line 9
3	Total	\$ 0.490	\$ 1.012	\$ -	Sum of Lines 1 & 2

FBC discusses the EV DCFC stations capital and the incremental capital for the previously approved MRS-related exogenous factor below. The cost of service impact due to variances in EV DCFC stations capital and from exogenous factors is captured in the Flow-through deferral account.

7.2.2.1 Clean Growth Initiative – EV DCFC Stations

As discussed in Section 5.8, FBC's EV DCFC stations are prescribed undertakings under section 5 of the GGRR,²⁵ and the cost of service associated with EV DCFC stations is subject to flow-through treatment. Table 7-3 above shows the EV DCFC stations capital expenditures for 2026 Approved, 2026 Projected, and 2027 Forecast.

The 2026 Projected capital expenditures for FBC's EV DCFC stations are \$0.522 million higher than 2026 Approved. The increase is primarily due to a delay in the installation of new stations

²⁵ Order G-215-21.

from 2025 to 2026 as well as a change in the scope of these stations.²⁶ At the time of the Annual Review for 2025-2026 Rates proceeding, FBC was planning to install six new 100 kW FLO DCFC stations in Kelowna Museum, Salmo, Midway, and Hedley. However, during the design phase, FLO advised FBC that the 100 kW stations planned for installation had been discontinued. FLO accordingly offered alternative models of 150 kW and 180 kW dual port BTC All-in-One stations fitted with Combined Charging Systems (CCS) and North American Charging Standard (NACS) connectors. The 150 kW dual port station provides up to 150 kW when one port is in use or up to 75 kW when both ports are in use, while the 180 kW dual port stations provide up to 180 kW when one port is in use or up to 90 kW when two ports are in use.

To ensure FBC would continue to meet the eligibility requirement of the existing funding commitment from NRCan under the Zero Emission Vehicle Infrastructure Program (ZEVIP),²⁷ FBC proceeded with the procurement of these alternative DCFC models and selected alternate locations for installation since ZEVIP no longer prioritizes Southern BC Highway corridors and would no longer accept new applications after March 20, 2026.

FBC selected two alternate locations – Rock Creek and Rutland – and continued with the installation at Kelowna Museum, but with a 180 kW DCFC model (FBC selected a 150 kW model for Rock Creek and a 180 kW model for Rutland). All three locations have previously installed DCFC stations and were selected for these new stations because they can accommodate the required electrical service for the new models, have sufficient parking space, and are supported by the respective site hosts. Construction of the new stations, including site accessibility improvements where reasonable (e.g., lighting, paving and stall passing) were completed in the first half of 2026 and have been placed into service.

For 2027, FBC is currently not forecasting any capital expenditures but will continue to evaluate the potential for additional EV DCFC stations, and if necessary, will seek the required approvals through a separate application outside of the Annual Review process or through the monitoring and evaluation report for its RS 96 EV DCFC service.²⁸

7.2.2.2 Mandatory Reliability Standards (MRS) Incremental Capital (Exogenous Factor)

In the Annual Review for 2025-2026 Rates Decision and Order G-293-25, FBC received exogenous factor approval for the incremental capital expenditures related to MRS Assessment Report (AR) No. 17. These costs are for the purchase and installation of new hardware and software to detect and disable known or suspected inbound and outbound malicious communications for vendor electronic remote access for assets containing low impact Bulk

²⁶ Due to the delay and change in scope, the 2025 Actual capital expenditures were \$1.003 million less than the 2025 Approved level of \$1.210 million.

²⁷ <https://natural-resources.canada.ca/energy-efficiency/transportation-energy-efficiency/zero-emission-vehicle-infrastructure-program>.

²⁸ Order and Decision G-176-24 approved FBC's energy-based rate and directed FBC to file a monitoring and evaluation report on RS 96 by September 30, 2028, including plans for additional EV charging stations and an assessment on the recovery of FBC's cost of service and whether any rate adjustments are necessary.

Electric System Cyber Systems (in accordance with CIP-003-9 Security Management Controls, effective date October 1, 2027).

As shown in Table 7-3 above, FBC is projecting no change to the original estimate of \$0.400 million for 2026. For 2027, FBC is not forecasting any incremental capital costs related to AR 17. As the capital expenditures related to AR 17 are approved for flow-through treatment, any variances between forecast/projected and actual amounts for the adoption of AR 17 will be trued up by way of the Flow-through deferral account and returned to, or recovered from, customers in future years.

7.3 MAJOR PROJECTS CAPITAL EXPENDITURES

Major projects are capital expenditures that do not form part of regular capital spending as they are approved through a separate CPCN or other application. As part of the RSF Decision, the BCUC approved the continuation of the current process of reviewing major projects outside of the RSF and approved the continuation of the existing financial threshold for CPCNs of \$20 million for FBC for the RSF term.²⁹

In 2027, FBC is forecasting capital expenditures related to the following approved major projects:

- ASM Terminal Station CPCN Project;
- Fruitvale Substation CPCN Project; and
- Enterprise Resource Planning (ERP) Modernization and Customer Information System (CIS) Replacement Project.

Each project is discussed below.

7.3.1 ASM Terminal Station CPCN Project

The ASM Terminal Station CPCN Project was approved by Order C-6-23. The project includes the installation of two new 150 MVA 63/161 kV transformers along with required site expansion and other alterations at the Warfield Terminal Station, as well as the subsequent decommissioning of the original ASM Terminal Station. Both stations are located in Trail, BC.

The ASM Terminal Station CPCN Project is expected to complete in 2026. FBC is forecasting an amount of \$33.379 million (including AFUDC) of total capital to be added to rate base on January 1, 2027. FBC is also forecasting capital expenditures of \$0.750 million for the remaining demolition of the existing station and project closeout activities in 2027.

²⁹ RSF Decision and Order G-70-25, pp. 15-18.

7.3.2 Fruitvale Substation CPCN Project

The Fruitvale Substation CPCN Project was approved by Order C-4-24 and involves construction of a new substation with two new 20 MVA transformers and the subsequent decommissioning and demolition of the existing Fruitvale and Hearn's substations.

FBC forecasts capital expenditures of \$1.814 million in 2027 with no capital additions to rate base forecast until 2028.

7.3.3 ERP Modernization and CIS Replacement Project

The ERP Modernization and CIS Replacement Project was approved by Order G-126-26 and involves upgrading the existing core SAP applications to SAP S/4HANA and the replacement of FBC's legacy customer information system (CIS Plus).

FBC forecasts capital expenditures of \$53.400 million in 2027. The ERP Modernization and CIS Replacement Project is expected to be complete in 2028 with a forecast total capital cost of \$90.130 million, including AFUDC, which will be added to rate base on January 1, 2029.

7.4 2027 PLANT ADDITIONS

The 2027 plant additions are comprised of: (i) FBC's 2027 regular capital expenditures from Section 7.2; (ii) the major projects from Section 7.3 to the extent that portions of those projects are placed into service; (iii) the change in work in progress which adjusts for capital expenditures for projects that are in progress at year-end; (iv) AFUDC; and (v) overhead capitalized for the year. A reconciliation of capital expenditures to plant additions is shown below and is also provided in Section 11, Schedule 5.

Table 7-4: Reconciliation of 2027 Capital Expenditures to Plant Additions (\$ millions)

Line No.	Description	2027 Forecast	Reference
1	Forecast Capital Expenditures	\$ 140.365	Section 11, Schedule 5, Line 2
2	Flow-Through Capital Expenditures	-	Section 11, Schedule 5, Line 3
3	Total Gross Regular Capital Expenditures	\$ 140.365	Sum of Lines 1 and 2
4	Capitalized Overhead	14.005	Section 11, Schedule 5, Line 18
5	AFUDC	0.880	Section 11, Schedule 5, Line 19
6	Change in Work in Progress	-	Section 11, Schedule 5, Line 21
7	Total Regular Additions to Plant	\$ 155.250	Sum of Lines 3 through 6
8			
9	<u>Special Projects and CPCN</u>		
10	AS Mawdsley Terminal	\$ 0.750	Section 11, Schedule 5, Line 7
11	Fruitvale Station	1.814	Section 11, Schedule 5, Line 8
12	ERP Modernization and CIS Replacement Project	53.400	Section 11, Schedule 5, Line 9
13	Subtotal	\$ 55.964	Sum of Lines 10 through 12
14	AFUDC	2.720	Section 11, Schedule 5, Line 25
15	Change in Work in Progress	(25.305)	Section 11, Schedule 5, Line 27
16	Total CPCN Additions to Plant	\$ 33.379	Sum of Lines 13 through 15
17			
18	Total Plant Additions	\$ 188.629	Line 7 + Line 16

7.5 ACCUMULATED DEPRECIATION

FBC's rate base includes both the accumulated depreciation on plant in service and accumulated amortization of CIAC. Both are increased through depreciation expense and decreased through retirements.

The depreciation rates used for 2027 were approved in the RSF Decision and are based on FBC's most recent depreciation study. Depreciation is calculated beginning January 1 of the year after the assets are placed in service, which is the treatment approved by Order G-139-14.

Based on calculating depreciation expense at these approved depreciation rates on the opening plant-in-service balance net of CIAC, the 2027 depreciation expense is calculated as \$84.573 million.³⁰

³⁰ \$90.294 million depreciation expense as shown in Section 11, Schedule 21, Line 2 less \$5.721 million amortization of CIAC as shown in Section 11, Schedule 21, Line 8.

7.6 DEFERRED CHARGES

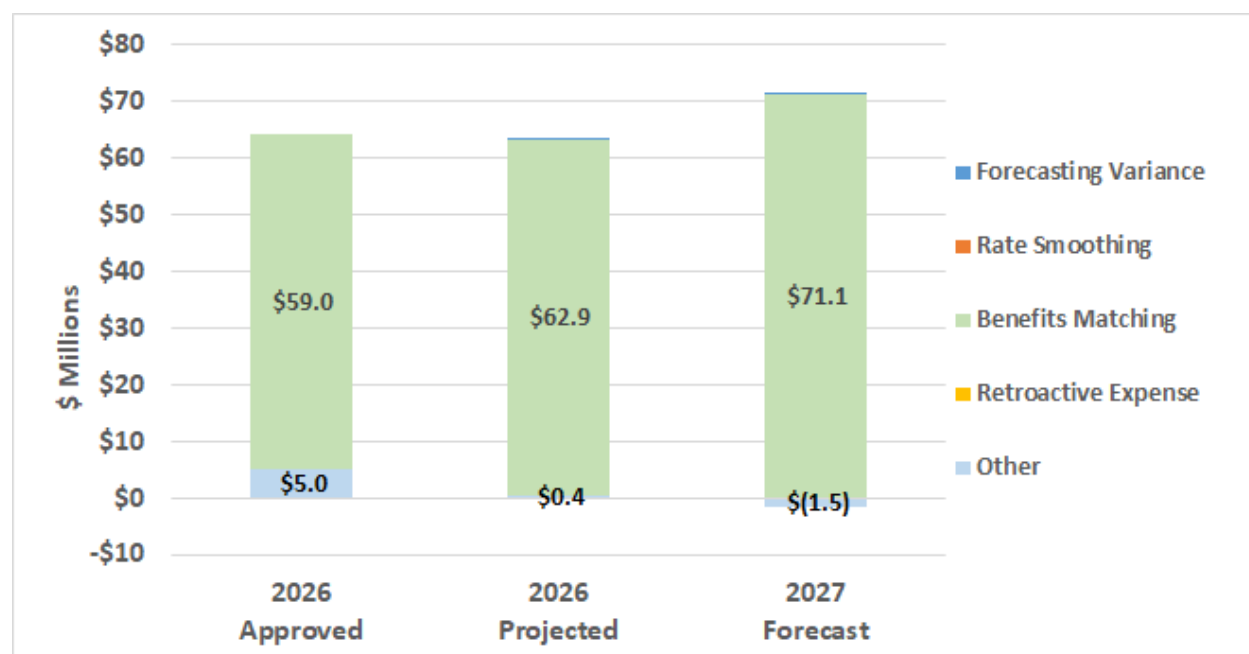
On May 3, 2017, the BCUC issued its Regulatory Account Filing Checklist.³¹ The stated purpose of the checklist is to assist regulated entities when filing regulatory account requests and to facilitate an efficient review by the BCUC.

The checklist classifies deferral accounts as one of: (a) forecast variance account; (b) rate smoothing account; (c) benefit matching (capital-like) account; (d) retroactive expense account; or (e) other. In Section 11, Schedule 11, FBC has classified its rate base deferral accounts in accordance with this classification.

Figure 7-1 provides the mid-year deferral account balances for 2026 Approved, 2026 Projected, and 2027 Forecast summarized by deferral account category.

For 2027, FBC is forecasting a mid-year balance of unamortized deferred charges in rate base to be a debit of \$69.635 million, which is an increase of \$5.664 million from the 2026 Approved level. The largest drivers of the increase in the 2027 Forecast balance are the DSM deferral account and the ERP Application and Preliminary Stage Development Costs deferral account, which are partially offset by a decrease in the Pension and OPEB Liability deferral account.

Figure 7-1: FBC Forecast Mid-Year Balances of Rate Base Deferral Accounts by Category



Based on the approved amortization and the opening balances of each deferral account, the 2027 Forecast amortization expense, including both rate base and non-rate base deferral accounts, is \$8.459 million.³² The subsections below include a discussion of new rate base deferral accounts

³¹ BCUC Letter, Log No. 53608, Appendix B.

³² Section 11, Schedule 21, Column 3, Sum of Lines 5 and 6.

and changes or updates to existing rate base deferral accounts. For a discussion on non-rate base deferral accounts, please refer to Section 12.

7.6.1 New Deferral Accounts

FBC is seeking approval of two new rate base deferral accounts to capture costs associated with the regulatory processes for the following applications:

- 2028+ Rate Setting Application; and
- 2026 Long-Term Electric Resource Plan (LTERP).

Table 7-5 below addresses the considerations identified in the Regulatory Account Filing Checklist, as they pertain to the deferral accounts requested in Sections 7.6.1.1 and 7.6.1.2 below.

Table 7-5: Deferral Account Filing Considerations

Item	Consideration	Determination
I.	Indicate if the request is: (a) for a modification or a change in scope to an existing Commission approved regulatory account; or (b) to establish a new regulatory account.	FBC requests the establishment of two new deferral accounts to capture costs related to the regulatory process for the 2028+ Rate Setting Application and 2026 LTERP. Please refer to Sections 7.6.1.1 to 7.6.1.2 for additional information.
a)	If the request is for a modification or change in scope to an existing regulatory account, explain why the existing regulatory account is an appropriate account to use (specifically addressing the existing account's intended and approved purpose, mechanism for recovery, timeline for recovery and carrying costs).	N/A
b)	If the request is for approval of a new regulatory account, state the purpose of the regulatory account and explain its intended use.	The requested accounts are regulatory proceeding cost accounts, which are routinely sought by utilities to capture external costs related to the preparation, filing, and regulatory review of applications.
II.	Propose a term (i.e., length of time) that the regulatory account should be approved for and explain why that term is appropriate.	The term of each account encompasses the preparation and filing of the relevant regulatory application and its review by the BCUC.

Item	Consideration	Determination
III.	Identify any alternate treatments that were considered, including an overview of what the accounting treatment would be in the absence of approval of the request to establish a regulatory account, and explain why these alternate treatments may not be appropriate.	In the absence of deferral accounts for regulatory proceedings, the costs of regulatory proceedings would have to be forecast as an O&M expense (outside of the RSF formula O&M since regulatory proceeding costs are not included in Base O&M Expense) and trued up annually by way of the Flow-Through deferral account. FBC considers this to be a more cumbersome and less efficient means of accounting for regulatory proceeding costs. It is accepted regulatory practice to defer the costs of regulatory applications for review and recovery following the regulatory review of the application itself. Review and recovery after the completion of the regulatory process allows for more transparency as the history of the costs is simpler to track and report.
IV	Address:	Regulatory proceeding cost accounts are necessary because the number and type of regulatory proceedings can vary significantly by year. Further, once a regulatory proceeding is identified, the costs of that proceeding cannot be accurately forecast by the utility given that they can vary substantially, are not known at the time of making the regulatory account request, are unique to the circumstances for each application, may change as the regulatory review process unfolds, and are dependent on factors not within the utility's control. Factors not within the control of the utility include the regulatory process determined by the BCUC and the degree of involvement of interveners.
a)	whether, or to what extent, the item is outside of management's control;	
b)	the degree of forecast uncertainty associated with the item;	Refer to IV. a). FBC forecasts additions to the deferral accounts based on the expected type of review process and degree of intervener involvement. Actual costs are recorded in the account so that actual, not forecast, costs are recovered in rates.
c)	the materiality of the costs	The number and size of regulatory proceedings vary from year to year, and represent costs not included in Base O&M for the purpose of determining formula O&M Expense under the RSF. Please refer to Sections 7.6.1.1 to 7.6.1.2.
d)	any impact on intergenerational equity	Generally, FBC recovers the costs of regulatory proceedings over the period of time related to the application, which serves to match the costs and benefits. Please refer to Sections 7.6.1.1 to 7.6.1.2. There are no intergenerational inequities inherent in this practice.

Item	Consideration	Determination
V.	Classify the regulatory account as either: (a) forecast variance account; (b) rate smoothing account; (c) benefit matching account; (d) retroactive expense account; or (e) other.	FBC classifies these regulatory proceeding accounts as benefit matching accounts since the costs are recovered over the period of time related to the applications, which serves to match the costs and benefits of the application.
VI.	Identify if the regulatory account is a cash or non-cash account.	Regulatory proceeding cost accounts are cash accounts.
VII.	Specify what additions to the regulatory account are being requested (i.e., type and amount of additions), including whether the account is intended to capture additions for a specific period of time or on an ongoing basis.	Eligible costs include the BCUC's direct costs, notice publication costs, fees for consultants or experts, external legal counsel fees, courier and miscellaneous administrative costs, and participant assistance cost awards incurred in the preparation, filing and regulatory review of the applications. Regular labour and staff expenses related to regulatory applications are included in formula O&M Expense.
VIII.	Propose a mechanism for recovery (e.g. how the balance in the regulatory account will be recovered or refunded to ratepayers) and explain why it is appropriate.	Costs are recovered in revenue requirements by way of amortization expense.
IX.	Propose a timeline for recovery (e.g. the period over which the regulatory account balance is either collected or refunded; also referred to as the amortization period) and explain why it is appropriate.	Generally, FBC amortizes the costs of regulatory proceedings over the period of time related to the application, which serves to match the timing of costs and benefits. Please refer to Sections 7.6.1.1 to 7.6.1.2.
X.	Propose a carrying cost for the balance in the regulatory account and explain why it is appropriate.	Rate base deferral accounts are included in rate base and therefore implicitly financed using the weighted average cost of capital (WACC).
XI.	Outline a recommended regulatory process for the Commission's review of the application.	The proposed deferral accounts can be reviewed as part of the present proceeding. Deferral account approvals and disposition are generally determined in revenue requirements proceedings.

7.6.1.1 2028+ Rate Setting Application

The currently approved rate-setting framework will end in 2027. FBC has commenced development of its next rate-setting application and anticipates filing it with the BCUC in 2027. FBC will incur regulatory costs related to the development of the application and is requesting approval to establish a rate base deferral account to capture these costs, which will include BCUC costs, participant funding costs, external legal fees, expert/consulting costs, notice publication costs, and miscellaneous facilities, stationery, and supplies costs.

FBC forecasts costs of \$0.020 million (\$0.015 million after-tax) in 2026 and \$0.540 million (\$0.394 million after-tax) in 2027. Actual costs will vary depending on how the application progresses and will be confirmed after the regulatory process is completed.

FBC is only requesting approval to establish this deferral account in this Application. FBC will propose an amortization period for the deferral account in a future rate-setting application.

7.6.1.2 2026 Long-term Electric Resource Plan (LTERP)

As directed in Order G-380-22, FBC is required to file its 2026 LTERP by December 31, 2026. The development work for the LTERP has been ongoing and FBC is seeking approval to establish a rate base deferral account to record the regulatory costs associated with the development and regulatory review of the 2026 LTERP. As the LTERP has not yet been filed and the regulatory process accordingly has not been determined, FBC is not proposing an amortization period for this deferral account at this time. FBC will propose an amortization period for the 2026 LTERP deferral account in a future rate-setting application.

The 2026 LTERP represents a significant advancement relative to prior filings, both in scope and analytical approach. Notably, this is the first LTERP to apply an end-use forecasting methodology, enabling a more granular assessment of customer energy demand and electricity consumption patterns. In addition, the 2026 LTERP reflects enhanced integration between FEI and FBC, supporting a more coordinated and comprehensive assessment of the energy system across gas and electric planning processes.

FBC is forecasting total costs for the 2026 LTERP application of \$1.090 million. These costs include studies/analysis, multiple external consultants, engagement costs, and regulatory proceeding costs (i.e., external legal fees, participant funding costs, BCUC costs, and public notification costs). Table 7-6 below provides a breakdown of the total estimated costs for the 2026 LTERP application.

Table 7-6: 2026 LTERP Estimated Expenditures

Activity	\$ millions
Long-term demand forecasting scenario modelling, and DSM analysis	0.450
Electric vehicle analysis	0.020
RPAG, interested parties, and indigenous communities' engagement	0.070
Dual-Fuel analysis	0.050
Regulatory proceeding costs	0.500
Total	1.090

7.6.2 Existing Deferral Accounts

FBC is not seeking modification of any existing rate base deferral accounts in this Application.

7.7 WORKING CAPITAL

The working capital component of rate base is comprised of cash working capital and other working capital.

Cash working capital is defined as the average amount of capital provided by investors in the Company to bridge the gap between the time expenditures are required to provide service (expense lag) and the time collections are received for that service (revenue lag). The cash working capital requirements that have been included reflect the most recent Lead Lag Study results, as approved in the RSF Decision.

Other working capital includes customer (DSM) loans, employee loans and withholdings, and inventory of materials and supplies. All 2027 amounts are forecast based on 2025 Actual levels.

7.8 SUMMARY

FBC's rate base includes the impact of regular and major project capital expenditures, adjusted for work-in-progress, AFUDC and overheads capitalized. FBC has provided forecasts for all of its rate base deferral accounts in the financial schedules included in Section 11. In Section 7.6.1, FBC is requesting two new rate base deferral accounts to record the costs associated with regulatory applications. Finally, the rate base includes cash and other working capital.

8. FINANCING AND RETURN ON EQUITY

8.1 INTRODUCTION AND OVERVIEW

FBC has prepared this Application using the benchmark capital structure of 59 percent debt and 41 percent equity and a Return on Equity (ROE) of 9.65 percent, as approved by Order G-236-23.

The 2027 Forecast for financing costs, including the interest expense on issued long-term and short-term debt and on new issuances that are forecast, has been updated as described in Section 8.3 below. Based on the updated financing costs, FBC's AFUDC rate for 2027 (which is equal to FBC's after-tax weighted average cost of capital) is 5.98 percent. Any variances from interest rates used to set rates, and any variances in interest resulting from items subject to flow-through in the Flow-through deferral account, will be flowed through to customers. All other differences in interest expense will affect the achieved ROE and be subject to earnings sharing.

8.2 CAPITAL STRUCTURE AND RETURN ON EQUITY

FBC finances its investment in rate base assets with a mix of debt and equity, as approved by the BCUC from time to time. Pursuant to Order G-236-23, the BCUC approved a capital structure for FBC of 59 percent debt and 41 percent equity, with an allowed ROE of 9.65 percent, effective January 1, 2023, which have been used to calculate rates in this Application.

8.3 FINANCING COSTS

Debt financing costs include the borrowing costs on issued debt as well as on new issuances that are forecast. Debt consists of both long-term and short-term debt.

8.3.1 Long-Term Debt

FBC is both a private and public issuer of long-term debt. FBC plans to issue long-term debt of approximately \$150 million in 2026 but does not plan to issue any long-term debt in 2027. FBC will use the funds to repay existing indebtedness and finance the Company's capital expenditure program. The 2026 debt issuance is reflected in the financial schedules at a rate of 5.10 percent³³. The exact timing, amount and rate of the issuance will depend on future market conditions and capital expenditure requirements. Variances in interest expense related to the timing and amount of the issuances of debt or the rates at which they are issued are captured in the Flow-through deferral account.

³³ Section 11, Schedule 27, Line 10.

8.3.2 Short-Term Debt

FBC obtains short-term funding primarily through the issuance of commercial paper to Canadian institutional investors. FBC backstops the commercial paper issuances by maintaining a \$200 million committed credit facility that matures in April 2031. The credit facility, along with a \$10 million overdraft facility, provides FBC with short-term liquidity to fund its capital program and working capital requirements. The credit facility is also used to issue letters of credit.

8.3.3 Forecast of Interest Rates

FBC uses interest rate forecasts to estimate future interest expense. Forecasts of Treasury Bills and benchmark Government of Canada Bond interest rates are used in determining the overall interest rates for short-term debt and for rates on new issues of long-term debt, respectively. The forecasts are based on available projections made by Canadian Chartered banks.

Credit spreads on new long-term debt are based on current indicative rates, on the assumption that the current credit ratings of FBC are maintained.

FBC's short-term borrowing rate is based on the rate at which it issues commercial paper. Since commercial paper issuance rates are not forecast by economists, a forecast needs to be derived by FBC. The forecast is based on the historical differential between the Canadian benchmark rate and the rate obtained by FBC under its commercial paper program. Canada has now fully discontinued the Canadian Deposit Overnight Rate (CDOR) as a benchmark for financial instruments, with the last publication date being June 28, 2024. The Term Canadian Overnight Repo Rate Average (CORRA) has replaced CDOR as the risk-free interest rate benchmark for one-month and three-month loan terms. For the purposes of forecasting the short-term interest rate for 2027, a 3-year average approach was taken to factor in both CDOR through June 28, 2024, and CORRA post-June 28, 2024.

CORRA (previously CDOR) is used because FBC's short-term borrowings under its credit facility are priced based on CORRA (previously CDOR) and therefore CORRA (previously CDOR) is tracked relative to FBC's commercial paper borrowings. As both CORRA and CDOR are not forecast by economists, FBC must first obtain the 3-month T-Bill rate forecast and then convert it to a CORRA/CDOR forecast. FBC does this by taking the 3-year historical spread between CORRA/CDOR and the 3-month T-Bill rate. Then, to derive the short-term borrowing rate forecast, FBC adjusts the CORRA/CDOR forecast with the 3-year historical spread between CORRA/CDOR and rates of issuances under its commercial paper program.

The short-term borrowing rate forecast for 2027 is shown in Table 8-1 below.

Table 8-1: Short Term Interest Rate Forecast

FBC Short Term Interest Rate	2026 Approved	2026 Projected	2027 Forecast
3-Month T-Bill Rate ¹	2.20%	2.30%	2.70%
Spread to CORRA	0.44%	0.39%	0.39%
CORRA Rate	2.64%	2.69%	3.09%
Spread to CP	-0.27%	-0.31%	-0.31%
CP Dealer Commission	0.10%	0.10%	0.10%
ST Interest Rate on Credit Facility	2.47%	2.48%	2.88%
Fixed Financing Fees			
Standby fee on Undrawn Credit ²	0.57%	0.57%	0.57%
Renewal Fee ³	0.10%	0.10%	0.10%
Other Financing Fees ⁴	0.55%	0.06%	0.06%
ST Interest Rate on Fixed Financing Fee	1.22%	0.73%	0.73%
FBC Short Term Rate	3.69%	3.21%	3.61%

Notes to Table:

¹ The 3-month T-Bill rate for 2027 is an average rate based on forecasts provided by Canadian Chartered banks in July 2026.

² The forecast assumes FBC will borrow through commercial paper and a standby fee of 20 bps is charged on undrawn credit facility amounts. The fee has been converted into a short-term rate for forecast purposes.

³ The renewal fee is paid to extend the maturity date of the credit facility and is charged on the principal amount of \$200 million. The renewal fee is paid regardless of whether FBC draws from the credit facility. The fee has been converted into a short-term rate for forecast purposes.

⁴ Other financing fees include commercial paper issuance fees, letter of credit fees and miscellaneous bank administration costs. These fees are incurred regardless of whether FBC draws from the credit facility. The fees have been converted into a short-term rate for forecast purposes.

As shown in Table 8-1 above, the short-term borrowing rates for 2026 Projected and 2027 Forecast are 3.21 percent and 3.61 percent, respectively. The short-term rate is comprised of the short-term interest rate on FBC's credit facility and the short-term interest rate on fixed financing fees. The 2026 Projected rate is lower than the 2026 Approved rate primarily due to other financing fees being lower than originally forecast. The 2027 Forecast rate is higher than the 2026 Projected rate due to a higher forecast 3-month T-Bill rate. The higher forecast 3-month T-Bill rate reflects changes in market expectations for the future path of the Bank of Canada policy rate, which is the primary driver of short-term yields.

8.3.4 Interest Expense Forecast

The interest expense forecast reflects FBC's existing and forecast borrowing costs on long-term and short-term debt.

Short-term interest expense is determined by applying the forecast short-term debt rate to the estimated short-term debt balance. Long-term debt interest expense is determined using the straight-line method by multiplying the average balance of the specific debenture by the debt coupon rate, or forecast coupon rate, if it is a new issue. The 2027 long-term debt schedules for FBC are provided in Section 11, Schedule 27.

8.3.5 Allowance for Funds Used During Construction (AFUDC)

FBC applies AFUDC to projects that are greater than three months in duration and greater than \$100 thousand. Based on the above information, FBC's AFUDC rate for 2027 (which is equal to its after-tax weighted average cost of capital) is 5.98 percent. The calculation of the rates is provided in the following table.

Table 8-2: Calculation of AFUDC Rates for 2027

	Weight	2027		
		Pre Tax Rate	After Tax Rate	Earned Return
Long Term Debt	54.96%	4.77%	3.48%	4.77%
Short Term Debt	4.04%	3.61%	2.64%	3.61%
Common Equity	41.00%	13.22%	9.65%	9.65%
Weighted Average	100.00%	8.19%	5.98%	6.72%

8.4 SUMMARY

FBC's 2027 Forecast equity financing and ROE are based on the same percentages as approved by Order G-236-23. FBC's debt financing costs on rate base are primarily determined by embedded rates on long-term debt, and to a lesser degree by short-term debt rates. The 2027 Forecast embedded rate on long-term debt is expected to increase slightly to 4.77 percent from the 2026 Approved level of 4.73 percent. FBC is forecasting a short-term interest rate of 3.61 percent in 2027.

9. TAXES

9.1 INTRODUCTION AND OVERVIEW

This section discusses FBC's forecasts of property taxes and income tax which have been forecast on a basis consistent with prior years. For 2027, property taxes are forecast to increase by approximately 4.9 percent from 2026 Approved, while income tax is forecast to decrease by approximately 0.7 percent when compared to 2026 Approved.

9.2 PROPERTY TAXES

The property taxes are calculated by incorporating FBC's forecasts of assessed values of taxable assets, mill rates, and taxes from revenues earned from electricity consumed within municipalities. A breakdown of property taxes by asset type is provided in Table 9-1 below.

Table 9-1: Property Taxes (\$ millions)

Line No.	Description	2026 Approved	2026 Projected	2027 Forecast
1	Generation Plant	\$ 3.984	3.911	\$ 4.245
2	Transmission and Distribution	8.608	8.933	9.724
3	Substation Equipment	6.071	5.338	5.701
4	Land and Building	1.801	1.833	1.855
5	1% In-Lieu of Municipal Taxes	2.894	2.677	2.975
6	Total Property Taxes	<u>\$ 23.358</u>	<u>\$ 22.692</u>	<u>\$ 24.500</u>
7				
8	2026 Projected and 2027 Forecast Compared to 2026 Approved		-2.9%	4.9%
9	2027 Forecast Compared to 2026 Projected			8.0%

As shown in the above table, the 2026 property taxes are projected to decrease by 2.9 percent from 2026 Approved. The 2026 Projected property taxes are estimated based on actual tax rates and assessed values for 2026. The majority of the decrease from 2026 Approved to 2026 Projected is attributable to lower assessed values on substation equipment.

For 2027, FBC is forecasting an increase in property taxes of approximately 8.0 percent from the 2026 Projected level. The most significant drivers of the increase from 2026 Projected to 2027 Forecast are as follows:

1. **Changes in Tax Rates.** Mill rates are expected to change for 2027 as follows:
 - a) Municipal general mill rates are expected to increase on average by approximately 3.0 percent in 2027 across FBC's operating municipalities; however, since many municipalities are already at the legislated rate cap of \$40 per \$1,000 of

assessment value on utility properties, the increases due to changes in tax rates are tempered;

b) School mill rates are expected to increase in 2027 by approximately 3.0 percent, from the 2026 rate of \$12.06 to \$12.42 per \$1,000 of assessed value;

c) Rural general mill rates are expected to increase in 2027 by approximately 3.0 percent, from the 2026 rate of \$3.47 to \$3.57 per \$1,000 of assessed value; and

d) Other mill rates are expected to increase by approximately 1.5 percent in 2027, primarily from the Regional District, Hospital District and Transit Authority taxes.

2. ***Changes in Revenues to Calculate Grants In Lieu of Taxes.*** Grants in-lieu to municipalities are anticipated to increase by 11.1 percent based on preliminary revenue data applicable to the taxation year. As in-lieu taxes are calculated as a fixed percentage of revenues from electricity, an overall increase in actual revenues will increase the grants in-lieu of taxes due.

3. ***Changes in Assessed Values.*** Forecast changes in the assessed values of FBC's property are based on expected inflationary changes to BC Assessment legislated improvement rates and land values. Increases forecast are based on the historical five-year compounded annual growth rate. For 2027:

a) A 6.1 percent increase in assessed values of distribution and transmission lines;

b) A 6.1 percent increase in assessed values for generating facilities calculated using legislated cost manuals for valuing generating facilities;

c) A 6.1 percent increase in assessed values for substations calculated using legislated cost manuals for valuing substations; and

d) A 2.0 percent decrease for office improvements and no change in office land values.

Any variances from the forecast of property taxes included in rates are recorded in the Flow-through deferral account and will be returned to or recovered from customers in the following year.

9.3 INCOME TAX

FBC is subject to corporate income taxes imposed by the Federal and BC governments. Current income taxes have been calculated using the flow-through (taxes payable) method, consistent with BCUC-approved past practice, at the corporate tax rate of 27 percent for 2027, which is unchanged from 2026. The corporate tax rates used in this Application are based on the *Canada Income Tax Act* and the *BC Income Tax Act* enacted legislation and are updated each year as part of the annual rate setting process.

For 2027, FBC is forecasting income taxes to be \$15.599 million, which is approximately \$0.107 million or 0.7 percent lower compared to 2026 Approved. The decrease in income tax expenses is primarily attributable to an increase in Capital Cost Allowance (CCA) deductions. These deductions are offset by a higher rate base, higher amortization of deferred charges, and higher depreciation of property, plant and equipment. The increase in CCA deductions is primarily due to the following:

- On April 16, 2024, the Federal government proposed an immediate expensing of new additions related to productivity-enhancing assets such as general electronic data-processing equipment, which enabled FBC to claim a 100 percent CCA deduction for property that was acquired after April 15, 2024 and before 2027; and
- On December 16, 2024, the Federal government proposed to reinstate and extend the Accelerated Investment Incentive rules, which enabled FBC to claim an additional CCA deduction for all qualifying expenditures made after January 1, 2025 and before 2034 (formally known as the Reaccelerated Investment Incentive rules or RII).

The above-described legislation received royal assent on March 26, 2026; as such, the benefits of the additional CCA deductions in income tax have been incorporated in the 2027 Forecast. The additional CCA deductible for 2025 and 2026 resulting from the enacted legislation is \$11.6 million and \$13.7 million, respectively. This is equivalent to approximately \$6.8 million of income tax savings, which FBC has recorded in the Flow-through deferral account and which will be returned to customers through amortization. Please refer to Section 12.4.2.2.

Any tax rate variances and variances in income taxes on items that are flowed through in rates are subject to flow-through treatment.

All other differences in income tax expense are subject to earnings sharing.

9.4 SUMMARY

FBC has forecast its property and income taxes on a basis consistent with prior years, utilizing enacted legislation for income taxes and forecast changes for property tax rates and assessments.

10. EARNINGS SHARING

In the RSF Decision (at page 18), the BCUC approved the continuation of the same earnings sharing mechanism utilized during the 2020-2024 MRP term, whereby 50 percent of the achieved ROE above or below the allowed ROE is shared with customers.

Since FBC is unable to determine final earnings sharing until all items required for the ROE calculation are known, including the final rate base, there is a lag in when FBC distributes earnings sharing amounts. This is consistent with the calculations of formula O&M, where the true-up of the formula inputs happens only once actuals are known. Thus, for 2027 rates, it is the 2025 formula O&M and 2025 earnings sharing amounts that are calculated and impact rates in 2027.

For 2027, FBC proposes to distribute a \$1.158 million pre-tax credit (\$0.845 million after-tax) to customers, comprised of:

- The \$0.845 million credit difference between the projected 2025 deferral account after-tax addition of zero embedded in 2026 rates, and the actual 2025 deferral account after-tax credit addition of \$0.845 million.

FBC proposes to distribute \$1.158 million to customers in 2027 as a reduction in 2027 revenue requirements through amortization of the projected 2027 opening after-tax balance of \$0.845 million in the Earnings Sharing deferral account.

As part of future rate filings, the actual earnings sharing for 2026 will be distributed to or collected from customers in a similar manner as described above, which will account for the actual 2026 ROE variance from approved.

1 **11. FINANCIAL SCHEDULES**

2 **11.1 2027 FINANCIAL SCHEDULES**

Description	Schedule Reference
Summary Of Rate Change	1
Rate Base	
Utility Rate Base	2
Formula Inflation Factors	3
Capital Expenditures	4
Capital Expenditures To Plant Reconciliation	5
Plant In Service Continuity Schedule	6
Accumulated Depreciation Continuity Schedule	7
Schedule Not Applicable	8
Contributions In Aid Of Construction Continuity Schedule	9
Schedule Not Applicable	10
Unamortized Deferred Charges And Amortization - Rate Base	11
Unamortized Deferred Charges And Amortization - Non-Rate Base	12
Working Capital Allowance	13
Cash Working Capital	14
Schedule Not Applicable	15
Revenue Requirement	
Utility Income And Earned Return	16
Volume And Revenue	17
Revenue At Existing And Revised Rates	18
Cost Of Energy	19
Operating And Maintenance Expense	20
Depreciation And Amortization Expense	21
Property And Sundry Taxes	22
Other Revenue	23
Income Taxes	24
Capital Cost Allowance	25
Return On Capital	26
Embedded Cost Of Long Term Debt	27

3

**SUMMARY OF RATE CHANGE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$millions)**

Schedule 1

Line No.	Particulars (1)	2027 Forecast (2)	(3)	Cross Reference (4)
1	VOLUME/REVENUE RELATED			
2	Customer Growth and Volume	\$ 4.932		
3	Change in Other Revenue	0.378	5.310	
4				
5	POWER SUPPLY			
6	Power Purchases	3.711		
7	Wheeling	0.488		
8	Water Fees	0.159	4.358	
9				
10	O&M CHANGES			
11	Gross O&M Change	4.398		
12	Capitalized Overhead Change	(0.682)	3.716	
13				
14	DEPRECIATION EXPENSE			
15	Depreciation from Net Additions	5.365	5.365	
16				
17	AMORTIZATION EXPENSE			
18	CIAC from Net Additions	(0.212)		
19	Deferrals	4.906	4.694	
20				
21	FINANCING AND RETURN ON EQUITY			
22	Financing Rate Changes	0.379		
23	Financing Ratio Changes	0.412		
24	Rate Base Growth	8.199	8.990	
25				
26	TAX EXPENSE			
27	Property and Other Taxes	1.142		
28	Other Income Taxes Changes	(0.107)	1.035	
29				
30	2025 COSA - Irrigation Rebalancing Phase-in (2026)		0.457	
31	2025 COSA - Irrigation Rebalancing Phase-in (2027)		(0.305)	
32	REVENUE DEFICIENCY (SURPLUS)		\$ 33.620	Schedule 16, Line 6, Column 4
33				
34	Revenue at Existing Rates		523.660	Schedule 18, Line 7, Column 3
35	Rate Change		6.42%	

**UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 2

Line No.	Particulars	2026 Approved (2)	2027 at Revised Rates (3)	Change (4)	Cross Reference (5)
	(1)				
1	Plant in Service, Beginning	\$ 2,739,628	\$ 2,868,316	\$ 128,688	Schedule 6.1, Line 31, Column 3
2	Opening Balance Adjustment	-	-	-	Schedule 6.1, Line 31, Column 4
3	Net Additions	132,582	160,254	27,672	Schedule 6.1, Line 31, Columns 5+6+7
4	Plant in Service, Ending	2,872,210	3,028,570	156,360	
5					
6	Accumulated Depreciation Beginning	\$ (831,029)	\$ (880,277)	\$ (49,248)	Schedule 7.1, Line 31, Column 5
7	Opening Balance Adjustment	-	-	-	Schedule 7.1, Line 31, Column 6
8	Net Additions	(52,822)	(54,394)	(1,572)	Schedule 7.1, Line 31, Columns 7+8+9
9	Accumulated Depreciation Ending	(883,851)	(934,671)	(50,820)	
10					
11	CIAC, Beginning	\$ (258,213)	\$ (267,628)	\$ (9,415)	Schedule 9, Line 4, Column 2
12	Opening Balance Adjustment	-	-	-	
13	Net Additions	(9,605)	(9,301)	304	Schedule 9, Line 4, Columns 5+6
14	CIAC, Ending	(267,818)	(276,929)	(9,111)	
15					
16	Accumulated Amortization Beginning - CIAC	\$ 100,879	\$ 106,388	\$ 5,509	Schedule 9, Line 9, Column 2
17	Opening Balance Adjustment	-	-	-	
18	Net Additions	5,509	5,721	212	Schedule 9, Line 9, Columns 5+6
19	Accumulated Amortization Ending - CIAC	106,388	112,109	5,721	
20					
21	Net Plant in Service, Mid-Year	\$ 1,789,097	\$ 1,877,939	\$ 88,842	
22					
23	Adjustment for timing of Capital additions	\$ -	\$ 16,690	\$ 16,690	
24	Capital Work in Progress, No AFUDC	29,139	40,054	10,915	
25	Unamortized Deferred Charges	63,971	69,635	5,664	Schedule 11, Line 31, Column 8
26	Working Capital	11,025	11,376	351	Schedule 13, Line 9, Column 3
27	Utility Plant Acquisition Adjustment	4,005	3,819	(186)	
28					
29	Mid-Year Utility Rate Base	\$ 1,897,237	\$ 2,019,513	\$ 122,276	

**FORMULA INFLATION FACTORS
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 3

Line No.	Particulars	Reference	2025	2026	2027	Total for 2027 Rate Setting	Cross Ref
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Formula Cost Drivers						
2	CPI		3.012%	2.397%	2.134%		
3	AWE		5.384%	3.982%	2.717%		
4	Labour Split						
5	Non Labour		40.000%	40.000%	40.000%		
6	Labour		60.000%	60.000%	60.000%		
7	CPI/AWE	(Line 2 x Line 5) + (Line 3 x Line 6)	4.435%	3.348%	2.484%		
8	Productivity Factor		-0.450%	-0.450%	-0.450%		
9	Net Inflation Factor	Line 7 + Line 8	3.985%	2.898%	2.034%		
10							
11							
12	Growth in Average Customer Calculation						
13	Actual/Projected Prior Year Average Customers		152,426	155,942	158,897		
14	Average Customers for the Year	Schedule 18, Line 7, Column 6	155,942	158,897	161,037		
15	Change in Average Customers	Line 14 - Line 13	3,516	2,955	2,140	8,611	
16	Customer Growth Factor Multiplier					100%	
17	Change in Average Customers for Rate Setting Purposes	Line 15 x Line 16				8,611	
18							
19							
20	Average Customer Forecast - 2027 Rate Setting Purposes	Line 14				161,037	

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**CAPITAL EXPENDITURES
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 4

Line No.	Particulars (1)	Total CapEx (2)	Cross Reference (3)
1	Forecast Capital Expenditures		
2	Growth Capital	\$ 46,357	
3	Sustainment Capital	71,310	
4	Other Capital	22,698	
5	Total Forecast Capital	\$ 140,365	
6			
7	Flow-Through Capital Expenditures		
8	EV Charging Stations	\$ -	
9	MRS Capital	-	
10	Total Flow-Through Capital	\$ -	
11			
12	Total Regular Capital Expenditures	\$ 140,365	

**CAPITAL EXPENDITURES TO PLANT RECONCILIATION
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 5

Line No.	Particulars (1)	2027 Forecast (2)	Cross Reference (3)
1	CAPEX		
2	Forecast Capital Expenditures	\$ 140,365	
3	Flow-Through Capital	-	
4	Total Regular Capital Expenditures	<u>\$ 140,365</u>	Schedule 4, Line 12, Column 2
5			
6	Special Projects and CPCN's		
7	AS Mawdsley Terminal	\$ 750	
8	Fruitvale Station	1,814	
9	ERP Modernization and CIS Replacement Project	53,400	
10	Total Special Projects and CPCN's	<u>\$ 55,964</u>	
11			
12	Total Capital Expenditures	<u>\$ 196,329</u>	
13			
14			
15	RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT		
16			
17	Regular Capital Expenditures	\$ 140,365	Line 4
18	Add - Capitalized Overheads	14,005	Schedule 20, Line 23, Column 4
19	Add - AFUDC	880	
20	Gross Capital Expenditures	<u>\$ 155,250</u>	
21	Change in Work in Progress	-	
22	Total Regular Additions to Plant	<u>\$ 155,250</u>	
23			
24	Special Projects and CPCN's Capital Expenditures	\$ 55,964	Line 10
25	Add - AFUDC	2,720	
26	Gross Capital Expenditures	<u>58,684</u>	
27	Change in Work in Progress	<u>(25,305)</u>	
28	Total Special Projects and CPCN Additions to Plant	<u>\$ 33,379</u>	
29			
30	Grand Total Additions to Plant	<u>\$ 188,629</u>	Schedule 6.1, Line 31, Columns 5 + 6

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 6

Line No.	Account	Particulars	12/31/2026	Opening Bal Adjustment	CPCN's	Additions	Retirements	12/31/2027	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		Hydraulic Production Plant							
2	330	Land Rights	\$ 962	\$ -	\$ -	\$ -	\$ -	\$ 962	
3	331	Structures and Improvements	33,651	-	-	9,232	(27)	42,856	
4	332	Reservoirs, Dams & Waterways	129,899	-	-	4,309	(288)	133,920	
5	333	Water Wheels, Turbines and Gen.	132,337	-	-	182	(48)	132,471	
6	334	Accessory Equipment	53,851	-	-	1,143	(94)	54,900	
7	335	Other Power Plant Equipment	49,830	-	-	3,825	(3)	53,652	
8	336	Roads, Railways and Bridges	1,807	-	-	-	-	1,807	
9			<u>\$ 402,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,691</u>	<u>\$ (460)</u>	<u>\$ 420,568</u>	
10									
11		Transmission Plant							
12	350	Land Rights - R/W	\$ 11,407	\$ -	\$ -	\$ 137	\$ -	\$ 11,544	
13	350.1	Land Rights - Clearing	10,412	-	1,001	67	-	11,480	
14	353	Station Equipment	300,948	-	28,706	11,406	(682)	340,378	
15	355	Poles, Towers & Fixtures	158,716	-	1,669	10,739	(709)	170,415	
16	356	Conductors and Devices	156,702	-	1,002	10,583	(497)	167,790	
17	359	Roads and Trails	1,121	-	-	-	-	1,121	
18			<u>\$ 639,306</u>	<u>\$ -</u>	<u>\$ 32,378</u>	<u>\$ 32,932</u>	<u>\$ (1,888)</u>	<u>\$ 702,728</u>	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 6.1

Line No.	Account	Particulars	12/31/2026	Opening Bal Adjustment	CPCN's	Additions	Retirements	12/31/2027	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		Distribution Plant							
2	360	Land Rights - R/W	\$ 11,015	\$ -	\$ -	\$ 812	\$ -	\$ 11,827	
3	360.1	Land Rights - Clearing	15,836	-	-	1,470	-	17,306	
4	362	Station Equipment	320,288	-	-	8,053	(3,036)	325,305	
5	364	Poles, Towers & Fixtures	327,120	-	-	17,529	(440)	344,209	
6	365	Conductors and Devices	518,322	-	-	26,081	(949)	543,454	
7	368	Line Transformers	266,582	-	-	15,331	(3,363)	278,550	
8	369	Services	126	-	-	-	(2,392)	(2,266)	
9	370.1	AMI Meters	53,472	-	-	1,177	(1,421)	53,228	
10	373	Street Lighting and Signal System	13,970	-	-	20	(79)	13,911	
11	372	EV Stations Kiosks & Charger Connectors	6,258	-	-	-	(23)	6,235	
12			<u>\$ 1,532,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,473</u>	<u>\$ (11,703)</u>	<u>\$ 1,591,759</u>	
13									
14		General Plant							
15	389	Land	\$ 11,182	\$ -	\$ -	\$ -	\$ (3)	\$ 11,179	
16	390.1	Structures - Masonry	54,305	-	-	2,874	(881)	56,298	
17	390.2	Operation Building	20,648	-	-	699	(99)	21,248	
18	390.1	Leasehold Improvements	10,028	-	-	640	-	10,668	
19	391	Office Furniture & Equipment	12,091	-	-	2,612	(113)	14,590	
20	391.1	Computer Hardware	16,528	-	-	4,447	(3,059)	17,916	
21	391.2	Computer Software	69,369	-	-	10,796	(6,393)	73,772	
22	391.2	AMI Software	307	-	-	-	(326)	(19)	
23	392.1	Light Duty Vehicles	7,930	-	-	1,351	(688)	8,593	
24	392.1	Heavy Duty Vehicles	43,393	-	-	5,519	(1,744)	47,168	
25	394	Tools and Work Equipment	9,113	-	-	669	(531)	9,251	
26	397	Communication Structures & Equipment	23,130	-	-	3,174	(487)	25,817	
27	397.1	Fibre	10,316	-	1,001	-	-	11,317	
28	397.2	AMI Communication Structures & Equipment	5,344	-	-	373	-	5,717	
29			<u>\$ 293,684</u>	<u>\$ -</u>	<u>\$ 1,001</u>	<u>\$ 33,154</u>	<u>\$ (14,324)</u>	<u>\$ 313,515</u>	
30									
31		Total Plant in Service	<u>\$ 2,868,316</u>	<u>\$ -</u>	<u>\$ 33,379</u>	<u>\$ 155,250</u>	<u>\$ (28,375)</u>	<u>\$ 3,028,570</u>	
32									
33		Cross Reference			Schedule 5, Line 28, Column 2	Schedule 5, Line 22, Column 2			

ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)

Schedule 7

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2026	Opening Bal Adjustment	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2027	Cross Ref
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1		Hydraulic Production Plant										
2	330	Land Rights	\$ 962	1.02%	\$ (342)	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ (332)	
3	331	Structures and Improvements	33,651	1.71%	6,065	-	575	(27)	(274)	-	6,339	
4	332	Reservoirs, Dams & Waterways	129,899	1.99%	6,501	-	2,585	(288)	(93)	-	8,705	
5	333	Water Wheels, Turbines and Gen.	132,337	1.86%	35,119	-	2,467	(48)	-	-	37,538	
6	334	Accessory Equipment	53,851	3.00%	21,266	-	1,616	(94)	-	-	22,788	
7	335	Other Power Plant Equipment	49,830	2.26%	25,887	-	1,125	(3)	(10)	-	26,999	
8	336	Roads, Railways and Bridges	1,807	1.42%	560	-	26	-	-	-	586	
9			<u>\$ 402,337</u>		<u>\$ 95,056</u>	<u>\$ -</u>	<u>\$ 8,404</u>	<u>\$ (460)</u>	<u>\$ (377)</u>	<u>\$ -</u>	<u>\$ 102,623</u>	
10												
11		Transmission Plant										
12	350	Land Rights - R/W	\$ 11,407	0.00%	\$ 36	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 38	
13	350.1	Land Rights - Clearing	11,413	1.27%	2,933	-	145	-	-	-	3,078	
14	353	Station Equipment	329,654	2.39%	125,793	-	7,879	(682)	(289)	-	132,701	
15	355	Poles, Towers & Fixtures	160,385	2.80%	47,414	-	4,495	(709)	(602)	-	50,598	
16	356	Conductors and Devices	157,704	2.76%	41,441	-	4,349	(497)	(599)	-	44,694	
17	359	Roads and Trails	1,121	1.86%	521	-	21	-	-	-	542	
18			<u>\$ 671,684</u>		<u>\$ 218,138</u>	<u>\$ -</u>	<u>\$ 16,889</u>	<u>\$ (1,888)</u>	<u>\$ (1,488)</u>	<u>\$ -</u>	<u>\$ 231,651</u>	

ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)

Schedule 7.1

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2026	Opening Bal Adjustment	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2027	Cross Ref
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1		Distribution Plant										
2	360	Land Rights - R/W	\$ 11,015	0.00%	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	
3	360.1	Land Rights - Clearing	15,836	1.25%	3,632	-	198	-	-	-	3,830	
4	362	Station Equipment	320,288	2.62%	114,613	-	8,392	(3,036)	(217)	-	119,752	
5	364	Poles, Towers & Fixtures	327,120	2.92%	105,264	-	9,550	(440)	(1,541)	-	112,833	
6	365	Conductors and Devices	518,322	2.46%	160,513	-	12,764	(949)	(2,489)	-	169,839	
7	368	Line Transformers	266,582	3.57%	66,314	-	9,527	(3,363)	(944)	-	71,534	
8	369	Services	126	1.80%	(2,528)	-	2	(2,392)	-	-	(4,918)	
9	370.1	AMI Meters	53,472	5.57%	18,225	-	2,978	(1,421)	(158)	-	19,624	
10	373	Street Lighting and Signal System	13,970	4.49%	8,886	-	627	(79)	-	-	9,434	
11	372	EV Stations Kiosks & Charger Connectors	6,258	10.00%	3,140	-	626	(23)	-	-	3,743	
12			<u>\$ 1,532,989</u>		<u>\$ 478,075</u>	<u>\$ -</u>	<u>\$ 44,664</u>	<u>\$ (11,703)</u>	<u>\$ (5,349)</u>	<u>\$ -</u>	<u>\$ 505,687</u>	
13												
14		General Plant										
15	389	Land	\$ 11,182	0.00%	\$ 30	\$ -	\$ -	\$ (3)	\$ -	\$ -	\$ 27	
16	390.1	Structures - Masonry	54,305	2.76%	14,570	-	1,498	(881)	(287)	-	14,900	
17	390.2	Operation Building	20,648	1.74%	8,000	-	359	(99)	-	-	8,260	
18	390.1	Leasehold Improvements	10,028	1.63%	3,223	-	163	-	-	-	3,386	
19	391	Office Furniture & Equipment	12,091	5.54%	2,242	-	670	(113)	-	-	2,799	
20	391.1	Computer Hardware	16,528	25.00%	4,122	-	4,132	(3,059)	-	-	5,195	
21	391.2	Computer Software	69,369	10.73%	20,092	-	7,443	(6,393)	-	-	21,142	
22	391.2	AMI Software	307	10.00%	283	-	31	(326)	-	-	(12)	
23	392.1	Light Duty Vehicles	7,930	6.83%	3,551	-	542	(688)	46	-	3,451	
24	392.1	Heavy Duty Vehicles	43,393	5.99%	12,596	-	2,600	(1,744)	-	-	13,452	
25	394	Tools and Work Equipment	9,113	5.39%	2,914	-	491	(531)	-	-	2,874	
26	397	Communication Structures & Equipment	23,130	5.61%	3,768	-	1,298	(487)	(70)	-	4,509	
27	397.1	Fibre	11,317	6.67%	9,898	-	754	-	-	-	10,652	
28	397.2	AMI Communication Structures & Equipment	5,344	6.67%	3,719	-	356	-	-	-	4,075	
29			<u>\$ 294,685</u>		<u>\$ 89,008</u>	<u>\$ -</u>	<u>\$ 20,337</u>	<u>\$ (14,324)</u>	<u>\$ (311)</u>	<u>\$ -</u>	<u>\$ 94,710</u>	
30												
31		Total	<u>\$ 2,901,695</u>		<u>\$ 880,277</u>	<u>\$ -</u>	<u>\$ 90,294</u>	<u>\$ (28,375)</u>	<u>\$ (7,525)</u>	<u>\$ -</u>	<u>\$ 934,671</u>	
32												
33		Cross Reference	Schedule 6.1, Line 31, Columns 3+4+5									

SCHEDULE NOT APPLICABLE

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**CONTRIBUTIONS IN AID OF CONSTRUCTION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 9

Line No.	Particulars	12/31/2026	CPCN / Open Bal Adj	Adjustment	Additions	Retirements	12/31/2027	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	CIAC							
2	Distribution Contributions	\$ 264,394	\$ -	\$ -	\$ 9,301	\$ -	\$ 273,695	
3	EV Stations Kiosks & Charger Connectors	3,234	-	-	-	-	3,234	
4	Total	\$ 267,628	\$ -	\$ -	\$ 9,301	\$ -	\$ 276,929	
5								
6	Amortization							
7	Distribution Contributions	\$ (104,875)	\$ -	\$ -	\$ (5,426)	\$ -	\$ (110,301)	
8	EV Stations Kiosks & Charger Connectors	(1,513)	-	-	(295)	-	(1,808)	
9	Total	\$ (106,388)	\$ -	\$ -	\$ (5,721)	\$ -	\$ (112,109)	
10								
11	Net CIAC	\$ 161,240	\$ -	\$ -	\$ 3,580	\$ -	\$ 164,820	

SCHEDULE NOT APPLICABLE

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)

Schedule 11

Line No.	Particulars	12/31/2026	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2027	Mid-Year Average	Cross Reference	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1	<u>1. Forecasting Variance Accounts</u>									
2	BCUC Levies Variance Account	\$ 30	\$ -	\$ -	\$ -	\$ (30)	\$ -	\$ 15		
3										
4	<u>2. Rate Smoothing Accounts</u>									
5										
6	<u>3. Benefits Matching Accounts</u>									
7	Preliminary and Investigative Charges '	\$ 3,285	\$ -	\$ (1,150)	\$ -	\$ -	\$ 2,135	\$ 2,710	Note 1	
8	Demand Side Management	56,693	-	18,707	(5,051)	(8,919)	61,430	59,062		
9	Deferred Debt Issue Costs	4,933	-	-	(111)	(235)	4,587	4,760		
10	2025 - 2027 RSF Application	246	-	-	-	(203)	43	145		
11	2023 - 2027 DSM Expenditure Schedule	12	-	-	-	(12)	-	6		
12	Joint Pole Use Audit 2023	15	-	-	-	(15)	-	8		
13	2021 Generic Cost of Capital Proceeding	506	-	-	-	(169)	337	422		
14	Annual Review Proceeding Costs	58	-	126	(34)	(59)	91	75		
15	2025 COSA	(44)	-	-	-	44	-	(22)		
16	2026 Long Term Electric Resource Plan	669	-	200	(54)	-	815	742		
17	BCUC Initiated Inquiry Costs	(16)	-	-	-	16	-	(8)		
18	EV Fleet & Workplace Charging Funding Account	43	-	-	-	(7)	36	40		
19	2028 Rate Setting	15	-	540	(146)	-	409	212		
20	ERP Application and Preliminary Stage Development Costs	-	3,360	-	-	(840)	2,520	2,940		
21		<u>\$ 66,415</u>	<u>\$ 3,360</u>	<u>\$ 18,423</u>	<u>\$ (5,396)</u>	<u>\$ (10,399)</u>	<u>\$ 72,403</u>	<u>\$ 71,092</u>		
22										
23	<u>4. Retroactive Expense Accounts</u>									
24										
25	<u>5. Other Accounts</u>									
26	Pension and OPEB Liability	\$ (3,103)	\$ -	\$ 3,117	\$ -	\$ -	\$ 14	\$ (1,545)		
27	Climate Change Operational Adaptation (CCOA)	111	-	-	-	(76)	35	73		
28	Indigenous Relations Agreement (Huth Substation)	-	-	-	-	-	-	-		
29		<u>\$ (2,992)</u>	<u>\$ -</u>	<u>\$ 3,117</u>	<u>\$ -</u>	<u>\$ (76)</u>	<u>\$ 49</u>	<u>\$ (1,472)</u>		
30										
31	Total Rate Base Deferral Accounts	<u>\$ 63,453</u>	<u>\$ 3,360</u>	<u>\$ 21,540</u>	<u>\$ (5,396)</u>	<u>\$ (10,505)</u>	<u>\$ 72,452</u>	<u>\$ 69,635</u>		
32										
33	Note 1: Gross Additions for Preliminary and Investigative Charges are after transfers to Construction Work in Progress. Additions of \$1.0 million - transfer of \$2.150 million = -\$1.150 million.									

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)

Schedule 12

Line No.	Particulars	12/31/2026	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2027	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Deferral Accounts Financed at Short Term Interest Rate								
2									
3	<u>1. Forecasting Variance Accounts</u>								
4	Pension & Other Post Retirement Benefits (OPEB) Variance	\$ 1,372	\$ -	\$ -	\$ -	\$ (561)	\$ 811	\$ 1,092	
5									
6	<u>2. Rate Smoothing Accounts</u>								
7									
8	<u>3. Benefits Matching Accounts</u>								
9	Tariff Applications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
10									
11	<u>4. Retroactive Expense Accounts</u>								
12									
13	<u>5. Other Accounts</u>								
14									
15	Total NRB Deferral Accounts at Short Term Interest	<u>\$ 1,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (561)</u>	<u>\$ 811</u>	<u>\$ 1,092</u>	
16									
17	Financing Costs at STI	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ (23)</u>	<u>\$ 29</u>	<u>\$ 26</u>	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE cont'd
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)

Schedule 12.1

Line No.	Particulars	12/31/2026	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2027	Mid-Year Average	Cross Ref
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Deferral Accounts Financed at Weighted Average Cost of Debt								
2									
3	<u>1. Forecasting Variance Accounts</u>								
4									
5	<u>2. Rate Smoothing Accounts</u>								
6									
7	<u>3. Benefits Matching Accounts</u>								
8	CPCN Projects Preliminary Engineering ¹	\$ 4,550	\$ -	\$ (172)	\$ -	\$ -	\$ 4,378	\$ 4,464	Note 1
9									
10	<u>4. Retroactive Expense Accounts</u>								
11									
12	<u>5. Other Accounts</u>								
13									
14	Total NRB Deferral Accounts at Weighted Average Cost of Debt	<u>\$ 4,550</u>	<u>\$ -</u>	<u>\$ (172)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,378</u>	<u>\$ 4,464</u>	
15									
16	Financing Costs at WACD	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ (86)</u>	<u>\$ 91</u>	<u>\$ 89</u>	
17	Note 1: Gross additions for CPCN Projects Preliminary Engineering after transfers to Construction Work in Progress.								

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE cont'd
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)

Schedule 12.2

Line No.	Particulars	12/31/2026	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	12/31/2027	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Deferral Accounts Financed at Weighted Average Cost of Capital								
2									
3	<u>1. Forecasting Variance Accounts</u>								
4	Flowthrough	\$ (2,717)	\$ -	\$ -	\$ -	\$ 2,717	\$ -	\$ (1,359)	
5									
6	<u>2. Rate Smoothing Accounts</u>								
7	Irrigation Rebalancing Phase-in	\$ -	\$ -	\$ 304	\$ (82)	\$ (222)	\$ -	\$ -	
8									
9	<u>3. Benefits Matching Accounts</u>								
10	ERP Application and Preliminary Stage Development Costs	\$ 3,360	\$ (3,360)	\$ -	\$ -	\$ -	\$ -	\$ -	
11	ERP/CIS Project Implementation O&M	195	-	1,631	(440)	-	1,386	791	
12		<u>\$ 3,555</u>	<u>\$ (3,360)</u>	<u>\$ 1,631</u>	<u>\$ (440)</u>	<u>\$ -</u>	<u>\$ 1,386</u>	<u>\$ 791</u>	
13									
14	<u>4. Retroactive Expense Accounts</u>								
15									
16	<u>5. Other Accounts</u>								
17	Earnings Sharing Account	\$ (845)	\$ -	\$ -	\$ -	\$ 845	\$ -	\$ (423)	
18	Flotation Costs	2,063	-	109	-	(477)	1,695	1,879	
19		<u>\$ 1,218</u>	<u>\$ -</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 368</u>	<u>\$ 1,695</u>	<u>\$ 1,456</u>	
20									
21	Total NRB Deferral Accounts at Weighted Average Cost of Capital	<u>\$ 2,056</u>	<u>\$ (3,360)</u>	<u>\$ 2,044</u>	<u>\$ (522)</u>	<u>\$ 2,863</u>	<u>\$ 3,081</u>	<u>\$ 889</u>	
22									
23	Financing Costs at WACC	\$ 147	\$ -	\$ 46	\$ -	\$ (147)	46	97	
24									
25	Non Rate Base Deferral Accounts Non-Interest Bearing	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>	
26									
27									
28	Total Non Rate Base Deferral Accounts (including financing)	<u>\$ 8,284</u>	<u>\$ (3,360)</u>	<u>\$ 2,038</u>	<u>\$ (522)</u>	<u>\$ 2,046</u>	<u>\$ 8,486</u>	<u>\$ 6,707</u>	

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 13

Line No.	Particulars	2026 Approved	2027 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Cash Working Capital				
2	Cash Working Capital	\$ 11,523	\$ 12,020	\$ 497	Schedule 14, Line 32, Column 5
3					
4	Add/Less: Funds Unavailable/(Funds Available)				
5	Customers Loans	214	177	(37)	
6	Employee Loans	501	555	54	
7	Inventories - Materials and Supplies	1,224	1,246	22	
8	Employee Withholdings	(2,437)	(2,622)	(185)	
9	Total	\$ 11,025	\$ 11,376	\$ 351	

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**CASH WORKING CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 14

Line No.	Particulars	2027 at Revised Rates	Lag (Lead) Days	Extended	Weighted Average Lag (Lead) Days	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	REVENUE					
2	Sales Revenue					
3	Residential Tariff Revenue	\$ 265,752	54.2	\$ 14,403,758		
4	Commercial Tariff Revenue	139,098	44.0	6,120,312		
5	Wholesale Tariff Revenue	69,725	36.7	2,558,908		
6	Industrial Tariff Revenue	75,573	35.7	2,697,956		
7	Lighting Tariff Revenue	2,242	44.0	98,648		
8	Irrigation Tariff Revenue	4,890	39.8	194,622		
9						
10	Other Revenue					
11	Apparatus and Facilities Rental	\$ 7,405	90.3	\$ 668,672		
12	Contract Revenue	2,247	60.0	134,820		
13	Transmission Access Revenue	1,888	60.2	113,658		
14	Late Payment Charges	1,080	53.7	57,996		
15	Connection Charges	630	38.4	24,192		
16	Other Utility Income	330	55.3	18,249		
17	Total	<u>\$ 570,860</u>		<u>\$ 27,091,791</u>	47.5	
18						
19	EXPENSES					
20	Power Purchases	\$ 203,991	(45.8)	\$ (9,342,788)		
21	Wheeling	8,213	(39.7)	(326,056)		
22	Water Fees	13,465	(1.9)	(25,584)		
23	Operating and Maintenance	76,349	(23.9)	(1,824,744)		
24	Property Taxes	24,500	(4.1)	(100,450)		
25	GST	630	(39.4)	(24,822)		
26	Income Tax	15,599	(15.2)	(237,105)		
27	Total	<u>\$ 342,747</u>		<u>\$ (11,881,549)</u>	(34.7)	
28						
29	Net Lag (Lead) Days				12.8	
30	Total Expenses				\$ 342,747	
31						
32	Cash Working Capital				<u>\$ 12,020</u>	

SCHEDULE NOT APPLICABLE

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 16

Line No.	Particulars (1)	2026 Approved	2027 Forecast		Change		Cross Reference (7)
		(2)	at Existing Rates (3)	Revised Revenue (4)	at Revised Rates (5)	(6)	
1	ENERGY VOLUMES						
2	Sales Volume (GWh)	3,714	3,662	-	3,662	(52)	Schedule 17, Line 8, Column 3
3							
4	REVENUE						
5	Sales	\$ 528,592	\$ 523,660	\$ -	\$ 523,660	\$ (4,932)	Schedule 17, Line 17, Column 3
6	Deficiency (Surplus)	-	-	33,620	33,620	33,620	
7	Total	528,592	523,660	33,620	557,280	28,688	Schedule 18, Line 7, Column 5
8							
9	EXPENSES						
10	Cost of Energy	\$ 221,311	\$ 225,669	\$ -	\$ 225,669	\$ 4,358	Schedule 19, Line 28, Column 3
11	O&M Expense (net)	72,633	76,349	-	76,349	3,716	Schedule 20, Line 24, Column 4
12	Depreciation & Amortization	83,159	93,218	-	93,218	10,059	Schedule 21, Line 11, Column 3
13	Property Taxes	23,358	24,500	-	24,500	1,142	Schedule 22, Line 6, Column 3
14	Other Revenue	(13,958)	(13,580)	-	(13,580)	378	Schedule 23, Line 8, Column 3
15	2025 COSA - Irrigation Rebalancing Phase-in	(457)	(305)	-	(305)	152	Schedule 1, Line 31, Column 3
16	Utility Income Before Income Taxes	142,546	117,809	33,620	151,429	8,882	
17							
18	Income Taxes	15,706	6,527	9,072	15,599	(107)	Schedule 24, Line 13, Column 3
19							
20	EARNED RETURN	\$ 126,840	\$ 111,282	\$ 24,548	\$ 135,830	\$ 8,989	Schedule 26, Line 5, Column 7
21							
22	UTILITY RATE BASE	\$ 1,897,237	\$ 2,018,737		\$ 2,019,513	\$ 122,276	Schedule 2, Line 29, Column 3
23	RATE OF RETURN ON UTILITY RATE BASE	6.69%	5.51%		6.73%	0.04%	Schedule 26, Line 5, Column 6

FORTISBC INC.

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Section 11

**VOLUME AND REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 17

Line No.	Particulars	2026 Approved (2)	2027 Forecast (3)	Change (4)	Cross Reference (5)
	(1)				
1	ENERGY VOLUME SOLD (GWh)				
2	Residential	1,334	1,340	6	
3	Commercial	979	981	2	
4	Wholesale	580	589	9	
5	Industrial	774	705	(69)	
6	Lighting	8	7	(1)	
7	Irrigation	39	40	1	
8	Total	3,714	3,662	(52)	
9					
10	REVENUE AT EXISTING RATES				
11	Residential	\$ 248,126	\$ 249,719	\$ 1,593	
12	Commercial	130,795	130,706	(89)	
13	Wholesale	64,542	65,519	977	
14	Industrial	78,029	71,014	(7,015)	
15	Lighting	2,284	2,107	(177)	
16	Irrigation ¹	4,816	4,595	(221)	
17	Total	\$ 528,592	\$ 523,660	\$ (4,932)	

18 ¹ Includes 2025 COSA revenue rebalancing approved under BCUC Order G-265-25.

**REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 18

Line No.	Particulars	2026 Approved Revenue	2027 Forecast			Average Number of Customers	GWh	Cross Reference
			Revenue at Existing Rates	Effective Increase	Revenue at Revised Rates			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	\$ 248,126	\$ 249,719	\$ 16,033	\$ 265,752	141,174	1,340	
2	Commercial	130,795	130,706	8,392	139,098	17,490	981	
3	Wholesale	64,542	65,519	4,206	69,725	6	589	
4	Industrial	78,029	71,014	4,559	75,573	42	705	
5	Lighting	2,284	2,107	135	2,242	1,222	7	
6	Irrigation ¹	4,816	4,595	295	4,890	1,103	40	
7	Total	<u>\$ 528,592</u>	<u>\$ 523,660</u>	<u>\$ 33,620</u>	<u>\$ 557,280</u>	<u>161,037</u>	<u>3,662</u>	
8								
9	Effective Increase			<u>6.42%</u>				

10 ¹ Includes 2025 COSA revenue rebalancing approved under BCUC Order G-265-25.

COST OF ENERGY

Schedule 19

FOR THE YEAR ENDING DECEMBER 31, 2027

(\$000s)

Line No.	Particulars	2026 Approved (2)	2027 Forecast (3)	Change (4)	Cross Reference (5)
	(1)				
1	POWER PURCHASES				
2	Gross Load (GWh)	4,032	3,974	(58)	
3					
4	Power Purchase Expense				
5	Brilliant	\$ 50,531	\$ 52,192	\$ 1,661	
6	BC Hydro PPA	76,620	79,880	3,260	
7	Waneta Expansion	40,786	48,797	8,011	
8	Market and Contracted Producers	32,144	22,887	(9,257)	
9	Independent Power Producers	199	235	36	
10	Total	\$ 200,280	\$ 203,991	\$ 3,711	
11					
12	WHEELING				
13	Wheeling Nomination (MW months)				
14	Okanagan Point of Interconnection	2,655	2,790	135	
15	Creston	525	498	(27)	
16					
17	Wheeling Expense				
18	Okanagan Point of Interconnect	\$ 6,212	\$ 6,664	\$ 452	
19	Creston	800	775	(25)	
20	Other	713	774	61	
21	Total	\$ 7,725	\$ 8,213	\$ 488	
22					
23	WATER FEES				
24	Plant Entitlement Use in previous year (GWh)	1,614	1,596	(18)	
25					
26	Water Fees	\$ 13,306	\$ 13,465	\$ 159	
27					
28	Total	\$ 221,311	\$ 225,669	\$ 4,358	

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**OPERATING AND MAINTENANCE EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 20

Line No.	Particulars (1)	Inflation Indexed O&M (2)	Forecast O&M (3)	Total O&M (4)	Cross Reference (5)
1	Inflation Indexed O&M				
2	2026 Base Unit Cost O&M	\$ 529			
3	2027 Net Inflation Factor	2.034%			Schedule 3, Line 9, Column 5
4	2027 Base Unit Cost O&M	\$ 540			Line 2 x (1 + Line 3)
5					
6	2027 Average Customer Forecast - Rate Setting Purpose	161,037			Schedule 3, Line 20, Column 6
7					
8	2027 Inflation Indexed O&M before prior year True-up	\$ 86,960			Line 4 x Line 6 / 1,000
9					
10	2025 Average Customer True-up	14			
11					
12	2027 Inflation Indexed O&M	\$ 86,974		\$ 86,974	Sum of Lines 8 and 10
13					
14	O&M Tracked Outside of Formula				
15	Pension & OPEB (O&M Portion)		\$ (410)		
16	Insurance Premiums		2,581		
17	BCUC Levies		447		
18	EV Charging Stations		412		
19	MRS Triennial Audit		350		
20	Sub-total		\$ 3,380	3,380	Sum of Lines 15 through 19
21					
22	Total Gross O&M			\$ 90,354	Line 12 + Line 20
23	Capitalized Overhead			(14,005)	-15.5 % x Line 22
24	Net O&M Expense			\$ 76,349	Sum of Lines 22 and 23

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**DEPRECIATION AND AMORTIZATION EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 21

Line No.	Particulars (1)	2026 Approved (2)	2027 Forecast (3)	Change (4)	Cross Reference (5)
1	Depreciation				
2	Depreciation Expense	\$ 84,929	\$ 90,294	\$ 5,365	Schedule 7.1, Line 31, Column 7
3					
4	Amortization				
5	Rate Base Deferrals	\$ 9,181	\$ 10,505	\$ 1,324	Schedule 11, Line 31, Column 6
6	Non-Rate Base Deferrals	(5,628)	(2,046)	3,582	Schedule 12.2, Line 28, Column 6
7	Utility Plant Acquisition Adjustment	186	186	-	
8	CIAC	(5,509)	(5,721)	(212)	Schedule 9, Line 9, Column 5
9		\$ (1,770)	\$ 2,924	\$ 4,694	
10					
11	Total	\$ 83,159	\$ 93,218	\$ 10,059	

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 22

Line No.	Particulars (1)	2026 Approved (2)	2027 Forecast (3)	Change (4)	Cross Reference (5)
1	Generating Plant	\$ 3,984	\$ 4,245	\$ 261	
2	Transmission and Distribution	8,608	9,724	1,116	
3	Substation Equipment	6,071	5,701	(370)	
4	Land and Buildings	1,801	1,855	54	
5	1% In-Lieu of Municipal Taxes	2,894	2,975	81	
6	Total	<u>\$ 23,358</u>	<u>\$ 24,500</u>	<u>\$ 1,142</u>	

FORTISBC INC.

FBC Annual Review for 2027 Rates - July 31, 2026

Section 11

**OTHER REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 23

Line No.	Particulars (1)	2026 Approved (2)	2027 Forecast (3)	Change (4)	Cross Reference (5)
1	Apparatus and Facilities Rental	\$ 7,332	\$ 7,405	\$ 73	
2	Contract Revenue	2,970	2,247	(723)	
3	Transmission Access Revenue	1,817	1,888	71	
4	Interest Income	36	36	-	
5	Late Payment Charges	925	1,080	155	
6	Connection Charges	584	630	46	
7	Other Recoveries	294	294	-	
8	Total	\$ 13,958	\$ 13,580	\$ (378)	

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)

Schedule 24

Line No.	Particulars	2026 Approved	2027 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	EARNED RETURN	\$ 126,840	\$ 135,830	\$ 8,990	Schedule 16, Line 20, Column 5
2	Deduct: Interest on Debt	(51,776)	(55,928)	(4,152)	Schedule 26, Lines 1+2, Column 7
3	Adjustments to Taxable Income	(32,600)	(37,726)	(5,126)	Line 32
4	Accounting Income After Tax	\$ 42,464	\$ 42,176	\$ (288)	
5					
6	1 - Current Income Tax Rate	73.00%	73.00%	0.00%	
7	Taxable Income	\$ 58,170	\$ 57,775	\$ (395)	
8					
9	Current Income Tax Rate	27.00%	27.00%	0.00%	
10	Income Tax - Current	\$ 15,706	\$ 15,599	\$ (107)	
11					
12	Previous Year Adjustment	-	-	-	
13	Total Income Tax	\$ 15,706	\$ 15,599	\$ (107)	
14					
15					
16	ADJUSTMENTS TO TAXABLE INCOME				
17	Addbacks:				
18	Depreciation	\$ 84,929	\$ 90,294	\$ 5,365	Schedule 21, Line 2, Column 3
19	Amortization of Deferred Charges	3,553	8,459	4,906	Schedule 21, Lines 5+6, Column 3
20	Amortization of Utility Plant Acquisition Adjustment	186	186	-	Schedule 21, Line 7, Column 3
21	Pension Expense	(387)	626	1,013	
22	OPEB Expense	1,407	1,435	28	
23					
24	Deductions:				
25	Capital Cost Allowance	(97,491)	(112,511)	(15,020)	Schedule 25, Line 20, Column 6
26	CIAC Amortization	(5,509)	(5,721)	(212)	Schedule 21, Line 8, Column 3
27	Pension Contributions	(3,812)	(4,279)	(467)	
28	OPEB Contributions	(842)	(899)	(57)	
29	Overheads Capitalized Expensed for Tax Purposes	(13,323)	(14,005)	(682)	Schedule 20, Line 23, Column 4
30	Removal Costs	(1,200)	(1,200)	-	
31	All Other	(111)	(111)	-	
32	Total	\$ (32,600)	\$ (37,726)	\$ (5,126)	

**CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 25

Line No.	Class	CCA Rate	12/31/2026 UCC Balance	2027 Additions & Opening Adj	Adjustment	2027 CCA	Forecast 12/31/2027 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1(a)	4%	\$ 130,551	\$ -	\$ -	\$ (5,222)	\$ 125,329
2	1(b)	6%	36,152	3,535	1,768	(2,487)	37,200
3	2	6%	8,903	-	-	(534)	8,369
4	3	5%	528	-	-	(26)	502
5	6	10%	2	-	-	-	2
6	8	20%	6,896	2,983	1,491	(2,275)	7,604
7	10	30%	9,212	6,201	3,101	(5,554)	9,859
8	12	100%	-	-	-	-	-
9	13	0%	2,159	582	291	(656)	2,085
10	14.1 (pre 2017)	7%	5,072	-	-	(355)	4,717
11	14.1 (post 2016)	5%	10,560	3,603	1,802	(798)	13,365
12	17	8%	149,106	16,727	8,364	(13,936)	151,897
13	42	12%	13,297	3,264	1,632	(2,184)	14,377
14	43.1	30%	19	-	-	(6)	13
15	45	45%	29	-	-	(13)	16
16	46	30%	5,095	-	-	(1,528)	3,567
17	47	8%	644,451	107,436	53,718	(64,448)	687,439
18	50	55%	1,915	13,862	6,931	(12,489)	3,288
19							
20	Total		\$ 1,023,947	\$ 158,193	\$ 79,098	\$ (112,511)	\$ 1,069,629

**RETURN ON CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 26

Line No.	Particulars	2026 Approved Earned Return	Amount	Ratio	2027 Average Embedded Cost	Cost Component	Earned Return	Earned Return Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Long Term Debt	\$ 47,755	\$ 1,110,000	54.96%	4.77%	2.62%	\$ 52,985	\$ 5,230	Schedule 27, Line 12, Column 6
2	Short Term Debt	4,021	81,513	4.04%	3.61%	0.15%	2,943	(1,078)	
3	Common Equity	75,064	828,000	41.00%	9.65%	3.96%	79,902	4,838	
4									
5	Total	<u>\$ 126,840</u>	<u>\$ 2,019,513</u>	<u>100.00%</u>		<u>6.73%</u>	<u>\$ 135,830</u>	<u>\$ 8,990</u>	
6									
7	Cross Reference		Schedule 2, Line 29, Column 3						

**EMBEDDED COST OF LONG TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2027
(\$000s)**

Schedule 27

Line No.	Particulars	Issue Date	Maturity Date	Average Principal Outstanding	Interest Rate	Interest Expense	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	2005 Debt Issue - Series 1 - 05	November 9, 2005	November 9, 2035	\$ 100,000	5.600%	\$ 5,600	
2	2007 Debt Issue - Series 1 - 07	July 4, 2007	July 4, 2047	105,000	5.900%	6,195	
3	2009 Debt Issue - MTN - 09	June 2, 2009	June 2, 2039	105,000	6.100%	6,405	
4	2010 Debt Issue - MTN - 10	November 24, 2010	November 24, 2050	100,000	5.000%	5,000	
5	2014 Debt Issue - MTN - 14	October 28, 2014	October 28, 2044	200,000	4.000%	8,000	
6	2017 Debt Issue - MTN - 17	December 4, 2017	December 6, 2049	75,000	3.620%	2,715	
7	2020 Debt Issue - MTN - 20	May 11, 2020	May 11, 2050	75,000	3.120%	2,340	
8	2022 Debt Issue - MTN - 22	March 14, 2022	March 14, 2052	100,000	4.160%	4,160	
9	2024 Debt Issue - MTN - 24	August 12, 2024	August 12, 2054	100,000	4.920%	4,920	
10	2026 Debt Issue - MTN	September 1, 2026	September 1, 2056	150,000	5.100%	7,650	
11							
12	Total			<u>\$ 1,110,000</u>		<u>\$ 52,985</u>	
13							
14	Average Embedded Cost				<u>4.77%</u>		

12. ACCOUNTING MATTERS

12.1 INTRODUCTION AND OVERVIEW

In this section, FBC discusses Exogenous Factors under the RSF, identifying one new exogenous factor related to the Midway Substation fire. FBC also discusses emerging accounting guidance and the status of its non-rate base deferral accounts. With respect to its non-rate base deferral accounts, FBC seeks approval to record the 2026 actual flotation costs in the Flotation Costs deferral account, and provides information on the Flow-through deferral account.

12.2 EXOGENOUS (Z) FACTORS

FBC is permitted to adjust the cost of service for “Exogenous Factors” under the RSF. The BCUC established the following criteria for evaluating whether the impact of an event qualifies for exogenous factor treatment:

1. The costs/savings must be attributable entirely to events outside the control of a prudently operated utility;
2. The costs/savings must be directly related to the exogenous event and clearly outside the base upon which the rates were originally derived;
3. The impact of the event was unforeseen;
4. The costs must be prudently incurred; and
5. The costs/savings related to each exogenous event must exceed the BCUC-defined materiality threshold.

The materiality threshold (item 5) for FBC has been established at \$0.150 million, as approved by the RSF Decision.

As discussed below, FBC has identified one item for exogenous factor treatment.

12.2.1 Midway Substation Fire

On April 23, 2024, a fire occurred at the Midway Substation site, resulting in significant damage to two power transformers (T1 and T2) and associated infrastructure, including cables, conduits, structural supports, foundations, and oil containment systems.

The incident was initiated by a fault in the low-voltage C-phase connection of T2. The type of protection in place allowed the fault to persist for an extended duration, resulting in damage to the connection area and the exposure of transformer oil to very high heat, arcing, and oxygen. This in turn resulted in a fire in the oil containment area which also spread to T1.

FBC completed the repair and remediation work in Q1 2025 and filed the insurance claim in July 2025 once all invoices for the remediation work were received. In January 2026, FBC received the final settlement from its insurers, which resulted in FBC recovering all of the claimed remediation costs through the insurance settlement, less the \$0.250 million insurance deductible. FBC is accordingly seeking exogenous factor approval of the \$0.250 million insurance deductible.

Table 12-1 below provides a breakdown of the total capital costs for the remediation recovered through insurance. As discussed in Section 6.3.6, if approved for exogenous factor treatment, the insurance deductible will be included in the 2026 Projected flow-through O&M.

Table 12-1: Breakdown of Total Remediation Costs for Midway Substation Fire

Particular	Amount (\$ million)
Emergency Response	0.086
Site Clean-up	0.206
Planning	0.009
Engineering	0.044
Construction	0.634
Materials	0.587
Total	1.566
Less: Deductible	(0.250)
Total Insurance Recoverable	1.316

The insurance deductible for the Midway Substation fire meets the exogenous factor criteria:

- The costs are entirely attributable to an event that was outside of FBC's control, as the fault in the low-voltage C-phase connection of T2 and the extent of the ensuing damage were not reasonably preventable through standard operating practices.
- The costs are directly and solely a result of the Midway Substation fire. These costs were not previously incurred and were not known at the time that the RSF Application was filed; therefore, the costs were not included in FBC's 2025-2027 Sustainment capital forecasts.
- The impact of the fire and the extent of the damage were unforeseen and could not be reasonably prevented through standard operating practices. Transformer fires of this magnitude are rare events and not part of normal business operations. The scale and nature of the damage, along with the associated remediation costs, are atypical and non-recurring.
- The Midway Substation remains an important asset that supports FBC's ability to provide reliable service to customers. The remediation costs were therefore necessary and FBC acted prudently by successfully submitting an insurance claim to recover all of the remediation costs (with the exception of the insurance deductible).

- The unrecovered insurance deductible of \$0.250 million exceeds the BCUC-defined materiality threshold of \$0.150 million for FBC.

As detailed above, FBC's incremental costs related to the insurance deductible for the Midway Substation fire satisfy all exogenous factor criteria and FBC is therefore seeking exogenous factor treatment in this Application.

12.3 ACCOUNTING MATTERS

In the following section, FBC provides information on emerging accounting guidance.

12.3.1 Emerging Accounting Guidance

In the 2014-2019 PBR Plan Decision and Order G-139-14, the BCUC directed FBC to "communicate any accounting policy changes and updates to the Commission and other stakeholders as part of the Annual Review process during the PBR period." Although this directive was not included as part of the 2020-2024 MRP Decision, FBC continued to provide accounting policy changes and updates as part of the Annual Reviews during the MRP term.

Consistent with the Annual Reviews during the PBR Plan and MRP terms, FBC will continue to provide accounting policy changes and updates as part of the Annual Reviews during the RSF term.

There are no new accounting policy changes that FBC is proposing, or that are required to be implemented under US GAAP, that result in a change in accounting for 2027.

12.4 NON-RATE BASE DEFERRAL ACCOUNTS

FBC maintains both rate base and non-rate base deferral accounts. Rate base deferral accounts are included in rate base and earn a rate base return. In contrast, non-rate base deferral accounts are outside of rate base and may have varying rates of return, depending on the nature of the account and the return approved by the BCUC.

12.4.1 New Deferral Accounts

FBC is not seeking approval of any new non-rate base deferral accounts in this Application.

12.4.2 Existing Deferral Accounts

In the sub-sections below, FBC seeks approval to add the 2026 actual flotation costs to the previously approved Flotation Costs deferral account, and provides updated information on the Flow-through deferral account.

12.4.2.1 Flotation Costs Deferral Account

On June 9, 2025, the BCUC issued Order G-138-25 granting approval to FBC to establish a new non-rate base deferral account, titled the Flotation Costs deferral account, attracting interest at FBC's WACC, to record the actual flotation costs attributable to the equity injections by its parent company, Fortis Inc.

In accordance with Order G-138-25, FBC provides the necessary supporting information to record and recover the actual incurred flotation costs attributable to the equity injections received thus far in 2026 from Fortis Inc.

In the first quarter of 2026, FBC issued common equity shares in the amount of \$40 million as approved by Order G-28-26. Similar to the equity injections completed in 2023 and 2024, Fortis Inc. relied on its Dividend Reinvestment Plan (DRIP) program to fund FBC's equity injection in March 2026. Therefore, consistent with FBC's 2023 and 2024 flotation costs approved for recovery by the BCUC, FBC has computed its 2026 flotation costs based on Fortis Inc.'s DRIP discount of 2 percent after tax (2.74 percent before-tax). Using the 2.74 percent DRIP discount, FBC calculates the actual 2026 flotation costs to be \$1.096 million, as shown in the following table.

Table 12-2: 2026 Actual Equity Injection and Flotation Costs Calculation

FortisBC Inc.	2026 (\$ million)
Equity Injection	\$ 40.000
Benchmark Flotation Cost Requested (before-tax)	2.74%
Total Amount for Recovery in Customer Rates (before-tax)	\$ 1.096

FBC accordingly requests approval to record \$1.096 million of actual flotations costs incurred for the 2026 equity issuance in the Flotation Costs deferral account. The after-tax costs will be captured in the Flotation Costs deferral account and will be amortized into rates over five years³⁴.

12.4.2.2 Flow-Through Deferral Account

As approved in the RSF Decision, the Flow-through deferral account is used to capture the annual variances between the approved and actual amounts for all costs and revenues which are forecast annually, are not subject to earnings sharing, and which do not have a previously approved deferral account. The specific items included in the Flow-through deferral account were set out in Table C4-7 of the RSF Application, reproduced below.

³⁴ The five-year amortization period was approved as part of the FBC Annual Review for 2025-2026 Rates Decision and Order G-293-25 (Directive 2.e).

1

Table 12-3: Variances Captured in the Flow-through Deferral Account

	FEI	FBC
<u>Delivery Revenues (FEI):</u>		
Residential and commercial use rate variances	RSAM	N/A
Customer variances	Flow-through deferral	N/A
Industrial and all other revenue variances	Flow-through deferral	N/A
<u>Revenues and Power Supply (FBC):</u>		
Revenue variances	N/A	Flow-through deferral
Power Supply variances	N/A	Flow-through deferral
<u>Gross O&M:</u>		
Index-based O&M variances	Subject to earnings sharing	Subject to earnings sharing
BCUC fees variances	BCUC variances deferral	BCUC variances deferral
Pension & OPEB variances	Pension/OPEB variances deferral	Pension/OPEB variances deferral
All other O&M variances ^{1,3}	Flow-through deferral	Flow-through deferral
<u>Capitalized Overhead:</u>		
Capitalized overhead variances	No variance	No variance
<u>Depreciation and Amortization:</u>		
Depreciation rate variances	No variance	No variance
Depreciation on Clean Growth Projects ^{2,3}	Flow-through deferral	Flow-through deferral
Depreciation on CPCNs/Exogenous items	Flow-through deferral	Flow-through deferral
Other depreciation variances	Subject to earnings sharing	Subject to earnings sharing
Amortization of deferrals	No variance	No variance
<u>Property Tax:</u>		
Property tax variances	Flow-through deferral	Flow-through deferral
<u>Other Revenues:</u>		
SCP Mitigation revenues variances	SCP Revenues deferral	N/A
CNG/LNG Recoveries variances	CNG/LNG Recoveries deferral	N/A
Revenues from Clean Growth Projects ^{2,3}	Flow-through deferral	Flow-through deferral
Revenues from CPCNs/Exogenous items	Flow-through deferral	Flow-through deferral
All other other revenue/income variances	Subject to earnings sharing	Subject to earnings sharing
<u>Interest Expense/Cost of Debt:</u>		
Interest on RSAM/CCRA/MCRA/Gas storage	Interest on RSAM/CCRA/MCRA/Gas Storage	N/A
Interest rate/timing variances	Flow-through deferral	Flow-through deferral
Interest on Clean Growth Projects ^{2,3}	Flow-through deferral	Flow-through deferral
Interest on CPCNs/Exogenous items	Flow-through deferral	Flow-through deferral
Other interest variances	Subject to earnings sharing	Subject to earnings sharing
<u>Income Tax:</u>		
Income tax variances due to changes in tax rates/laws	Flow-through deferral	Flow-through deferral
Income tax on Clean Growth Projects ^{2,3}	Flow-through deferral	Flow-through deferral
Income tax on CPCNs/Exogenous items	Flow-through deferral	Flow-through deferral
Other income tax variances	Subject to earnings sharing	Subject to earnings sharing

1: Including items forecast outside of the formula such as insurance premiums, NGT stations, renewable and low carbon gas initiatives (biomethane service and renewable gas development), variable LNG production, integrity digs, AMI project, EV charging stations, MRS triennial audits, and MRS assessment reports.

2: Cost of service for NGT fueling stations and tankers, variable LNG production, Methane Emission Mitigation, and EV DCFC stations will be captured in the Flow-through deferral account.

3: Biomethane other revenues will continue to capture the actual cost of service of the biomethane capital assets and transfer it to the BVA.

2

In accordance with the method set out in the table above, the calculation of the 2026 Projected Flow-through amount (credit of \$8.321 million) is shown in Table 12-4 below. To calculate the overall combined amount to be distributed to customers (credit of \$2.717 million), FBC has also included the following adjustment:

- The \$5.604 million debit difference between the projected ending 2025 deferral account balance of zero³⁵ embedded in 2026 rates, and the actual ending 2025 deferral debit balance of \$5.604 million. A more detailed breakdown of the 2025 variance is provided in Table 12-5 below. FBC notes that the financing return on this account is included in the aggregate financing of deferral accounts at Section 11, Schedule 12.2, Line 23.

Table 12-4: 2026 Projected Flow-through Deferral Account Additions (\$ millions)

Line No.	Particulars (1)	2026 Approved (2)	2026 Projected (3)	After-Tax Flow-Through Variance (4)
1	Total Revenue	\$ (528.592)	\$ (513.733)	\$ 14.859
3	Total Power Purchase Expense	200.280	184.590	(15.690)
5	Total Wheeling	7.725	7.348	(0.377)
7	Total Water Fees	13.306	13.304	(0.002)
9	Net O&M Expense			
10	Pension & OPEB	(1.375)	(1.375)	-
11	Insurance	2.552	2.498	(0.054)
12	BCUC Fees	0.393	0.434	0.041
13	EV Charging Stations	0.361	0.313	(0.048)
14	MRS Triennial Audit	-	-	-
15	Midway Substation Fire	-	0.250	0.250
16	Capitalized Overhead	(13.323)	(13.323)	-
18	Depreciation and Amortization			
19	Amortization of Deferrals	3.553	3.553	-
20	Depreciation variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
21	CIAC Amortization variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
23	Total Property Taxes	23.358	22.692	(0.666)
25	Other Revenues			
26	EV DCFC Stations Carbon Credits	-	-	-
28	Interest Expense			
29	Long-term debt interest expense variance	47.755	47.892	0.137
30	Interest variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
31	Short-term debt rate variance	-	(0.502)	(0.502)
32	Short-term debt volume variance from long-term debt issue variance	-	(0.930)	(0.930)
33	Short-term debt timing variance from long-term debt issue timing	-	0.940	0.940
35	Income Tax Expense			
36	Income tax variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
37	Income tax/CCA rate changes	-	(6.831)	(6.831)
38	Income tax on taxable flowthrough variances above (excl. Clean Growth Projects/CPCNs/Exogenous Capital)	-	0.551	0.551
40	2026 After-Tax Flow-Through Addition to Deferral Account (excluding Financing)			(8.321)
42	2025 Ending Deferral Account Balance True-up			5.604
44	2027 After-Tax Amortization			(2.717)

³⁵ FBC Annual Review for 2025 and 2026 Rates Compliance Filing dated December 9, 2025, Appendix A2, Section 11 – 2026, Schedule 12.2, Line 4, Column 2.

12.4.2.2.1 2026 PROJECTED FLOW-THROUGH VARIANCES

As shown in Table 12-4 above, the 2026 Projected flow-through variance is a credit of \$8.321 million. The variances in each flow-through category are described below:

- The variance in revenue is primarily due to decreased load from industrial customers, as well as small decreases from residential and commercial customers.
- The variance in power purchase expense is primarily due to lower projected gross loads in 2026 compared to 2026 Approved, as well as softening market conditions. These two factors have resulted in a projected reduction in BC Hydro PPA energy and an increase in lower-cost market purchases.
- Variances in wheeling costs and water fees are discussed in Section 4.
- The flow-through variances related to Other Revenue (i.e., EV DCFC carbon credits), O&M, and property taxes are discussed in Sections 5, 6, and 9, respectively.
- Amortization expense is equal to the approved value.
- The projected interest expense variances are derived from FBC projecting a lower short-term interest rate than the approved short-term interest rate, as described in Section 8, and FBC's plan to issue long-term debt later than forecast in the Annual Review for 2025-2026 Rates. These decreases in interest expense are partially offset by FBC's plan to issue more long-term debt in 2026 than forecast.
- The income tax variance is calculated as 27 percent of the aforementioned variances. This category also includes the flow-through variances related to the additional CCA deduction available for productivity-enhancing assets and the reinstated Accelerated Investment Incentive rules for 2025 and 2026, as discussed in Section 9.3.

12.4.2.2.2 2025 FLOW-THROUGH DEFERRAL ACCOUNT TRUE-UP

Table 12-5 below provides a breakdown of the 2025 true-up amount of \$5.604 million debit.

Table 12-5: 2025 Actual vs. Projected Flow-through Deferral Account Additions (\$ millions)

Line No.	Particulars (1)	2025 Projected (2)	2025 Actual (3)	After-Tax Flow-Through Variance (4)
1	Total Revenue	\$ (507.613)	\$ (501.107)	\$ 6.506
2				
3	Total Power Purchase Expense	187.819	190.062	2.243
4				
5	Total Wheeling	7.278	7.305	0.027
6				
7	Total Water Fees	12.823	12.841	0.018
8				
9	Net O&M Expense			
10	Pension & OPEB	(1.556)	(1.556)	-
11	Insurance	2.540	2.537	(0.003)
12	BCUC Fees	0.408	0.408	-
13	EV Charging Stations	0.365	0.396	0.031
14	Capitalized Overhead	(12.641)	(12.641)	-
15				
16	Depreciation and Amortization			
17	Amortization of Deferrals	2.370	2.370	-
18	Depreciation variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
19	CIAC Amortization variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	-	-
20				
21	Total Property Taxes	21.583	20.859	(0.724)
22				
23	Other Revenues			
24	EV DCFC Stations Carbon Credits	-	-	-
25				
26	Interest Expense			
27	Long-term debt interest expense variance	45.335	45.335	-
28	Interest variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	0.002	0.002
29	Short-term debt rate variance	-	(0.362)	(0.362)
30	Short-term debt volume variance from long-term debt issue variance	-	-	-
31	Short-term debt timing variance from long-term debt issue timing	-	-	-
32				
33	Income Tax Expense			
34	Income tax variance on Clean Growth Projects/CPCNs/Exogenous Capital	-	(0.045)	(0.045)
35	Income tax/CCA rate changes	-	-	-
36	Income tax on taxable flowthrough variances above (excl. Clean Growth Projects/CPCNs/Exogenous Capital)	-	(2.089)	(2.089)
37				
38	2025 Ending Deferral Account Balance True-up			5.604

FBC provides the following explanations of the 2025 Actual variances shown in Table 12-5 above:

- The unfavourable variance in revenue of \$6.506 million was primarily due to lower than projected residential and industrial loads, which were partly offset by an increase in the wholesale load. All other load classes were within 3 GWh or less of the projected amounts and therefore the variances were minor. Unfavourable variances in residential (\$5.559 million), industrial (\$1.374 million), commercial (\$0.056 million), irrigation (\$0.032 million) and lighting (\$0.011 million) were partially offset by a favourable variance in wholesale (\$0.526 million) revenue.
- The increase in power purchase expense of \$2.243 million was due to increased WAX CAPA expenses compared to 2025 Projected, resulting in lower-than-expected surplus capacity sales under the CEPSCA. This was partially offset by reduced reliance on the BC Hydro PPA, and reduced market purchase expense due to lower than forecast purchase volumes and rates.
- The increase in wheeling costs of \$0.027 million was primarily due to increased wheeling use under BC Hydro's Open Access Transmission Tariff.

- The decrease in water fees of \$0.018 million was primarily due to reduced water rental rates compared to forecast.
- The flow-through components of O&M expense were \$0.028 million higher than projected, with all items comparable to the projected amounts.
- Actual property taxes were \$0.724 million lower than approved due to lower than projected school and general tax rates, in addition to additional exemptions in general assessed values.
- The variance between the actual (3.54 percent) and projected (3.89 percent) short-term debt interest rate resulted in an amount to be returned to customers of \$0.362 million, shown on Line 29 of Table 12-5. There was no variance in long-term debt interest expense as actuals equalled projected.
- The favourable income tax variance of \$2.089 million is calculated as 27 percent of the aforementioned variances.
- The combined favourable variance of \$0.043 million related to depreciation, CIAC amortization, interest and tax variances on Clean Growth/CPCN/exogenous capital amounts, shown on Lines 18, 19, 28 and 34, respectively, were derived for 2025 by comparing the actual 2025 cost of service impacts of the EV DCFC stations and the Corra Linn CPCN Project to the forecast amounts.

12.5 SUMMARY

FBC is seeking exogenous factor treatment for the incremental costs attributable to the Midway Substation fire. FBC is not seeking approval of any new non-rate base deferral accounts but is seeking approval to record \$1.096 million of actual flotation costs incurred for the 2026 equity issuance in the previously approved Flotation Costs deferral account. The Flow-through deferral account includes an overall credit of \$2.717 million to be returned to customers in 2027 rates.

13. SERVICE QUALITY INDICATORS

13.1 INTRODUCTION AND OVERVIEW

Under the RSF, SQIs are used to monitor the Company's performance to ensure that any efficiencies and cost reductions do not result in a degradation of the quality of service to customers.

In the RSF Decision and Order G-70-25, the BCUC approved a balanced set of SQIs for FBC, covering safety, responsiveness to customer needs, and reliability. Seven of the SQIs have benchmarks and performance ranges set by a threshold level. Five of the SQIs are for information only and as such do not have benchmarks or performance ranges.

In this section, FBC reports on its 2025 and June 2026 year-to-date (YTD) performance as measured against the SQI benchmarks and thresholds. In 2025, for the seven SQIs with benchmarks, three met or were better than the benchmark, three performed better than the threshold, and one SQI (Emergency Response Time) was slightly below the threshold. For the five informational SQIs, performance in 2025 generally remains at a level consistent with or better than prior years. In 2026 to date, performance for the metrics with benchmarks is trending towards meeting the benchmark or the threshold.

Consistent with how SQIs were reviewed during the 2020-2024 MRP term, FBC has provided 2025 and 2026 YTD SQI results in this Annual Review.

13.2 REVIEW OF THE PERFORMANCE OF SERVICE QUALITY INDICATORS

For each SQI, Table 13-1 provides a comparison of FBC's 2025 and June 2026 YTD performance to the approved benchmarks and thresholds. The Actual 2025 and June 2026 YTD results are also provided for the informational SQIs.

Table 13-1: Approved SQIs, Benchmarks and Actual Performance

Performance Measure	Description	Benchmark	Threshold	2025 Results	June 2026 YTD Results
Safety SQIs					
Emergency Response Time	Percent of calls responded to within two hours	>=93%	90.6%	90.4%	91.6%
All Injury Frequency Rate (AIFR)	3-year average of lost time injuries plus medical treatment injuries per 200,000 hours worked	<=1.31	2.56	1.36	1.21
Responsiveness to Customer Needs SQIs					
First Contact Resolution	Percent of customers who achieved call resolution in one call	>=78%	74%	76%	77%

Performance Measure	Description	Benchmark	Threshold	2025 Results	June 2026 YTD Results
Billing Index	Measure of customer bills produced meeting performance criteria	<=3.0	5.0	0.09	0.09
Meter Reading Completion	Informational indicator – number of scheduled meters that were read	-	-	98%	99%
Telephone Service Factor (Non-Emergency)	Percent of non-emergency calls answered within 30 seconds or less	>=70%	68%	70%	68%
Customer Satisfaction Index	Informational indicator – measures overall customer satisfaction	-	-	8.4	8.5
Average Speed of Answer	Informational indicator – the amount of time it takes to answer a call (seconds)	-	-	63	65
Reliability SQIs					
System Average Interruption Duration Index (SAIDI) – Normalized	Annual SAIDI (average of cumulative customer outage time)	3.24	4.71	3.28	3.16
System Average Interruption Frequency Index (SAIFI)– Normalized	Annual SAIFI (average customer outage)	1.64	2.25	1.54	1.50
Generator Forced Outage Rate	Informational indicator – Percent of time a generating unit is removed from service due to component failure or other events.	-	-	0.1%	0.3%
Interconnection Utilization	Informational indicator – percent of time that an interconnection point was available and providing electrical service to wholesale customers.	-	-	99.98%	99.91%

In the following sections, FBC reviews each SQI's year-to-date individual performance in 2025 and 2026. Discussion is also provided for the informational SQIs.

13.2.1 Safety Service Quality Indicators

13.2.1.1 Emergency Response Time

Emergency Response Time is the time elapsed from the initial identification of a loss of electrical power (via a customer call or internal notification) to the arrival of FBC personnel on site at the trouble location. This metric provides ongoing information to assess FBC crew sizes and crew locations in response to system trouble. The target measures the percentage of emergency calls responded to within two hours. The measure is calculated as follows:

Number of emergency calls responded to within two hours

Total number of emergency calls in the year

There are many variables affecting the response time, including the number of trouble calls, time of day (i.e., during business hours or after business hours), number and type of events (i.e., the severity of events such as widespread outages), available resources, location (i.e., travel times and traffic congestion) and weather conditions.

The 2025 result was 90.4 percent, which is slightly below (worse than) the threshold of 90.6 percent. The result was impacted by an increase of approximately 20 percent in call volumes in remote locations, particularly the Kettle Valley, Grand Forks and Boundary regions. These locations require significant travel time, which contributed to longer response times and a reduction in the overall emergency response performance. The extreme wind events in September and December 2024 weakened vegetation throughout the region, resulting in increased vegetation related trouble calls during 2025 throughout the Kettle Valley, Grand Forks, and Boundary regions.

Emergency response times in 2025 were also affected by workforce challenges, including vacancies and employee sick leave in the Grand Forks area. Smaller muster locations, including Creston, Princeton and Grand Forks have historically been more difficult to staff, and FBC has experienced challenges with the recruitment and retention of skilled workers in these communities. While staffing levels remained relatively stable in recent years, from June to November 2025, staffing levels in Grand Forks were reduced by approximately 30 percent, which negatively impacted response performance during that period.

In response to the 2025 results, FBC implemented a detailed weekly review of all emergency response orders with response times exceeding two hours. This process enables timely identification of operational issues and supports prompt corrective actions, including adjustments to on-call staffing levels and reinforcement of escalation protocols when call volumes increase. These measures have strengthened operational responsiveness and contributed to improved emergency response performance in 2026.

In addition to restoring Grand Forks resources to previous levels, FBC has increased its resource plan for the area by allocating an additional Power Line Technician (PLT) position to the Grand Forks and Boundary region. FBC is actively recruiting for the additional position and continues efforts to attract and hire qualified candidates within the community. These actions are intended to increase staffing levels, improve emergency response capability, and reduce the risk of future impacts associated with workforce shortages in small and remote locations.

The June 2026 YTD performance is 91.6 percent, which is above (better than) the threshold.

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-2: Historical Emergency Response Time

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Results	92%	93%	94%	92.5%	89.5%	90.4%	91.6%
Benchmark	93%						
Threshold	90.6%						

13.2.1.2 All Injury Frequency Rate

The All Injury Frequency Rate (AIFR) is an employee safety performance indicator based on injuries per 200,000 hours worked, with injuries defined as lost time injuries (i.e., one or more days missed from work) and medical treatments (i.e., medical treatment was given or prescribed). The annual performance for this metric is calculated as:

$$\frac{\text{Number of Employee Injuries} \times 200,000 \text{ hours}}{\text{Total Exposure Hours Worked}}$$

For the purpose of this SQI, the measurement of performance is based on the three-year rolling average of the annual results.

The 2025 (three-year rolling average) result was 1.36 which was slightly worse than the benchmark but better than the threshold of 2.56. The 2025 annual AIFR was 0.84 which reflected 3 Medical Treatments and 1 Lost Time Injury.

The June 2026 YTD (three-year rolling average) result is 1.21 which is better than the benchmark. The June 2026 YTD performance (annual) is 1.03 and reflects 2 Medical Treatments and 1 Lost Time Injury.

In 2025 and in 2026 YTD, FBC continues to see a positive improvement in total minor preventable injuries. FBC attributes such improvements to the ongoing engagement with its Ergonomist and Injury Prevention Specialist, as well as implementing customized ergonomics courses for some of the higher risk areas. Additionally, and as discussed in the Annual Review for 2025-2026 Rates application, FBC hired an Injury Management Specialist who has provided more education, treatment, and customized Recover at Work plans throughout the Company.

Strengthening the safety culture continues to be a key driver for FBC, building on the commitment to learn from safety events, identify safety hazards, assess risk and continually improve the safety management system through the implementation and sustainment of robust safety defences and controls.

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-3: Historical All Injury Frequency Rate Results

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual Results	0.66	0.89	2.60	2.54	1.27	0.84	1.03
Three year rolling average	0.87	0.67	1.42	1.76	1.95	1.36	1.21
Benchmark	1.64					1.31	
Threshold	2.39					2.56	

13.2.2 Responsiveness to Customer Needs Service Quality Indicators

13.2.2.1 First Contact Resolution

First Contact Resolution (FCR) measures the percentage of customers who receive resolution to their issue in one contact with FBC. The Company determines the FCR results using a customer survey, tracking the number of customers who responded that their issue was resolved in the first contact with the Company. The FCR rate is impacted by factors such as the quality and effectiveness of the Company's coaching and training programs and the composition of the different call drivers.

The 2025 result was 76 percent, which is below the benchmark but above the threshold. The June 2026 YTD performance is 77 percent, which is also below the benchmark but above the threshold.

The 2025 result was largely impacted early in the year by the Canada Post job action and high bill inquiries. This created challenging and unprecedented volumes due to customers calling multiple times to get account balances, confirm account balances due to invoices being delivered out of sequence, seek clarity on payment amounts and methods, and to request assistance with signing up for paperless billing. This was coupled with increased high bill inquiry calls that highlighted challenging overall economic pressures for customers. FBC supports customers in a variety of ways, including flexible payment options, energy efficiency tips, rebates and programs, and providing customers with information about other resources such as community and government programs that may be available to them.

FBC reviews all survey interactions to identify and action opportunities for learning and development, additional training, improving processes and ensuring that all customer concerns are resolved. FBC expects to remain above threshold and move closer to the benchmark by the end of 2026.

FBC continues to maintain a high Customer Satisfaction Index as discussed in Section 13.2.2.5 below.

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-4: Historical First Contact Resolution Levels

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual Results	82%	82%	77%	79%	80%	76%	77%
Benchmark	78%						
Threshold	74%						

13.2.2.2 Billing Index

The Billing Index indicator tracks the effectiveness of the Company's billing system by measuring the percentage of customer bills produced meeting performance criteria. The Billing Index is a composite index with three components:

- Billing completion (percent of accounts billed within two days of the billing due date);
- Billing timeliness (percent of invoices delivered to Canada Post within two days of file creation); and
- Billing accuracy (percent of bills without a production issue based on input data).

The objective is to achieve a score of three or less.

The Billing Index is impacted by factors such as the performance of the Company's billing system, weather variability, which can cause a high volume of billing checks and estimation issues, and mail delivery by Canada Post.

The 2025 result was 0.09, which is better than the benchmark. The June 2026 YTD performance is also 0.09. No significant issues have arisen in 2025 and 2026.

The 2025 Billing Index sub-measures calculation is as follows.

Table 13-5: Calculation of 2025 Billing Index

Billing sub-measure	Percent Achieved (PA)	Formula	Result
Billing Accuracy (Percent of bills without a Production Issue, based on input data); Target: 99.9%	100%	If (PA ≥ 99.9%, 5000 * (1 - PA), 100 * (1.05 - PA)) = 5000 * (1 - 100%)	0.00
Billing Timeliness (Percent of invoices delivered to Canada Post within 2 days of file creation); Target: 95%	100%	(100% - PA) * 100 = (100% - 100%) * 100	0.00

Billing sub-measure	Percent Achieved (PA)	Formula		Result
Billing Completion (Percent of accounts billed within 2 days of the billing due date); Target: 95%	99.73%	$(100\% - PA) \times 100$	$=(100\% - 99.7\%) \times 100$	0.27
Billing Service Quality Indicator; Target < 3.0		$(\text{Accuracy PA} + \text{Timeliness PA} + \text{Completion PA}) / 3$	$=(0.00 + 0.00 + 0.27) / 3$	0.09

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-6: Historical Billing Index Results

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual Results	0.13	0.12	0.14	1.97	0.09	0.09	0.09
Benchmark	3.0						
Threshold	5.0						

13.2.2.3 Meter Reading Completion

This SQI compares the number of meters that are read to those scheduled to be read. Providing accurate and timely meter reads for customers is a key driver for the Company and its customers. The results are calculated as:

$$\frac{\text{Number of scheduled meters read}}{\text{Number of scheduled meters for reading}}$$

In the RSF Decision³⁶, the BCUC approved FBC's proposal to rename this SQI from "Meter Reading Accuracy" to "Meter Reading Completion", and the BCUC approved FBC's request to change this metric to an informational indicator. As such, commencing in 2025, the Meter Reading Completion indicator will no longer be reported against a benchmark and threshold.

The 2025 result was 98 percent and the June 2026 YTD performance is 99 percent.

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

³⁶ Decision and Order G-70-25, p. 68.

Table 13-7: Historical Meter Reading Completion Results

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual Results	99%	99%	99%	99%	99%	98%	99%
Benchmark	98%					N/A	N/A
Threshold	96%					N/A	N/A

13.2.2.4 Telephone Service Factor (Non-Emergency)

The Telephone Service Factor (TSF) (Non-Emergency) measures the percentage of non-emergency calls that are answered within 30 seconds. It is calculated as:

$$\frac{\text{Number of non-emergency calls answered within 30 seconds}}{\text{Number of non-emergency calls received}}$$

The TSF is a measure of how well the Company can balance costs and service levels with the overall objective to maintain a consistent TSF level. This ensures the Company is staying within appropriate cost levels and maintaining adequate service for its customers. The principal factors influencing the TSF results include volume and type of inbound calls received and the resources available to answer those calls. Staffing is matched to the expected call volume based on historical data in order to reach the service level benchmark desired. Other factors that can influence the TSF are billing system-related issues and weather patterns that may generate high numbers of billing related queries and the complexity of the calls.

The 2025 result was 70 percent, which meets the benchmark. The June 2026 YTD performance is 68 percent, which is at the threshold.

The June 2026 YTD TSF (Non-Emergency) was largely impacted by call volumes in the early part of the year. However, the annual performance benchmark will be met if current performance levels continue as expected.

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-8: Historical TSF (Non-Emergency) Results

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual Results	70%	70%	65%	71%	70%	70%	68%
Benchmark	70%						
Threshold	68%						

13.2.2.5 Customer Satisfaction Index

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.

The CSI survey investigates service quality as well as customer attitudes that are often influenced by factors outside the Company’s control. Important examples include storm-related unplanned outages and media coverage.

The annual CSI score for 2025 was 8.4, consistent with 2024. Of the five measures, the results for 2025 were higher in three areas, and lower in two areas when compared to 2024 scores. The satisfaction scores increased slightly for Overall Satisfaction (from 8.3 to 8.4), Accuracy of Meter Reading (from 8.2 to 8.3) and Contact Centre (from 8.2 to 8.4). The scores for Energy Conservation Information and Field Services decreased slightly from 7.5 to 7.4 and 9.1 to 8.8, respectively. The June 2026 YTD score is 8.5.

For comparison, the Company’s annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-9: Historical Customer Satisfaction Results

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual Results	8.5	8.4	8.4	8.4	8.4	8.4	8.5
Benchmark	N/A						
Threshold	N/A						

13.2.2.6 Average Speed of Answer

The Average Speed of Answer (ASA) is an informational indicator that measures the amount of time it takes for a customer service representative to answer a customer’s call (seconds).

The 2025 result was 63 seconds, which was better than the 2024 result. The June 2026 YTD performance is 65 seconds.

For comparison, the Company’s annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-10: Average Speed of Answer

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual Results	71	65	98	64	83	63	65
Benchmark	N/A						
Threshold	N/A						

13.2.3 Reliability Service Quality Indicators

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.

Reported outages included in these measures are of one minute or longer in duration, which is consistent with the Canadian Electricity Association (CEA) standard for reporting.

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.

For the purpose of this SQI, the measurement of performance is based on the annual results.

The 2025 result was 3.28, which was slightly worse than the benchmark but better than the threshold. The June 2026 YTD SAIDI performance is 3.16 which is better than the benchmark.

There was one Major Event Day that met the threshold for normalization in 2025. A lightning storm with strong winds, gusting upwards of 70 km/h on December 17, moved across the Okanagan and Kootenay areas. In total, the storm affected almost 40,000 customers and resulted in over 243,000 customer hours, the single largest SAIDI event on record.

1 For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results,
2 and the June 2026 YTD performance are provided below.

3 **Table 13-11: Historical SAIDI Results**

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual normalized results	3.17	4.27	2.42	3.04	2.88	3.28	3.16
Benchmark	3.22					3.24	
Threshold	4.52					4.71	

4 **13.2.3.2 System Average Interruption Frequency Index (SAIFI) – Normalized**

5 SAIFI is the average number of interruptions per customer served per year (i.e., the number of
6 times the average customer would have to reset their clock during the year), after adjusting for
7 the impact of major events as described above, and is calculated as follows:

8
$$\frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

9

10 The Number of Customer Interruptions related to a power outage is the number of customers
11 affected by the outage.

12 For the purpose of this SQL, the measurement of performance is based on the annual results.

13 The 2025 performance was 1.54, which was better than the benchmark. The June 2026 YTD
14 performance forecast is 1.50, which is also better than the benchmark.

15 For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results,
16 and the June 2026 YTD performance are provided below.

17 **Table 13-12: Historical SAIFI Results**

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Annual normalized results	1.64	2.08	1.52	1.31	1.45	1.54	1.50
Benchmark	1.57					1.64	
Threshold	2.19					2.25	

18 **13.2.3.3 Generator Forced Outage Rate**

19 Generator Forced Outage Rate (GFOR), an informational indicator, is a measure of the
20 percentage of time in one year that the generating units experienced forced outages compared
21 to the amount of time they could have operated without a forced outage. A forced outage means
22 the removal of a generating unit from service due to the occurrence of a component failure or

other event, making it unavailable to produce power due to the unexpected breakdown. The GFOR is defined by the CEA as follows:

$$\frac{\text{Total Forced Outage Time}}{\text{Total Forced Outage Time} + \text{Total Operating Time}} \times 100$$

The 2025 result for GFOR was 0.1 percent. The main generation outage in 2025 that contributed to the GFOR was the Corra Linn Unit (COR) Generator 2, which tripped on May 29, 2025 and was restored on May 30, 2025.

The June 2026 YTD performance is 0.3 percent.

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

Table 13-13: Historical Generator Forced Outages

	2020	2021	2022	2023	2024	2025	June 2026 YTD
FBC	1.3%	0.2%	0.5%	0.4%	1.8%	0.1%	0.3%
CEA	4.6%	5.0%	4.48%	6.19%	TBD		

13.2.3.4 Interconnection Utilization

Interconnection Utilization, an informational indicator, is a measurement of the time that an interconnection point was available and providing electrical service to the municipal wholesale customers (City of Penticton, City of Summerland, City of Grand Forks and City of Nelson). There are 12 points of interconnection combined between the four customers.

The Interconnection Utilization metric for the interconnection points listed is calculated as follows:

$$\frac{\text{Total Operating Hours}}{\text{Total Operating Hours} + \text{Total Outage Time}}$$

The 2025 result of 99.98 percent was consistent with prior years. There were no notable major events in 2025 that impacted the interconnection utilization performance.

The June 2026 YTD performance is 99.91 percent.

For comparison, the Company's annual results under the 2020 to 2024 MRP, the 2025 results, and the June 2026 YTD performance are provided below.

1 **Table 13-14: Interconnection Utilization**

Description	2020	2021	2022	2023	2024	2025	June 2026 YTD
Interconnection Utilization	99.89%	99.90%	99.94%	99.99%	99.98%	99.98%	99.91%
Benchmark	N/A						
Threshold	N/A						

2 **13.3 SUMMARY**

3 FBC's 2025 and June 2026 year-to-date SQI results indicate that the Company's overall
4 performance is representative of a high level of service quality. In 2025, for the seven SQIs with
5 benchmarks, three met or were better than the benchmark, three performed better than the
6 threshold, and one SQI (Emergency Response Time) was slightly below the threshold. For the
7 five informational SQIs, performance in 2025 generally remains at a level consistent with or better
8 than prior years. In 2026 to date, performance for the metrics with benchmarks is trending towards
9 meeting the benchmark or the threshold.

Appendix A

LOAD FORECAST SUPPLEMENTARY INFORMATION

Appendix A1

**STATISTICS CANADA AND CONFERENCE BOARD OF
CANADA REPORTS**

Table A1-1: Consumer Price Index (CPI)

Reference period	
	2002=100
July 2024	156.4
August 2024	156.2
September 2024	155.8
October 2024	156.2
November 2024	156.3
December 2024	156.1
January 2025	156.0
February 2025	157.6
March 2025	157.8
April 2025	157.8
May 2025	159.0
June 2025	158.8
July 2025	159.1
August 2025	159.0
September 2025	158.8
October 2025	159.4
November 2025	159.5
December 2025	158.7
January 2026	159.1
February 2026	160.3
March 2026	161.7
April 2026	161.7
May 2026	163.6
June 2026	163.3

Table A1-2: Average Weekly Earnings (AWE)

Reference period	
	Dollars
July 2024	1,280.92 ^B
August 2024	1,284.97 ^B
September 2024	1,285.71 ^B
October 2024	1,289.28 ^B
November 2024	1,290.96 ^B
December 2024	1,292.51 ^B
January 2025	1,298.71 ^B
February 2025	1,299.76 ^B
March 2025	1,302.42 ^B
April 2025	1,308.50 ^B
May 2025	1,294.59 ^B
June 2025	1,302.31 ^B
July 2025	1,299.03 ^B
August 2025	1,302.02 ^B
September 2025	1,309.68 ^B
October 2025	1,310.70 ^B
November 2025	1,320.73 ^B
December 2025	1,315.46 ^B
January 2026	1,331.01 ^B
February 2026	1,349.12 ^B
March 2026	1,349.57 ^B
April 2026	1,355.98 ^B
May 2026	1,354.67 ^B

Table A1-3: British Columbia Five-Year Outlook 2026

Table 1a
Key Economic Indicators: British Columbia, 2024-26
(forecast completed February 5, 2026)

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
GDP at market prices (\$ millions)	424,092	427,507	431,133	433,637	439,782	437,902	444,074	445,014	449,395	454,292	459,272	464,237	429,092	441,693	456,799
	1.0	0.8	0.8	0.6	1.4	-0.4	1.4	0.2	1.0	1.1	1.1	1.1	3.5	2.9	3.4
GDP at market prices (2017 \$ millions)	335,969	340,617	342,673	344,786	346,368	346,079	346,228	346,580	348,331	350,668	353,369	356,072	341,011	346,314	352,110
	-0.2	1.4	0.6	0.6	0.5	-0.1	0.0	0.1	0.5	0.7	0.8	0.8	1.1	1.6	1.7
GDP at basic prices (2017 \$ millions)	311,431	314,008	312,905	314,203	316,048	317,659	318,496	319,647	320,654	322,196	324,065	325,927	313,137	317,963	323,211
	0.1	0.8	-0.4	0.4	0.6	0.5	0.3	0.4	0.3	0.5	0.6	0.6	1.2	1.5	1.7
Consumer price index (2002 = 1.000)	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
	0.4	1.3	0.6	0.0	0.6	0.9	0.3	0.1	0.5	0.8	0.4	0.2	2.6	2.1	1.8
Implicit price deflator—GDP at market prices (2017 = 1.000)	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
	1.2	-0.6	0.2	0.0	1.0	-0.3	1.4	0.1	0.5	0.4	0.3	0.3	2.4	1.4	1.7
Wages and salary per employee (\$ thousands)	64.6	64.7	65.8	65.7	65.6	65.6	66.1	66.7	67.1	67.4	67.9	68.5	65.2	66.0	67.7
	0.7	0.2	1.7	-0.2	-0.1	-0.1	0.9	0.9	0.5	0.5	0.7	0.9	3.0	1.3	2.6
Primary household income (\$ millions)	293,107	298,947	303,915	306,518	308,857	312,448	316,518	319,854	321,809	324,037	326,782	330,110	300,622	314,420	325,684
	0.9	2.0	1.7	0.9	0.8	1.2	1.3	1.1	0.6	0.7	0.8	1.0	7.3	4.6	3.6
Household disposable income (\$ millions)	248,650	255,550	262,278	262,267	264,027	269,566	271,328	272,497	274,056	276,305	278,722	281,636	257,186	269,355	277,680
	-0.9	2.8	2.6	0.0	0.7	2.1	0.7	0.4	0.6	0.8	0.9	1.0	7.4	4.7	3.1
Household net savings rate (per cent)	0.4	2.5	3.2	2.1	1.2	1.0	0.9	1.5	1.4	1.4	1.3	1.2	2.1	1.2	1.3
Population (thousands)	5,601	5,638	5,671	5,697	5,700	5,700	5,698	5,683	5,677	5,669	5,661	5,654	5,652	5,695	5,665
	0.5	0.7	0.6	0.5	0.1	0.0	0.0	-0.3	-0.1	-0.1	-0.1	-0.1	2.8	0.8	-0.5
Employment (thousands)	2,910	2,929	2,906	2,911	2,943	2,961	2,945	2,945	2,942	2,946	2,947	2,948	2,914	2,948	2,946
	0.8	0.6	-0.8	0.2	1.1	0.6	-0.6	0.0	-0.1	0.1	0.0	0.0	2.4	1.2	-0.1
Labour force (thousands)	3,075	3,095	3,086	3,091	3,131	3,153	3,139	3,148	3,139	3,140	3,137	3,135	3,087	3,143	3,138
	0.7	0.7	-0.3	0.2	1.3	0.7	-0.5	0.3	-0.3	0.0	-0.1	-0.1	2.8	1.8	-0.2
Labour force participation rate (per cent)	65.9	65.7	64.9	64.5	65.0	65.3	64.8	64.9	64.9	64.8	64.8	64.8	65.2	65.0	64.8
Unemployment rate (per cent)	5.3	5.4	5.8	5.8	6.0	6.1	6.2	6.5	6.3	6.2	6.1	6.0	5.6	6.2	6.1
Retail sales (\$ millions)	106,712	107,080	108,219	111,190	113,185	116,062	114,907	114,661	115,031	115,756	116,627	117,569	108,300	114,704	116,246
	-1.3	0.3	1.1	2.7	1.8	2.5	-1.0	-0.2	0.3	0.6	0.8	0.8	0.5	5.9	1.3
Housing starts (units)	48,344	45,326	44,160	45,482	40,547	48,457	47,663	40,105	42,000	39,956	38,052	37,695	45,828	44,193	39,426
	-7.0	-6.2	-2.6	3.0	-10.9	19.5	-1.6	-15.9	4.7	-4.9	-4.8	-0.9	-9.2	-3.6	-10.8
Net interprovincial migration (thousands)	-3.1	5.9	-8.7	-2.6	-4.9	6.7	6.0	-1.2	0.1	1.3	2.6	4.0	-2.1	1.7	2.0
Net international migration (thousands)	155.8	124.4	108.0	16.3	7.6	-18.6	-69.0	-4.4	-21.7	-28.9	-29.7	-24.0	101.1	-21.1	-26.1

Shaded area represents forecast data, *italics indicate percentage change*.

All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.

For each indicator, the first line is the level and the second line is the percentage change from the previous period.

Sources: Signal49 Research; Statistics Canada; CMHC Housing Time Series Database.

Table 1b
Key Economic Indicators: British Columbia, 2027-30
(forecast completed February 5, 2026)

	2027Q1	2027Q2	2027Q3	2027Q4	2028Q1	2028Q2	2028Q3	2028Q4	2029Q1	2029Q2	2029Q3	2029Q4	2030Q1	2030Q2	2030Q3	2030Q4	2027	2028	2029	2030
GDP at market prices (\$ millions)	467,544	471,405	475,690	479,869	485,047	489,944	495,129	500,184	504,405	509,116	513,870	518,806	523,638	528,595	533,742	539,010	473,627	492,576	511,549	531,246
	0.7	0.8	0.9	0.9	1.1	1.0	1.1	1.0	0.8	0.9	0.9	1.0	0.9	0.9	1.0	1.0	3.7	4.0	3.9	3.9
GDP at market prices (2017 \$ millions)	357,542	359,215	360,939	362,508	364,560	366,625	368,718	370,718	372,626	374,525	376,416	378,340	380,267	382,265	384,252	386,235	360,051	367,655	375,477	383,255
	0.4	0.5	0.5	0.4	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.3	2.1	2.1	2.1
GDP at basic prices (2017 \$ millions)	327,565	329,392	331,268	333,006	334,857	336,719	338,607	340,499	342,127	343,836	345,537	347,268	349,001	350,799	352,587	354,370	330,308	337,648	344,692	351,689
	0.5	0.6	0.6	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.2	2.2	2.1	2.0
Consumer price index (2002 = 1.000)	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.6	1.7	1.7	1.7
	0.6	0.9	0.4	0.1	0.6	0.9	0.4	0.1	0.6	0.9	0.4	0.1	0.6	0.9	0.4	0.1	2.0	2.0	2.0	2.0
Implicit price deflator—GDP at market prices (2017 = 1.000)	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.4	1.4
	0.3	0.4	0.4	0.4	0.5	0.4	0.5	0.5	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5	1.4	1.8	1.7	1.7
Wages and salary per employee (\$ thousands)	68.8	69.2	69.6	70.0	70.4	70.8	71.2	71.6	72.0	72.4	72.8	73.2	73.6	73.9	74.3	74.7	69.4	71.0	72.6	74.1
	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	2.6	2.2	2.3	2.1
Primary household income (\$ millions)	333,521	336,495	339,486	342,704	346,156	349,412	352,684	355,964	359,299	362,992	366,527	369,908	373,177	376,474	379,757	383,051	351,029	363,631	376,486	391,365
	1.0	0.9	0.9	0.9	1.0	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.9	3.8	3.8	3.6	3.5
Household disposable income (\$ millions)	284,799	287,587	290,288	293,130	296,536	299,835	302,757	305,567	308,260	311,456	314,273	317,145	320,043	322,266	325,058	328,876	288,951	301,174	312,783	324,561
	1.1	1.0	0.9	1.0	1.2	1.1	1.0	0.9	0.9	1.0	0.9	0.9	0.9	1.0	0.9	0.9	4.1	4.2	3.9	3.8
Household net savings rate (per cent)	1.2	1.2	1.1	1.0	1.0	1.0	0.9	0.7	0.7	0.9	0.8	0.7	0.7	0.9	0.8	0.7	1.1	0.9	0.8	0.8
Population (thousands)	5,656	5,661	5,668	5,678	5,690	5,703	5,717	5,732	5,745	5,758	5,770	5,783	5,796	5,809	5,822	5,834	5,666	5,711	5,764	5,815
	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.8	0.9	0.9
Employment (thousands)	2,956	2,960	2,964	2,971	2,982	2,990	2,999	3,006	3,009	3,015	3,021	3,028	3,035	3,042	3,049	3,057	2,963	2,994	3,018	3,046
	0.2	0.1	0.2	0.2	0.3	0.3	0.3	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.6	1.1	0.8	0.9
Labour force (thousands)	3,141	3,142	3,143	3,149	3,158	3,165	3,173	3,180	3,182	3,187	3,193	3,199	3,206	3,212	3,219	3,225	3,144	3,169	3,190	3,215
	0.2	0.0	0.0	0.2	0.3	0.2	0.3	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.8	0.7	0.8
Labour force participation rate (per cent)	64.7	64.7	64.7	64.6	64.6	64.6	64.5	64.5	64.5	64.5	64.4	64.4	64.4	64.3	64.3	64.3	64.7	64.6	64.4	64.3
Unemployment rate (per cent)	5.9	5.8	5.7	5.6	5.6	5.5	5.5	5.5	5.4	5.4	5.4	5.3	5.3	5.3	5.3	5.2	5.8	5.5	5.4	5.3
Retail sales (\$ millions)	118,767	119,992	121,215	122,441	123,803	125,123	126,426	127,686	128,827	129,961	131,094	132,236	133,409	134,587	135,782	136,985	120,604	125,760	130,529	135,191
	1.0	1.0	1.0	1.0	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	3.7	4.3	3.8	3.6
Housing starts (units)	37,345	37,022	36,718	36,433	36,178	35,926	35,688	35,463	35,911	35,662	35,373	35,196	34,893	34,640	34,337	34,134	36,879	35,814	35,536	34,501
	-0.9	-0.9	-0.8	-0.8	-0.7	-0.7	-0.7	-0.6	1.3	-0.7	-0.8	-0.5	-0.9	-0.7	-0.9	-0.6	-6.5	-2.9	-0.8	-2.9
Net interprovincial migration (thousands)	6.6	7.8	8.5	8.9	8.1	8.1	8.2	8.2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.0	8.1	8.3	8.3
Net international migration (thousands)	6.8	17.8	27.8	36.6	46.9	52.6	56.2	57.9	51.9	51.6	51.4	51.5	52.1	52.3	52.4	52.5	22.3	53.4	51.6	52.3

Shaded area represents forecast data, *italics indicate percentage change*.

All data are in millions of dollars, seasonally adjusted at annual rates, unless otherwise specified.

For each indicator, the first line is the level and the second line is the percentage change from the previous period.

Sources: Signal49 Research; Statistics Canada; CMHC Housing Time Series Database.

Note: Table above is from the Conference Board of Canada, British Columbia Five-Year Outlook, February 5, 2026.

Appendix A2

LOAD FORECAST TABLES



Appendix A2

Load Forecast Tables

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1. INTRODUCTION

This appendix provides the historical and forecast load data used in Section 3 of the Application. The tables in Section 2 of this appendix show 10 years of historical data and the before-savings and after-savings forecast for 2026S and 2027F. Section 3 shows the customer forecast data while Section 4 presents the residential UPC data. The tables in Section 5 show the load forecast. Sections 6.1 and 6.2 show the variance of the customer accounts and forecasts from 2020 to 2025 when compared to the actuals. Section 6.3 shows the annual growth of customer and load that FBC has experienced since 2020. Sections 6.4 and 6.5 show the Residential UPC and Winter peak variances from forecast from 2023 to 2025. Finally, Section 6.6 shows the system load factor from the years 2020 to 2025 and the forecast load factor for 2026S and 2027F.

2. MONTHLY LOAD FORECAST

Forecast loads are shown:

- before-savings – the load before DSM and includes normalized loads to December 2025.
- after-savings – the load after DSM and includes normalized loads to December 2025.

2.1 GROSS LOAD (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historic Loads													
2016	362,417	311,090	292,322	268,567	248,286	243,400	287,329	280,865	234,850	266,011	328,783	352,683	3,476,603
2017	364,284	298,155	307,568	263,749	249,610	251,126	300,242	289,240	246,675	265,495	324,809	356,765	3,517,718
2018	373,759	312,050	306,251	264,157	273,363	256,750	308,108	296,176	231,268	262,444	302,321	372,719	3,559,367
2019	371,601	294,208	316,259	261,193	267,746	257,893	295,882	292,659	260,751	291,966	314,389	370,267	3,594,813
2020	380,978	331,422	304,284	246,809	239,849	247,702	308,135	302,775	260,553	282,819	332,127	373,313	3,610,765
2021	379,923	340,308	320,380	275,424	255,599	264,059	313,426	294,626	255,445	284,819	333,861	374,965	3,692,835
2022	395,393	344,739	328,117	275,896	259,774	274,145	317,727	309,709	265,171	280,605	337,000	396,554	3,784,830
2023	390,282	345,876	329,146	272,419	286,842	279,785	323,201	308,171	254,830	282,209	335,239	399,180	3,807,180
2024	396,628	350,862	326,445	273,722	262,529	285,731	327,638	311,981	271,631	288,567	338,432	402,287	3,836,452
2025	395,697	353,583	341,180	289,392	282,328	299,349	336,671	329,465	292,752	295,827	335,535	402,757	3,954,535
Before-Savings													
2026S	405,434	354,847	344,895	293,125	289,318	294,713	340,964	329,989	284,639	295,269	337,950	399,458	3,970,601
2027F	411,666	360,291	351,091	299,454	295,850	300,147	347,012	335,380	290,283	300,983	343,795	405,427	4,041,377
After-Savings													
2026S	402,541	351,975	342,080	290,386	286,651	292,089	338,346	327,344	281,946	292,513	335,128	396,584	3,937,582
2027F	405,743	354,412	345,329	293,850	290,395	294,783	341,660	329,973	284,774	295,344	338,019	399,544	3,973,827

Note: The 2026S and 2027F Gross Load in Appendix A2 does not include the FBC Electric Vehicle (EV) Direct Current Fast Charging (DCFC) station loads.

2.2 NET LOAD (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historic Loads													
2016	328,972	283,576	269,823	248,799	231,696	226,952	265,539	259,978	219,469	247,136	300,036	320,866	3,202,843
2017	330,163	272,433	282,574	244,425	232,665	233,492	276,339	266,935	229,621	246,479	296,394	323,921	3,235,440
2018	338,459	284,446	281,783	245,037	253,552	238,619	283,364	273,179	216,362	244,085	277,755	337,598	3,274,238
2019	336,960	269,648	290,510	242,633	248,852	239,769	273,123	270,359	242,250	269,764	288,203	335,853	3,307,924
2020	345,128	301,193	280,588	230,312	224,658	231,093	283,880	279,297	242,295	262,137	303,482	338,771	3,322,834
2021	344,200	308,531	294,270	255,141	238,455	245,309	288,355	272,273	237,823	263,831	304,896	340,091	3,393,175
2022	356,904	312,144	300,781	255,512	242,069	254,001	291,969	285,142	246,240	260,155	307,481	357,859	3,470,257
2023	354,257	314,451	302,822	253,376	266,461	259,768	297,752	284,875	238,024	262,438	307,239	361,638	3,503,100
2024	359,542	318,617	300,534	254,518	245,271	264,925	301,550	288,159	252,701	267,967	309,952	364,228	3,527,964
2025	366,553	321,453	323,925	276,527	269,840	275,610	310,692	308,562	282,476	284,150	311,305	364,090	3,695,181
Before-Savings													
2026S	368,402	323,276	317,406	272,230	269,500	273,606	314,052	304,663	264,860	274,682	310,727	363,420	3,656,823
2027F	374,151	328,311	323,113	278,046	275,509	278,646	319,633	309,681	270,083	279,977	316,122	368,949	3,722,221
After-Savings													
2026S	365,729	320,622	314,804	269,699	267,036	271,182	311,633	302,219	262,371	272,135	308,119	360,765	3,626,314
2027F	368,679	322,879	317,790	272,868	270,468	273,690	314,688	304,684	264,994	274,767	310,785	363,513	3,659,804

Note: The 2026S and 2027F Net Load in Appendix A2 does not include the FBC EV DCFC station loads.

1 2.3 RESIDENTIAL (MWh)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Normalized Actuals													
2016	147,429	121,286	113,080	99,963	91,648	85,702	101,212	96,335	77,431	96,417	129,741	135,335	1,295,580
2017	145,663	112,986	118,857	102,166	94,155	86,021	106,392	95,082	82,012	96,745	129,829	150,584	1,320,492
2018	154,740	121,081	119,975	97,261	100,276	86,146	109,349	100,153	70,342	89,942	112,695	150,638	1,312,598
2019	147,714	98,552	116,377	90,039	91,727	81,739	100,157	94,674	87,612	98,618	112,609	146,320	1,266,137
2020	150,634	126,164	117,219	93,211	89,289	91,128	111,958	103,644	86,533	100,913	126,958	149,181	1,346,832
2021	151,923	132,351	117,698	95,324	88,510	89,335	114,977	114,763	58,293	98,449	123,064	145,645	1,330,331
2022	150,247	130,107	119,338	92,786	83,362	90,463	111,776	99,512	80,706	95,008	120,814	146,242	1,320,362
2023	144,139	125,992	113,880	91,659	99,220	90,866	108,677	100,786	81,909	90,707	122,079	155,843	1,325,757
2024	150,058	131,093	111,780	91,949	83,786	94,020	110,349	101,616	83,112	91,001	121,527	144,569	1,314,860
2025	146,616	123,072	123,894	97,350	90,548	93,653	105,918	105,411	98,657	101,185	121,888	153,412	1,361,604
Before-Savings													
2026S	148,652	128,198	117,878	94,745	92,249	93,930	109,578	103,802	88,918	95,398	123,253	153,040	1,349,639
2027F	148,331	127,921	117,623	94,540	92,049	93,727	109,342	103,577	88,726	95,192	122,986	152,709	1,346,723
After-Savings													
2026S	148,361	127,910	117,601	94,483	92,000	93,692	109,344	103,564	88,670	95,135	122,976	152,752	1,346,487
2027F	147,699	127,297	117,023	93,971	91,512	93,212	108,835	103,063	88,188	94,623	122,386	152,086	1,339,895

3 2.4 COMMERCIAL (MWh)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2016	81,888	75,253	71,663	71,537	69,950	67,264	75,224	78,198	68,802	70,075	79,061	92,524	901,438
2017	87,580	76,292	77,390	69,008	70,517	72,425	82,456	81,640	72,344	73,698	77,035	80,003	920,385
2018	85,824	76,573	78,401	70,827	73,372	72,287	81,199	81,422	70,961	73,116	75,837	82,157	921,978
2019	85,718	80,999	80,956	69,682	72,347	72,907	78,731	80,774	73,021	75,361	78,350	85,041	933,887
2020	87,508	79,773	76,660	64,284	65,222	67,351	78,479	81,698	74,157	76,661	80,042	85,339	917,174
2021	87,315	79,792	80,058	71,855	73,925	80,219	85,512	69,286	96,034	76,263	80,232	90,890	971,380
2022	93,663	80,863	81,664	72,557	71,986	71,849	84,690	88,145	74,835	75,357	80,089	93,445	969,143
2023	90,511	80,202	82,605	73,374	76,216	77,166	86,467	83,659	72,967	74,730	76,445	86,416	960,759
2024	90,995	79,151	83,563	72,087	73,629	74,502	88,840	84,609	75,235	76,564	77,613	88,518	965,306
2025	93,223	85,412	82,508	73,215	75,678	78,835	88,211	88,662	79,880	78,200	78,291	87,502	989,616
Before-Savings													
2026S	93,855	83,619	84,954	74,706	77,045	78,746	90,026	87,775	77,919	78,402	79,377	89,656	996,080
2027F	94,848	84,503	85,853	75,496	77,860	79,579	90,978	88,703	78,743	79,231	80,216	90,604	1,006,614
After-Savings													
2026S	92,640	82,415	83,782	73,576	75,957	77,689	88,980	86,717	76,831	77,271	78,204	88,452	982,514
2027F	92,385	82,063	83,476	73,205	75,654	77,436	88,858	86,560	76,538	76,939	77,839	88,164	979,116

5 *Note: The 2026S and 2027F Commercial Load in Appendix A2 does not include the FBC EV DCFC station*
6 *loads.*

7 2.5 WHOLESALE (MWh)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Normalized Actuals													
2016	64,687	55,006	49,218	43,812	36,262	35,106	48,506	43,480	37,096	43,408	59,685	58,167	574,434
2017	61,637	51,026	51,573	40,753	35,692	35,965	47,044	49,971	39,411	42,639	56,771	61,621	574,101
2018	65,721	51,837	50,293	43,769	41,467	33,766	45,024	47,275	36,478	47,576	54,103	67,407	584,715
2019	61,944	48,097	50,091	42,390	39,513	36,881	47,393	44,924	37,351	44,052	49,804	63,534	565,972
2020	64,233	56,219	48,768	39,333	33,066	35,088	44,642	44,913	39,548	45,075	55,660	62,943	569,488
2021	63,822	56,888	51,016	42,771	35,118	32,874	43,009	44,315	36,150	44,201	57,331	58,330	565,827
2022	64,786	56,887	52,353	41,723	35,185	36,472	44,017	44,848	38,048	41,846	54,139	65,162	575,466
2023	64,631	57,286	51,092	41,849	40,264	38,037	47,478	45,038	38,096	42,680	54,021	66,905	587,378
2024	65,722	57,691	51,722	40,894	34,493	40,358	46,396	45,917	38,540	42,395	53,313	64,332	581,774
2025	63,313	57,351	52,002	41,230	36,993	37,993	46,688	44,148	42,445	44,526	54,134	65,351	586,173
Before-Savings													
2026S	65,153	57,980	52,080	41,680	37,485	39,065	47,148	45,334	39,974	43,567	54,316	66,132	589,915
2027F	66,026	58,754	52,772	42,220	37,945	39,535	47,733	45,896	40,470	44,130	55,036	67,012	597,528
After-Savings													
2026S	64,774	57,605	51,716	41,330	37,149	38,740	46,826	45,008	39,638	43,216	53,951	65,757	585,712
2027F	65,248	57,984	52,023	41,501	37,256	38,867	47,072	45,228	39,780	43,411	54,287	66,242	588,899

1 2.6 INDUSTRIAL (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2016	32,901	29,835	33,180	28,953	27,588	31,785	31,632	32,805	30,120	33,350	28,559	32,687	373,396
2017	33,109	30,227	32,593	30,117	27,928	31,621	29,477	29,518	28,665	28,831	30,770	29,734	362,590
2018	30,089	33,113	31,062	30,455	32,718	39,030	38,264	35,307	33,245	30,034	33,591	35,836	402,744
2019	40,014	40,563	41,563	37,886	39,198	40,876	38,967	41,784	39,929	49,045	45,695	39,390	494,911
2020	41,115	37,485	36,324	30,596	32,632	32,899	39,933	39,350	35,590	36,265	39,250	39,794	441,233
2021	39,629	38,120	44,021	42,125	34,088	34,473	33,956	35,536	42,333	41,558	42,792	43,684	472,315
2022	46,629	42,908	45,937	46,285	47,294	50,460	43,070	43,215	46,443	44,094	50,708	51,418	558,461
2023	53,445	49,614	53,834	44,434	45,636	46,317	45,428	46,921	39,836	51,327	53,265	51,133	581,190
2024	51,340	49,405	52,010	47,080	48,004	49,401	45,480	48,215	50,337	54,777	55,973	65,349	617,371
2025	61,966	54,305	64,150	62,171	61,129	57,270	60,477	61,860	55,421	57,078	55,624	56,416	707,867
Before-Savings													
2026S	59,317	52,201	61,120	58,759	57,430	54,601	57,469	59,532	52,492	54,223	52,377	53,228	672,749
2027F	63,523	55,855	65,492	63,450	62,363	58,542	61,750	63,284	56,588	58,332	56,479	57,260	722,917
After-Savings													
2026S	58,556	51,440	60,359	57,998	56,669	53,840	56,708	58,771	51,731	53,462	51,616	52,467	663,617
2027F	61,978	54,310	63,947	61,905	60,819	56,997	60,205	61,739	55,043	56,787	54,934	55,715	704,379

3 2.7 LIGHTING (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2016	1,245	1,363	1,341	1,362	1,361	1,347	1,404	1,381	1,294	1,191	1,251	1,388	15,930
2017	1,394	1,233	1,390	1,286	1,339	1,301	1,383	1,382	1,289	1,335	1,270	1,330	15,932
2018	1,385	1,178	1,291	1,307	1,198	1,118	1,068	998	988	952	848	894	13,225
2019	907	808	873	943	965	937	917	949	955	947	909	928	11,039
2020	929	892	955	900	914	874	932	949	878	907	863	852	10,846
2021	838	774	836	795	858	787	802	805	770	851	776	791	9,682
2022	820	724	772	760	790	729	784	762	767	800	766	788	9,262
2023	782	708	766	741	729	711	735	711	679	729	715	718	8,725
2024	715	669	751	698	720	696	715	704	694	715	678	716	8,470
2025	701	630	707	659	648	650	666	646	653	635	628	676	7,900
Before-Savings													
2026S	692	632	700	660	660	647	666	649	638	654	636	664	7,900
2027F	692	632	700	660	660	647	666	649	638	654	636	664	7,900
After-Savings													
2026S	667	607	677	639	640	628	648	630	618	632	613	640	7,638
2027F	642	582	653	616	619	609	628	610	597	610	589	615	7,369

5 2.8 IRRIGATION (MWH)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Historical Actuals													
2016	822	834	1,341	3,172	4,888	5,748	7,561	7,778	4,724	2,694	1,739	765	42,065
2017	780	670	772	1,096	3,035	6,160	9,587	9,343	5,898	3,231	719	649	41,939
2018	700	662	761	1,419	4,521	6,271	8,461	8,024	4,348	2,465	681	666	38,979
2019	663	630	650	1,694	5,103	6,429	6,958	7,254	3,381	1,741	835	640	35,978
2020	708	660	662	1,987	3,535	3,752	7,936	8,743	5,588	2,317	709	662	37,260
2021	674	606	641	2,272	5,957	7,621	10,099	7,568	4,242	2,508	701	751	43,640
2022	760	655	718	1,400	3,452	4,028	7,631	8,660	5,441	3,049	965	804	37,563
2023	748	648	645	1,319	4,395	6,672	8,966	7,760	4,538	2,265	713	622	39,291
2024	711	608	708	1,811	4,640	5,948	9,770	7,098	4,783	2,515	848	743	40,183
2025	736	682	664	1,901	4,844	7,208	8,731	7,835	5,420	2,527	741	734	42,022
Before-Savings													
2026S	732	646	673	1,679	4,631	6,616	9,165	7,572	4,919	2,438	768	700	40,540
2027F	732	646	673	1,679	4,631	6,616	9,165	7,572	4,919	2,438	768	700	40,540
After-Savings													
2026S	730	644	671	1,674	4,620	6,593	9,127	7,529	4,884	2,418	759	696	40,346
2027F	728	642	668	1,669	4,609	6,569	9,089	7,485	4,848	2,397	750	692	40,146

2.9 SYSTEM PEAK (MW)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Winter	Summer
Historical Normalized Actuals														
2016	685	683	569	540	490	582	587	593	443	480	613	724	755	593
2017	755	673	595	510	597	505	600	605	561	515	594	648	714	605
2018	714	648	583	516	602	533	630	631	429	459	609	659	682	631
2019	678	682	651	514	568	502	626	639	538	562	622	701	732	639
2020	732	680	609	500	482	515	666	665	551	549	631	667	731	666
2021	711	731	555	495	488	653	597	635	486	509	628	675	685	653
2022	685	676	572	490	432	615	681	689	629	480	673	734	734	689
2023	680	674	582	496	528	618	666	646	481	546	638	677	677	666
2024	655	645	601	481	457	611	727	697	592	501	620	747	747	727
2025	693	734	559	540	556	674	712	718	663	544	627	651	711	718
Before-Savings														
2026S	699	670	575	484	485	596	662	662	532	509	591	673	751	682
2027F	703	674	578	487	488	599	666	666	536	512	595	677	756	686
After-Savings														
2026S	696	668	573	480	477	585	651	652	527	505	584	662	739	671
2027F	691	666	574	481	477	585	651	652	527	506	584	662	740	671

Note: The peaks shown in the table above are seasonal peaks. The seasonal winter peak is based on November and December of the current year and January and February of the following year. The seasonal summer peak is based on June, July and August of the current year and includes the June 2021 Heat Dome.

3. CUSTOMER FORECAST

3.1 CUSTOMERS

Customer Count	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	115,772	117,748	120,291	122,465	124,966	126,678	129,131	131,295	134,703	138,144	139,962	142,200
Commercial	15,073	15,398	15,678	15,956	16,165	16,594	16,773	16,905	17,104	17,276	17,375	17,587
Wholesale	6	6	6	6	6	6	6	6	6	6	6	6
Industrial	50	50	52	51	43	42	42	42	42	42	42	42
Lighting	1,559	1,511	1,482	1,467	1,443	1,407	1,380	1,340	1,308	1,275	1,241	1,208
Irrigation	1,090	1,080	1,078	1,082	1,091	1,103	1,103	1,110	1,108	1,103	1,103	1,103
Total Direct	133,550	135,793	138,587	141,027	143,714	145,830	148,435	150,698	154,271	157,846	159,729	162,146

3.2 CUSTOMER ADDITIONS

Customer Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	735	1,976	2,543	2,174	2,501	1,712	2,453	2,164	3,408	3,441	1,818	2,238
Commercial	613	325	280	278	209	429	179	132	199	172	99	212
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-
Industrial	1	-	2	(1)	(8)	(1)	-	-	-	-	-	-
Lighting	(30)	(48)	(29)	(15)	(24)	(36)	(27)	(40)	(32)	(33)	(34)	(33)
Irrigation	(8)	(10)	(2)	4	9	12	-	7	(2)	(5)	-	-
Total Direct	1,311	2,243	2,794	2,440	2,687	2,116	2,605	2,263	3,573	3,575	1,883	2,417

1 **4. NORMALIZED AFTER-SAVINGS USE PER CUSTOMER (UPC)**

2

MWh/Customer	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	11.27	11.31	11.03	10.43	10.89	10.57	10.32	10.18	9.89	9.98	9.68	9.50

5. LOAD

5.1 AFTER-SAVINGS LOAD

Energy (GWh)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	1,295.6	1,320.5	1,312.6	1,266.1	1,346.8	1,330.3	1,320.4	1,325.8	1,314.9	1,361.6	1,346.5	1,339.9
Commercial	901.4	920.4	922.0	933.9	917.2	971.4	969.1	960.8	965.3	989.6	982.5	979.1
Wholesale	574.4	574.1	584.7	566.0	569.5	565.8	575.5	587.4	581.8	586.2	585.7	588.9
Industrial	373.4	362.6	402.7	494.9	441.2	472.3	558.5	581.2	617.4	707.9	663.6	704.4
Lighting	15.9	15.9	13.2	11.0	10.8	9.7	9.3	8.7	8.5	7.9	7.6	7.4
Irrigation	42.1	41.9	39.0	36.0	37.3	43.6	37.6	39.3	40.2	42.0	40.3	40.1
Net	3,202.8	3,235.4	3,274.2	3,307.9	3,322.8	3,393.2	3,470.3	3,503.1	3,528.0	3,695.2	3,626.3	3,659.8
Losses & Company Use	273.8	282.3	285.1	286.9	287.9	299.7	314.6	304.1	308.5	259.4	311.3	314.0
Gross	3,476.6	3,517.7	3,559.4	3,594.8	3,610.8	3,692.8	3,784.8	3,807.2	3,836.5	3,954.5	3,937.6	3,973.8
System Peak (MW)												
Winter Peak	754.7	713.6	682.2	732.4	730.8	684.8	734.3	676.9	746.6	711.0	739.3	739.9
Summer Peak	593.0	604.8	630.9	639.4	666.2	652.9	689.1	666.4	726.9	717.8	671.3	671.3

Note: The 2026S and 2027F After-Savings Load in Appendix A2 does not include the FBC EV DCFC station loads.

5.2 NORMALIZED AFTER-SAVINGS WHOLESALE LOAD

Wholesale (GWh)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026S	2027F
BCH Lardeau	5.9	8.4	7.8	7.1	6.1	5.9	5.0	5.8	5.8	5.7	5.6	5.6
BCH Kingsgate	4.9	4.6	4.7	4.6	5.0	4.1	4.0	3.9	5.9	5.7	5.9	5.9
City of Grand Forks	40.5	38.7	45.8	36.9	37.5	36.3	37.0	37.1	36.8	36.9	36.5	36.1
City of Nelson	79.6	86.1	88.0	83.8	82.0	85.6	86.0	85.8	87.0	90.1	89.3	90.6
City of Penticton	345.2	338.0	340.0	338.4	340.3	337.0	347.0	354.3	347.7	348.7	349.0	350.6
District of Summerland	98.2	98.2	98.5	95.1	98.5	96.9	96.0	100.6	98.6	99.1	99.4	100.1
Total	574.4	574.1	584.7	566.0	569.5	565.8	575.0	587.4	581.8	586.2	585.7	588.9

5.3 DSM (GWh) WITHOUT LOSSES

Energy (GWh)	2021	2022	2023	2024	2025	2026S	2027F
Demand Side Management	(30.0)	(35.9)	(31.4)	(34.1)	(49.6)	(30.5)	(62.4)

6. VARIANCES TO FORECAST

6.1 CUSTOMER COUNT VARIANCE

Customer Count	2020	2021	2022	2023	2024	2025
Actual						
Residential	124,966	126,678	129,131	131,295	134,703	138,144
Commercial	16,165	16,594	16,773	16,905	17,104	17,276
Wholesale	6	6	6	6	6	6
Industrial	43	42	42	42	42	42
Lighting	1,443	1,407	1,380	1,340	1,308	1,275
Irrigation	1,091	1,103	1,103	1,110	1,108	1,103
Total	143,714	145,830	148,435	150,698	154,271	157,846
Forecast						
Residential	124,076	124,603	128,941	132,015	133,291	137,583
Commercial	16,220	16,579	16,975	17,496	17,290	17,267
Wholesale	6	6	6	6	6	6
Industrial	57	59	43	42	42	42
Lighting	1,425	1,393	1,406	1,349	1,330	1,275
Irrigation	1,082	1,082	1,091	1,103	1,103	1,108
Total	142,865	143,721	148,462	152,011	153,063	157,281
Variance (customers)						
Residential	890	2,075	190	(720)	1,412	561
Commercial	(55)	15	(202)	(591)	(186)	9
Wholesale	0	0	0	0	0	0
Industrial	(14)	(17)	(1)	0	0	0
Lighting	18	14	(26)	(9)	(22)	0
Irrigation	9	21	12	7	5	(5)
Total	849	2,109	(27)	(1,313)	1,208	565
Variance (%)						
Residential	0.7%	1.6%	0.1%	-0.5%	1.0%	0.4%
Commercial	-0.3%	0.1%	-1.2%	-3.5%	-1.1%	0.1%
Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Industrial	-32.6%	-40.5%	-2.4%	0.0%	0.0%	0.0%
Lighting	1.3%	1.0%	-1.9%	-0.7%	-1.7%	0.0%
Irrigation	0.8%	1.9%	1.1%	0.6%	0.5%	-0.5%
Total	0.6%	1.4%	0.0%	-0.9%	0.8%	0.4%

1 **6.2 LOAD VARIANCE, NORMALIZED/HISTORIC ACTUAL TO FORECAST**

Energy (GWh)	2020	2021	2022	2023	2024	2025
Historic						
Residential	1,346.8	1,330.3	1,320.4	1,325.8	1,314.9	1,361.6
Commercial	917.2	971.4	969.1	960.8	965.3	989.6
Wholesale	569.5	565.8	575.5	587.4	581.8	586.2
Industrial	441.2	472.3	558.5	581.2	617.4	707.9
Lighting	10.8	9.7	9.3	8.7	8.5	7.9
Irrigation	37.3	43.6	37.6	39.3	40.2	42.0
Net	3,322.8	3,393.2	3,470.3	3,503.1	3,528.0	3,695.2
Gross	3,610.8	3,692.8	3,784.8	3,807.2	3,836.5	3,954.5
Forecast						
Residential	1,325.6	1,255.4	1,283.2	1,300.7	1,298.9	1,331.3
Commercial	901.7	952.3	945.5	973.1	974.2	988.5
Wholesale	567.5	583.5	559.5	578.5	589.8	578.0
Industrial	453.0	536.7	470.4	574.9	563.5	713.3
Lighting	10.6	9.9	10.3	9.4	9.1	8.2
Irrigation	35.3	35.8	37.1	39.4	38.5	41.9
Net	3,293.7	3,373.7	3,306.0	3,475.9	3,473.9	3,661.2
Gross	3,602.0	3,664.0	3,591.0	3,774.8	3,772.7	3,975.6
Variance (GWh)						
Residential	21.3	74.9	37.1	25.0	16.0	30.3
Commercial	15.5	19.1	23.6	(12.3)	(8.9)	1.1
Wholesale	2.0	(17.7)	16.0	8.9	(8.0)	8.1
Industrial	(11.8)	(64.3)	88.1	6.3	53.9	(5.5)
Lighting	0.2	(0.3)	(1.0)	(0.7)	(0.6)	(0.3)
Irrigation	2.0	7.8	0.5	(0.1)	1.7	0.1
Net	29.2	19.5	164.3	27.2	54.0	33.9
Gross	8.8	28.9	193.9	32.3	63.8	(21.1)
Variance (%)						
Residential	1.6%	5.6%	2.8%	1.9%	1.2%	2.2%
Commercial	1.7%	2.0%	2.4%	-1.3%	-0.9%	0.1%
Wholesale	0.4%	-3.1%	2.8%	1.5%	-1.4%	1.4%
Industrial	-2.7%	-13.6%	15.8%	1.1%	8.7%	-0.8%
Lighting	2.1%	-2.8%	-10.7%	-7.6%	-7.2%	-3.7%
Irrigation	5.3%	17.9%	1.3%	-0.2%	4.2%	0.2%
Net	0.9%	0.6%	4.7%	0.8%	1.5%	0.9%
Gross	0.2%	0.8%	5.1%	0.8%	1.7%	-0.5%

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¹ Residential and Wholesale historic loads shown are normalized loads. All other rate classes show historic actual loads.

1 **6.3 NORMALIZED AFTER-SAVINGS ANNUAL PERCENT GROWTH**

Energy (GWh)	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	1,346.8	1,330.3	1,320.4	1,325.8	1,314.9	1,361.6	1,346.5	1,339.9
Commercial	917.2	971.4	969.1	960.8	965.3	989.6	982.5	979.1
Wholesale	569.5	565.8	575.5	587.4	581.8	586.2	585.7	588.9
Industrial	441.2	472.3	558.5	581.2	617.4	707.9	663.6	704.4
Lighting	10.8	9.7	9.3	8.7	8.5	7.9	7.6	7.4
Irrigation	37.3	43.6	37.6	39.3	40.2	42.0	40.3	40.1
Net	3,322.8	3,393.2	3,470.3	3,503.1	3,528.0	3,695.2	3,626.3	3,659.8
Losses & Company Use	287.9	299.7	314.6	304.1	308.5	259.4	311.3	314.0
Gross	3,610.8	3,692.8	3,784.8	3,807.2	3,836.5	3,954.5	3,937.6	3,973.8
System Peak								
Winter Peak (MW)	730.8	684.8	734.3	676.9	746.6	711.0	739.3	739.9
Summer Peak (MW)	666.2	652.9	689.1	666.4	726.9	717.8	671.3	671.3
Growth Year over Year	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	6.4%	-1.2%	-0.7%	0.4%	-0.8%	3.6%	-1.1%	-0.5%
Commercial	-1.8%	5.9%	-0.2%	-0.9%	0.5%	2.5%	-0.7%	-0.3%
Wholesale	0.6%	-0.6%	1.7%	2.1%	-1.0%	0.8%	-0.1%	0.5%
Industrial	-10.8%	7.0%	18.2%	4.1%	6.2%	14.7%	-6.3%	6.1%
Lighting	-1.7%	-10.7%	-4.3%	-5.8%	-2.9%	-6.7%	-3.3%	-3.5%
Irrigation	3.6%	17.1%	-13.9%	4.6%	2.3%	4.6%	-4.0%	-0.5%
Net	0.5%	2.1%	2.3%	0.9%	0.7%	4.7%	-1.9%	0.9%
Losses & Company Use	0.4%	4.1%	5.0%	-3.3%	1.4%	-15.9%	20.0%	0.9%
Gross	0.4%	2.3%	2.5%	0.6%	0.8%	3.1%	-0.4%	0.9%
System Peak								
Winter Peak (MW)	-0.2%	-6.3%	7.2%	-7.8%	10.3%	-4.8%	4.0%	0.1%
Summer Peak (MW)	4.2%	-2.0%	5.5%	-3.3%	9.1%	-1.3%	-6.5%	0.0%
Customer Count	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	124,966	126,678	129,131	131,295	134,703	138,144	139,962	142,200
Commercial	16,165	16,594	16,773	16,905	17,104	17,276	17,375	17,587
Wholesale	6	6	6	6	6	6	6	6
Industrial	43	42	42	42	42	42	42	42
Lighting	1,443	1,407	1,380	1,340	1,308	1,275	1,103	1,103
Irrigation	1,091	1,103	1,103	1,110	1,108	1,103	1,241	1,208
Total Direct	143,714	145,830	148,435	150,698	154,271	157,846	159,729	162,146
Growth Year over Year	2020	2021	2022	2023	2024	2025	2026S	2027F
Residential	2.0%	1.4%	1.9%	1.7%	2.6%	2.6%	1.3%	1.6%
Commercial	1.3%	2.7%	1.1%	0.8%	1.2%	1.0%	0.6%	1.2%
Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Industrial	-15.7%	-2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lighting	-1.6%	-2.5%	-1.9%	-2.9%	-2.4%	-2.5%	-13.5%	0.0%
Irrigation	0.8%	1.1%	0.0%	0.6%	-0.2%	-0.5%	12.5%	-2.7%
Total Direct	1.9%	1.5%	1.8%	1.5%	2.4%	2.3%	1.2%	1.5%

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6.4 RESIDENTIAL UPC, NORMALIZED ACTUAL TO FORECAST

Residential UPC (MWh)	2023	2024	2025
After- Savings Normalized Actual UPC	10.18	9.89	9.98
Forecast	9.95	9.82	9.78
Variance	0.23	0.07	0.20
Variance (%)	2.3%	0.7%	2.0%

6.5 WINTER PEAK, ACTUAL TO FORECAST

Winter Peak (MW)	2023	2024	2025
Actual Peak	818.0	739.0	669.0
Forecast	785.7	785.0	740.0
Variance	32.3	(46.0)	(71.0)
Variance (%)	4%	-6%	-10%

Note: The peaks reflected in this table are the actual seasonal peaks are not normalized.

6.6 SYSTEM LOAD FACTOR

The following table shows annual after-savings gross load, peak load and load factor. The annual load factor is calculated as annual load ÷ peak hourly load x number of hours in a year (8,760).

Year	Energy (MWh)	Peak (MW)	Load Factor
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
2025	3,954,535	718	0.63
2026S	3,937,582	739	0.61
2027F	3,973,827	740	0.61

Note: The peaks in this table represent annual peaks meaning they happened in the calendar year and are not the seasonal peaks.

Appendix B

PRIOR YEAR DIRECTIVES

Decision No.	Directive Page No.	Reference	Description / Details	Status	Section in this Application
G-176-24 AND DECISION – FBC EV DCFC ENERGY-BASED CHARGING					
1.	9	EV Charging Updates	FBC states for future reporting of its energy-based rate, it will include an evaluation of any additional EV charging stations, and discussions on utilization in terms of charging minutes, revenue, carbon credits, and operation and maintenance (O&M) and capital expenditure forecasts in its rate setting proceedings. FBC also submits that it will discuss adjustments, if necessary, to its proposed energy-based rate prior to the end of the 10-year levelization period as part of its annual review or revenue requirement proceedings.	Ongoing.	Sections 5.8, 6.3.4, 7.2.2.1
G-70-25 AND DECISION – FBC RATE SETTING FRAMEWORK FOR 2025 TO 2027					
2.	78	Next Rates Application	In its next rates application for the period beginning January 1, 2028, the Panel provides the following directions to FortisBC: • For FEI and FBC, evaluate the merits of a price cap model that takes a top-down approach to rate-setting, such that the customers' rate is the starting point as opposed to the end product; • Evaluate whether such a new common rates plan could reasonably be implemented for both FEI and FBC given potentially different impacts of the energy transition on their operations, or whether the next rates plan would merit separate rate frameworks for each of the two utilities; and • For FEI and FBC, evaluate targeted incentives that may be appropriate to introduce to further incent FEI's and FBC's energy transition work.	Will be addressed in FBC's 2028+ Rates Application.	



ORDER NUMBER

G-xx-xx

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.
Annual Review for 2027 Rates

BEFORE:

[X. X. Last Name, Panel Chair]
[X. X. Last Name, Commissioner]
[X. X. Last Name, Commissioner]

on [Month Day, Year]

ORDER

WHEREAS:

- A. On March 18, 2025, the British Columbia Utilities Commission (BCUC) issued Order G-69-25 for FortisBC Energy Inc. (FEI) and Order G-70-25 for FortisBC Inc. (FBC) approving a Rate Setting Framework (Rate Framework) for 2025 through 2027 (Rate Framework Decision). In accordance with the Rate Framework Decision, FBC is to conduct an annual review process to set rates for each year (Annual Review);
- B. By letter dated June 10, 2026, FBC proposed a regulatory timetable for the Annual Review of its 2027 rates (2027 Annual Review);
- C. By Order G-151-26 dated July 14, 2026, the BCUC established the regulatory timetable for the 2027 Annual Review, which includes FBC filing its Annual Review materials, intervener registration, one round of information requests, letters of comment, and written final and reply arguments;
- D. On July 31, 2026, FBC submitted its materials for the 2027 Annual Review (Application). In the Application, FBC requests approval of a 6.42 percent permanent general rate increase over the 2026 rates, effective January 1, 2027, among other things, pursuant to sections 59 to 61 of the *Utilities Commission Act*; and
- E. The BCUC has reviewed the Application, evidence, and arguments filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act* and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. FBC is approved to recover the 2027 revenue requirement and resultant rate change on a permanent basis, effective January 1, 2027.
2. FBC is approved to establish the following rate base deferral accounts:
 - a. The 2028+ Rate Setting Application deferral account, with the amortization period to be determined in a future proceeding; and
 - b. The 2026 Long-Term Electric Resource Plan deferral account, with the amortization period to be determined in a future proceeding.
3. FBC is approved exogenous factor (Z-Factor) treatment for the incremental capital expenditures related to the Midway Substation fire.
4. FBC is approved to record the actual after-tax costs of the 2026 equity issuance in the Flotation Costs deferral account.
5. FBC is directed to file as a compliance filing, amended tariff pages for the BCUC's endorsement and tariff continuity and bill impact schedules, reflecting the approved 2027 permanent rates by December 15, 2026.

DATED at the City of Vancouver, in the Province of British Columbia, this [XXth] day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner