



Sarah Walsh
Director, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (778) 578-3861
Cell: (604) 230-7874
www.fortisbc.com

September 24, 2026

Residential Consumer Intervener Association
Unit 530 - 1130 W Pender Street
Vancouver, B.C.
V6E 4A4

Attention: Michael Vaney, Director

Dear Michael Vaney:

Re: FortisBC Inc. (FBC)
2027 Annual Review of Rates (Application)
Response to the Residential Consumer Intervener Association (RCIA)
Information Request (IR) No. 1

On July 31, 2026, FBC filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-151-26 for the review of the Application, FBC respectfully submits the attached response to RCIA IR No. 1.¹

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Registrar
Registered Interveners

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

CHAPTER 3: LOAD FORECAST AND REVENUE AT EXISTING RATES

1.0 Reference Exhibit B-2, Pages 22-23

Section: 3.3.7 Losses and Company Use

FBC states:

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

System losses consist of:

- Losses in the transmission and distribution system;*
- Losses due to wheeling through the BC Hydro system; and*
- Unaccounted-for load (meter inaccuracies and theft).” [footnote omitted]*

1.1. Please provide benchmarking of loss factors against comparable Canadian utilities and explain any deviations.

Response:

FBC has not completed a benchmarking of loss factors; however, BC Hydro reported system losses ranging from 6.1 percent to 7.4 percent, with an average of 6.6 percent, over the period F2021 to F2025.¹

FBC does not consider direct comparisons of loss factors alone to be a meaningful assessment of the reasonableness of its loss assumptions, as system losses are highly dependent on utility-specific characteristics and operating conditions. Accordingly, FBC relies on internal loss studies to determine an appropriate loss factor forecast for its system. The currently approved loss factor, excluding Company Use, is 7.6 percent based on the 2019 Loss Study and reflects the characteristics and operating conditions of the FBC system. FBC is currently completing an updated Loss Study using more recent system data and operating conditions, with the results expected to be included as part of FBC's next rate-setting application.

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.

¹ BC Hydro and Power Authority, 2025/26 Annual Service Plan Report, August 2026, Appendix D: Financial and Operating Statistics Pg.137. https://www.bcbudget.gov.bc.ca/Annual_Reports/2025_2026/pdf/agency/bchydro.pdf.

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 2

1.2. Please provide a full decomposition of system losses into: i. Transmission losses within FortisBC's system, ii. Distribution losses within FortisBC's system, iii. Losses due to wheeling through the BC Hydro system, and iv. Unaccounted for load (meter inaccuracies and theft).

1.2.1. For each category (i) through (iv), please identify whether the loss is best regarded as i. Controllable by FBC; ii. Partially controllable by FBC, or iii. Non controllable by FBC.

Response:

Forecast system losses excluding Company Use are based on the 2019 Loss Study, which used historical net load and gross load AMI data to derive an overall loss factor. As the study was based on aggregate system load data, it is not possible to separately quantify individual loss components on a forecast basis.

Transmission and distribution losses are primarily driven by system power flows which are influenced by factors that FBC does not directly control. While FBC can reduce transmission and distribution losses to some extent through infrastructure investments and system improvements, those measures must be balanced against associated costs.

FBC can influence losses associated with energy delivered over the BC Hydro system through its use of PPA energy (versus use of market energy) combined with BC Hydro wheeling, and FBC seeks to optimize these arrangements.

FBC reduces losses associated with unaccounted-for load through its meter quality assurance and revenue protection programs. All revenue meters comply with Measurement Canada requirements and are subject to ongoing testing and verification to ensure continued accuracy. FBC's dedicated Revenue Protection unit investigates suspected electricity theft through meter data analysis, site inspections, stakeholder referrals, and collaboration with external partners, including Crime Stoppers.

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 3

1 **CHAPTER 4: OTHER REVENUE**

2 **2.0 Reference Exhibit B-2, Page 36**

3 **Section: 5.3 CONTRACT REVENUE**

4 **FBC states:**

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

13 2.1. Please explain whether the loss of the management agreements will in any way
14 impact the O&M costs for FBC 2027 due to reduced staffing costs, reduced
15 overhead, reduced expenses etc.

16
17 **Response:**

18 Since there was 18 months of notice given for termination of these agreements, FBC has been
19 able to manage the resource transition and therefore the loss of the FPHI management
20 agreements is not expected to materially impact O&M costs for FBC in 2027. This is due in part
21 to the use of temporary FBC employees to service these agreements that will not be retained,
22 some planned retirements and natural attrition of permanent FBC employees involved in servicing
23 these agreements, and due to certain affected FBC employees securing positions in other areas
24 of the organization in advance of the transition.

25

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 4

3.0 Reference Exhibit B-2, Page 37

**Section: 5.8 CLEAN GROWTH INITIATIVE – EV DCFC STATIONS
CARBON CREDITS**

FBC states on footnote 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.”

3.1. Please provide actual (January through August if possible) and forecast (remainder of year) unmonetized credits FBC expects to receive from the 2026 compliance period.

Response:

The BC Low Carbon Fuel Standard (LCFS) compliance period runs from January 1 to December 31, with reporting due by March 31 of the following year. Therefore, the 2025 compliance period (from January 1, 2025, to December 31, 2025) represents the most recent year of validated but unmonetized credits.

FBC does not have actual unmonetized credits for the 2026 compliance period, as the LCFS reporting process will not open until January 1, 2027. Submitted claims require assessment by the BC LCFS before they can be validated and recognized as actual credits.

As such, the total unmonetized and validated credits at this time is 4,075 as referenced in the preamble to this question. FBC notes that any credits that are included in the 2026 compliance report (due by March 31, 2027) will have no impact on FBC’s 2027 revenue requirement and rates as these credits will not be validated until 2027 or later and any monetization of these credits will only occur after validation.

CHAPTER 5: O&M EXPENSE

4.0 Reference Exhibit B-2, Page 41

Section: 6.3.1 Pension and OPEB Expense

FBC states:

“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.”*

4.1. Please explain in detail the reasons for the decrease in the amortization of actuarial gains forecast for 2027 and provide a clear indication of the principal drivers of this decrease (actuarial assumptions, asset performance, methodology, etc.).

Response:

Under US GAAP (ASC 715), cumulative net actuarial gains and losses from changes in actuarial assumptions and experience gains or losses are accumulated and then amortized into the net periodic benefit cost over time.

For the 2027 Forecast, the amortization of actuarial gains included in Pension and OPEB expense is \$0.146 million, compared to \$0.466 million in the 2026 Approved Pension and OPEB expense. The lower amortization of actuarial gains increases Pension and OPEB expense by \$0.320 million.

The 2027 Forecast expense is based on the estimated 2027 net benefit cost developed from the ASC 715 valuation report as at December 31, 2025, prepared by independent qualified actuaries. In comparison, the 2026 Approved expense was based on the estimated 2026 net benefit cost developed from the ASC 715 valuation report as at December 31, 2024, prepared by independent qualified actuaries.

The decrease in amortization between the two valuation reports does not result from a change in accounting methodology. It reflects updated actuarial assumptions prepared by independent qualified actuaries and actual asset performance, which reduced the accumulated actuarial gain balance recognized under ASC 715. As explained in Section 6.3.1 of the Application, these updated factors include:

- An increase in the discount rate assumption from 4.75 percent to 5.00 percent; and
- Actual returns on pension assets were lower than the expected return.

5.0 Reference Exhibit B-2, Pages 41-42

Section: 6.3.2 Insurance Expense

FBC states:

“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.”[footnote omitted]

5.1. Please provide a clear explanation of the rationale for a 5% escalation used to determine the 2027 Forecast Insurance Premiums.

Response:

FBC has utilized the same method for forecasting insurance premiums in the Annual Reviews since the establishment of the 2014-2019 PBR Plan. This approach ensures that the most recently available actual premiums are incorporated into the forecast and applies an estimate of potential increases in future premiums. FBC considers its approach reasonable and reflective of the fact that changes in insurance premiums are difficult to predict and can be highly variable, which is why FBC is approved to treat insurance premiums as a Flow-through expense.

Further, the current approach has yielded reasonable results. As shown in Table 1 below, the variances between forecast and actual insurance premiums over the past five years have been relatively minor, ranging from a variance of -3.2 percent to 2.8 percent. Attempting to improve the accuracy of FBC’s insurance premium forecast through analysis of industry studies or other external sources of information would likely lead to more variability in the annual forecasts without providing notable improvements in forecasting accuracy. The current approach is simple, allows for a consistent forecasting method year-over-year, and has historically yielded reasonable results.

Table 1: Variances Between Actual and Forecast Insurance Premiums from 2021 to 2025

	Approved (\$000s)	Actual (\$000s)	Variance (\$000s)	Variance (%)
2021	\$ 1,916	\$ 1,924	\$ 8	0.4%
2022	\$ 2,223	\$ 2,286	\$ 63	2.8%
2023	\$ 2,457	\$ 2,501	\$ 44	1.8%
2024	\$ 2,678	\$ 2,596	\$ (82)	-3.2%
2025	\$ 2,540	\$ 2,537	\$ (3)	-0.1%

Note to table:

^{1.} The insurance premiums in this table are based on the calendar year (January to December), whereas the actual insurance premium renewal period is July to June each year.

6.0 Reference Exhibit B-2, Page 43

Section: 6.3.4 Clean Growth Initiative – EV Charging Stations

FBC provides the following:

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

FBC states:

“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).”

6.1. Please provide the actual or projected number of EV stations in 2026 and the forecast number of stations in 2027.

6.1.1. Please recreate Table 6-6 providing each of the five listed costs as well as Total measured per station (actual or projected for 2026 as appropriate and forecast for 2027).

Response:

FBC currently has 45 EV DCFC stations in service. As discussed in Section 7.2.2.1 of the Application, FBC currently is not forecasting additional stations for the remainder of 2026 or 2027.

FBC tracks and forecasts EV DCFC O&M costs at the charging network level rather than at a per station level. This approach reflects how the EV DCFC service is managed and how many of the underlying costs are incurred. For example, FBC labour costs are often associated with network level operations. In addition, maintenance and inspection fees are not limited to charging stations themselves, but may relate to switchgear, lighting equipment, and other electrical infrastructure that serves multiple charging stations at a site. When and where possible, FBC combines service work and inspections in groups to ensure technician travel costs are kept as low as possible. Therefore, FBC does not track or attribute O&M costs on a per station basis and is unable to provide actual or forecast station-level costs for the categories in Table 6-6.

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 8

- 1 While an average cost per station could be calculated by dividing total costs by the 45 stations
- 2 currently in service, such a calculation would only represent a simple allocation of network-level
- 3 costs and would not reflect actual costs incurred at individual stations.

4

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 9

7.0 Reference Exhibit B-2, Pages 43-44

Section: 6.3.5 Mandatory Reliability Standards (MRS) Triennial Audit Cost

FBC states:

“As part of the RSF Decision, 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. The next triennial MRS compliance audit is scheduled to occur in 2027.” [footnote omitted]

7.1. Please explain the rationale for recovering the full cost of the triennial audit scheduled for 2027 in the same year 2027.

7.1.1. Please describe FBC’s assessment of how using a deferral account to amortize the triennial audit cost over the three-year period between audits could better align with Bonbright principles, in particular fair apportionment of costs among customers since the cost of the audit incurred in 2027 will presumably provide benefits over three years until the next scheduled audit.

Response:

The treatment of triennial MRS audit costs was discussed in Section C2.5.2.1 of the RSF Application and was approved to be treated as Forecast (Flow-through) O&M in the RSF Decision. In the RSF Decision (page 18), the BCUC stated the following:

The Panel approves the treatment of FBC’s triennial MRS audit costs as Forecast (flow-through) O&M, with variances between forecast and actual MRS audit costs recorded in the flow-through deferral account in the Rate Framework. The Panel agrees that these costs are not suited to Formula O&M, as they occur only once every three years and so are not appropriately recovered from ratepayers before being incurred. Forecast (flowthrough) O&M treatment is more efficient than continuing to seek specific deferral account treatment every three years.

Accordingly, FBC considers RCIA’s request for an assessment of alternative recovery methods to be out of scope.

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 10

CHAPTER 6: RATE BASE

8.0 Reference Exhibit B-2, Pages 47

Section: 7.2.2.1 Clean Growth Initiative – EV DCFC Stations

FBC states:

“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.”

8.1. For each of the three sites (Rock Creek, Rutland, and Kelowna Museum), please describe whether the previously installed DCFC stations (i) remain in service at the same site (ii) have been relocated or redeployed or (iii) have been retired.

8.1.1. Please identify any incremental costs or savings associated with retaining, relocating, or retiring the previously installed DCFC units.

Response:

FBC confirms that all previously installed EV DCFC stations at Rock Creek, Rutland, and Kelowna Museum remain in service and that the new stations were installed in addition to the existing stations.

FBC did not incur incremental capital costs to retain the existing EV DCFC stations at Rock Creek, Rutland, and Kelowna Museum. The 2026 Projected capital expenditures for these sites are primarily associated with construction of the new EV DCFC stations and include site accessibility improvements. By installing the new stations at existing EV DCFC locations, FBC was able to leverage existing site infrastructure and electrical service, reducing the need for additional site development and new service installation costs.

9.0 Reference Exhibit B-2, Pages 55

Section: 7.6.1.2 2026 Long-term Electric Resource Plan (LTERP)

FBC states:

“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.”

FBC provides the following:

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

9.1. Please provide, if possible, a greater level of detail on how FBC arrived at an estimated expenditure of \$ 0.450 million for Long-term demand forecasting, scenario modelling, and DSM analysis.

Response:

Please refer to Table 1 below for a breakdown of the forecast \$0.450 million for the activities associated with long-term demand forecasting modelling, scenario modelling, and DSM analysis.

Table 1: Breakdown of the Long-term Demand Forecast Modelling, Scenario Modelling, and DSM Analysis

Long-term demand forecasting, scenario modelling, and DSM analysis	\$ millions
Scenario modelling and sensitivity analysis	\$ 0.260
DSM analysis	0.030
Energy supply & system planning	0.069
Integrated project management	0.091
Total	\$ 0.450

Details of each activity are provided below:

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 12

- 1 • **Scenario Modelling and Sensitivity Analysis** includes the development and evaluation
2 of the planning scenarios used to assess potential future resource needs. This work
3 incorporates feedback received through engagement activities, evaluates sensitivities for
4 key variables such as new large loads, demand response, and unmanaged versus
5 managed EV charging, and integrates key assumptions across FortisBC's electric and gas
6 planning processes to support a coordinated assessment of future energy demand.
- 7 • **DSM Analysis** includes the incorporation of findings from the 2024 Conservation Potential
8 Review (CPR), including the assessment of achievable energy savings and demand
9 reduction potential under various DSM assumptions and planning scenarios.
- 10 • **Energy Supply and System Planning** includes load-shape development and analysis of
11 scenario impacts on energy supply requirements and system capacity needs.
- 12 • **Integrated Project Management** includes overall project governance and coordination,
13 engagement activities, management of planning inputs and outputs, development of data
14 visualizations and reporting materials, and preparation and documentation of the
15 methodologies, assumptions, and analytical approaches used throughout the 2026
16 LTERP.

17 The forecast was developed based on the anticipated scope of the analysis required to prepare
18 the 2026 LTERP. As discussed in Section 7.6.1.2 of the Application, FBC is not proposing an
19 amortization period for this deferral account at this time. FBC will propose an amortization period
20 in a future rate-setting application. The actual costs recorded in the deferral account may vary
21 from the forecast depending on the work ultimately required to complete the LTERP.

CHAPTER 12: ACCOUNTING MATTERS

10.0 Reference Exhibit B-2, Pages 100

Section: 12.4.2.1 Flotation Costs Deferral Account

FBC states:

"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."

FBC provides the following:

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

10.1. Please explain whether the DRIP based equity issuance represents a lower cost source of equity capital relative to a public offering, and describe the factors that contribute to any cost differences (e.g., underwriting spreads, legal fees, marketing costs, issuance discounts).

Response:

The requested cost comparison between the DRIP-based equity issuance and other sources of common equity financing, including bought-deal and at-the-market (ATM) public offerings, was provided and examined in FortisBC's Application for Establishment of Equity Issuance Cost Deferral Account and Recovery of Equity Issuance Costs². In that application, FBC demonstrated that the DRIP program is a cost-effective form of issuing new shares on a regular basis and is widely used by public utilities, including Fortis Inc. Further, the evidence provided in that application showed that equity issuance costs associated with the DRIP discount are generally in line with ATM issuance costs and are generally lower than the issuance costs associated with bought-deal offerings.

² <https://www.bcuc.com/OurWork/ViewProceeding?applicationid=1310>.

FortisBC Inc. (FBC or the Company) 2027 Annual Review of Rates (Application)	Submission Date: September 24, 2026
Response to RCIA Information Request (IR) No. 1	Page 14

1 As explained in Section 12.4.2.1 of the Application, pursuant to Order G-138-25, the BCUC
2 approved the establishment of the Flotation Costs deferral account to record the “actual flotation
3 costs attributable to the equity injections by its parent company, Fortis Inc.” Similar to the equity
4 injections completed in 2023 and 2024, Fortis Inc. relied on its DRIP program to fund FBC’s equity
5 injection in March 2026 (Fortis Inc. did not issue any new common shares via public offering).
6 Consequently, the actual issuance costs associated with the DRIP program remain the
7 appropriate amount to record in the Flotation Cost deferral account.

8