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

Attention: Registrar

Dear Sirs/Mesdames:

Re: FortisBC Inc. – 2027 Annual Review of Rates – Final Argument

In accordance with the regulatory timetable in the above proceeding, we enclose for filing the Final Argument of FortisBC Inc., dated October 8, 2026.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP



Chris Bystrom*
*Law Corporation

Encl.



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

AND

**FORTISBC INC.
ANNUAL REVIEW FOR 2027 RATES**

**FINAL SUBMISSION
OF
FORTISBC INC.**

OCTOBER 8, 2026

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PART ONE: INTRODUCTION AND OVERVIEW

1. In its Annual Review for 2027 Rates Application (Application), FortisBC Inc. (FBC) seeks approval of permanent rates for 2027. FBC files its Application in compliance with British Columbia Utilities Commission (BCUC) Decision and Order G-70-25, which approved a Rate Setting Framework (Rate Framework) for FBC for the years 2025 to 2027 (Rate Framework Decision). As directed by Order G-182-26, components of the Rate Framework approved by the BCUC in the Rate Framework Decision are out of scope for this proceeding.

2. FBC submits that its proposed effective rate increase of 6.39 percent¹ for 2027 should be approved, subject to the updated AWE-BC results for June 2026.² The proposed rate increase flows from FBC's 2027 revenue requirement, which has been calculated in a manner consistent with the Rate Framework Decision, using the approved formula for O&M and the approved three-year forecasts for regular Growth, Sustainment and Other capital from the Rate Framework Decision, and using FBC's 2027 Forecast amounts for revenue requirement items that are to be forecast annually. The Application explains each contributor to the 2027 revenue deficiency and sets out in detail each component of FBC's revenue requirement, and reports on accounting matters, exogenous factors and FBC's performance under the service quality indicators (SQIs) approved by the Rate Framework Decision. FBC's 2025 SQI performance indicates that FBC is maintaining service quality, and FBC is taking concrete steps to improve its Emergency Response Time performance.

3. FBC responded to information requests (IRs) from the BCUC and the interveners in this proceeding, including the BC Sustainable Energy Association (BCSEA), the Canadian Office and Professional Employees Union, Local 378 (known as Movement of United Professionals or

¹ As explained in the response to CEC IR1 3.1 (Exhibit B-7), FBC discovered an error in the calculation of the 2027 Forecast wheeling expense. After correcting this error, the proposed effective 2027 rate increase changes slightly, from 6.42 percent to 6.39 percent.

² As discussed in Section 2.2 of the Application, FBC used the latest available month of May 2026 for AWE-BC as a placeholder, as results for June 2026 have not been released by Statistics Canada. Once the result for this period is available, FBC can replace this placeholder with actual data in the compliance filing to the BCUC's decision on this Application.

MoveUP), the Commercial Energy Consumers Association of BC (CEC), the Industrial Consumers Group (ICG), the Council of Senior Citizens' Organizations of BC et al. (COSCO), and the Residential Consumer Intervener Association (RCIA). FBC submits that it has provided comprehensive responses to the IRs and no material issues were raised.

4. FBC submits that its Application and response to IRs demonstrate that its proposed revenue requirement and rates for 2027 are consistent with the Rate Framework Decision and just and reasonable, and that the Application should be approved. FBC's detailed approvals sought are set out in Section 1.2 of the Application and in its draft order included in Appendix C of the Application.

5. In the remainder of this Final Argument, FBC addresses the topics canvassed in this proceeding, following the order of topics in its Application. FBC responds to the letter of comment from Nelson Hydro in Part Eleven of this Final Argument. For efficiency, FBC has not sought to reproduce all of the evidence filed in its Application, on which it continues to rely, but has focused on the topics canvassed in IRs.

PART TWO: LOAD FORECAST IS BASED ON APPROVED METHODS

6. FBC's load forecast is based on the methods approved by the Rate Framework Decision and should be approved. As determined in the Rate Framework Decision, the merits of the approved load forecasting methods are outside the scope of the Annual Reviews during the Rate Framework term.

7. 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 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.³ FBC forecasts its load net of losses at approximately 3,661 GWh, which is a decrease of 53 GWh (or 1.4 percent) from the 2026

³ Exhibit B-2, Application, Section 3.1.

Approved level.⁴ The currently approved loss factor, excluding Company Use, is 7.6 percent based on the 2019 Loss Study. FBC is currently completing an updated Loss Study using actual results from 2019 to 2025 based on Advanced Metering Infrastructure (AMI) data, with the results expected to be included as part of FBC's next rate-setting application.⁵ Any variance from forecast load losses will result in a variance in power supply expense, which will be captured in the Flow-through deferral account and returned to/recovered from customers through rates in the following year.

PART THREE: POWER SUPPLY COSTS ARE REASONABLE

8. FBC submits that its 2027 Forecast power supply costs are reasonable and should be approved. FBC's 2027 Forecast power supply costs of \$225.510 million⁶ include power purchase expense (PPE), wheeling expense, and water fees:

- **PPE:** The 2027 Forecast PPE is approximately \$203.991 million. The forecast is reasonable as it is based on FBC's firm resources in place at the time of filing and forecast market purchases, and is consistent with the 2026/27 Annual Electric Contracting Plan (AECF) accepted by the BCUC by Order G-124-26.⁷ The 2027 Forecast PPE is approximately \$19.401 million higher than 2026 Projected, 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 and forecast escalations in the Brilliant contract rates.⁸
- **Wheeling Expense:** The 2027 Forecast wheeling expense is \$8.054 million, an increase of 4.3 percent compared to 2026 Approved, due to increased use and

⁴ Exhibit B-2, Application, Section 1.4.1.

⁵ Exhibit B-2, Application, pp. 22-23.

⁶ As explained in the response to CEC IR1 3.1 (Exhibit B-7), FBC discovered an error in the calculation of the 2027 Forecast wheeling expense, resulting in a small reduction to the total 2027 Forecast power supply costs from \$225.669 million to \$225.510 million.

⁷ Exhibit B-2, Application, p. 29.

⁸ Exhibit B-2, Application, Section 4.6.

higher wheeling rates under BC Hydro's Rate Schedule 3817 and FBC's agreement with Teck Metals Ltd. for use of its 71 Line.⁹ The increase in use is determined by FBC's wheeling use nomination under the terms of the Amended and Restated Wheeling Agreement (ARWA) with BC Hydro, which FBC submits in June for the contract year commencing in October, five years in the future. Once the wheeling nomination is accepted by BC Hydro, the nominated volume does not adjust based on fluctuations in the load forecast.¹⁰

- **Water Fees:** FBC's 2027 Forecast water fees are \$0.159 million higher than 2026 Approved due to increased rates indexed to BC-CPI, which is partially offset by lower forecast entitlement usage.¹¹

9. Overall, FBC's forecast total power supply cost for 2027 represents an increase of \$4.199 million¹² or 1.9 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.¹³ 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.

PART FOUR: OTHER REVENUE FORECAST IS REASONABLE

10. FBC submits its 2027 Forecast Other Revenue is reasonable and should be approved. FBC has forecast its Other Revenue using methods approved in the Rate Framework Decision,

⁹ Exhibit B-7, CEC IR1 3.1.

¹⁰ Exhibit B-7, CEC IR1 3.1.

¹¹ Exhibit B-2, Application, pp. 33-34.

¹² After correcting for the error in the calculation of the 2027 Forecast wheeling expense as explained in the response to CEC IR1 3.1 (Exhibit B-7).

¹³ Exhibit B-2, Application, p. 27.

reflecting all applicable contracts and fixed revenues, and based on FBC's best knowledge of the factors that drive variable components.

11. FBC is forecasting a decrease in Other Revenue of approximately \$0.378 million compared to 2026 Approved, primarily due to lower forecast Contract Revenue.¹⁴ The forecast decrease in Contract Revenue reflects a known and quantifiable change. In October 2025, the owner of the facilities managed by FBC's non-regulated affiliate, FortisBC Pacific Holdings Inc. (FPHI), issued a Notice of Termination of the management agreements, which expire on April 1, 2027. FBC will accordingly no longer earn a transfer price profit revenue on the services it provides to FPHI to fulfil these contracts beyond that date.¹⁵ FBC has not identified any immediate opportunities to replace the third-party contracts that have been terminated.¹⁶

12. FBC has reasonably continued its practice of not forecasting revenue from the sale of EV DCFC station carbon credits. While FBC expects to begin activities to monetize its validated credits in the fourth quarter of 2026, uncertainty remains regarding the timing and value of future transactions. Therefore, consistent with FBC's approach in previous Annual Reviews, FBC has not provided an estimated revenue forecast for the sale of EV DCFC carbon credits. Any actual monetization of carbon credits will be recorded in the Flow-through deferral account and returned to customers.¹⁷

PART FIVE: FORMULA AND FORECAST O&M EXPENSE IS REASONABLE

13. FBC submits that its formula and forecast O&M set out in Section 6 of the Application is reasonable and should be approved.

14. The majority of FBC's O&M costs are determined by formula during the Rate Framework term. The 2027 Formula O&M is \$86.974 million, which incorporates the I-Factor of 2.484 percent, X-Factor of 0.45 percent, the 2027 forecast average customer count of 161,037, and the

¹⁴ Exhibit B-2, Application, p. 35.

¹⁵ Exhibit B-2, Application, p. 36.

¹⁶ Exhibit B-5, BCUC IR1 2.1.

¹⁷ Exhibit B-6, BCSEA IR1 1.10.

2025 true up of 26 average customers. The 2027 Formula O&M is approximately \$2.949 million or 3.5 percent higher than the approved 2026 Formula O&M of \$84.025 million.¹⁸

15. FBC's forecast O&M outside the formula is \$3.380 million and well justified.¹⁹ While forecast O&M is approximately \$1.449 million or 75.0 percent higher than the 2026 Approved level, this is primarily driven by an increase in pension and other post-employment benefits (OPEB) expense and the triennial Mandatory Reliability Standards (MRS) audit costs that will be incurred in 2027.²⁰

16. FBC addresses below the topics of pension and OPEB expense and insurance expense which were explored in IRs. FBC submits that these and the other elements of its forecast O&M are reasonable, and that the IRs did not identify any issue with FBC's formula or forecast O&M expense.

A. Pension and OPEB

17. FBC has reasonably forecast the 2027 pension and OPEB expense of \$(0.410) million. FBC's pension and OPEB obligations and related expenses are determined in accordance with US GAAP (ASC 715), based on actuarial valuations prepared by independent qualified actuaries. The assumptions used to measure these obligations and related expenses, including the discount rate, expected return on plan assets, demographic assumptions, mortality assumptions, and retirement patterns, are developed using accepted actuarial methodologies and are therefore generally not under FBC's control. For example, the primary driver of the pension and OPEB expense in 2027 is the discount rate, which is based on market yields for high-quality double-A corporate bonds and is therefore market-based rather than determined at FBC's discretion.²¹

¹⁸ Exhibit B-2, Application, pp. 39-40.

¹⁹ Exhibit B-2, Application, Section 6.3.

²⁰ Exhibit B-2, Application, p. 40; Exhibit B-11, RCIA IR1 7.1.

²¹ Exhibit B-7, CEC IR1 4.1.

B. Insurance

18. FBC's forecast insurance expense is reasonable and appropriate. 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, together with \$0.160 million paid to the Province related to the cost of wildfire fighting services.²²

19. FBC's forecast is based on the same method used since the establishment of the 2014-2019 Performance Based Ratemaking (PBR) Plan. This approach ensures that the most recently available actual premiums are incorporated into the forecast and applies a 5 percent escalation to estimate the potential increases in future premiums. Because FBC includes actual insurance premiums for the first half of the forecast year (in this case January to June 2027), any known impacts are reflected in the test year forecast. The approach of using a 5 percent escalation for the remainder of 2027 reflects 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.²³

20. FBC's forecast method has yielded reasonable results. 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. Notably, FBC's 2025 forecast was very accurate, with a variance of only -0.1 percent. FBC submits that its current approach to forecasting insurance premiums continues to be appropriate – the approach is simple, allows for a consistent forecasting method year-over-year, and has yielded reasonable results.²⁴

PART SIX: RATE BASE ITEMS ARE REASONABLY CALCULATED

21. FBC submits that its rate base costs and deferral account requests are just and reasonable and should be approved.

²² Exhibit B-2, Application, pp. 41-42.

²³ Exhibit B-11, RCIA IR1 5.1.

²⁴ Exhibit B-11, RCIA IR1 5.1.

A. Rate Base Is Largely Determined by Approved Items

22. FBC's rate base costs are largely determined by items already approved by the BCUC, including:

- FBC's forecast regular Growth, Sustainment and Other Capital expenditures approved by the Rate Framework Decision;
- Capital additions from major projects that have been previously approved by the BCUC, including the A.S. Mawdsley (ASM) Terminal Station Project, Fruitvale Substation Project and Enterprise Resource Planning (ERP) Modernization and Customer Information System (CIS) Replacement Project;²⁵
- Depreciation expense based on the depreciation rates approved by the Rate Framework Decision;²⁶
- Unamortized deferred charges from previously approved deferral accounts, including the DSM deferral account and the ERP Application and Preliminary Stage Development Costs deferral account, and the Pension and OPEB Liability deferral account;²⁷ and
- Working capital based on the Lead Lag Study results approved by the Rate Framework Decision.²⁸

23. Overall, FBC's 2027 Forecast rate base is \$2.020 billion, which is an increase of approximately \$122.276 million compared to the 2026 Approved rate base. The increase is primarily due to the mid-year impact of FBC's 2027 Approved regular capital additions, the full-year impact of the projected 2026 capital additions, and the capital additions from the ASM

²⁵ Exhibit B-2, Application, Section 7.3.

²⁶ Exhibit B-2, Application, Section 7.5.

²⁷ Exhibit B-2, Application, p. 51.

²⁸ Exhibit B-2, Application, pp. 55-56.

Terminal Station Project.²⁹ Details of the 2027 Forecast plant balances as well as depreciation, retirements, CIAC, working capital and other rate base items are all provided in Section 11 of the Application.

24. FBC submits that it has reasonably and appropriately calculated its 2027 Forecast rate base and related costs, which should be approved.

B. New Rate Base Deferral Accounts

25. FBC submits that the following new rate base deferral accounts are just and reasonable, and should be approved:

- the 2028+ Rate Setting Application deferral account, with the amortization period to be determined in a future proceeding; and
- the 2026 Long-Term Electric Resource Plan (LTERP) deferral account, with the amortization period to be determined in a future proceeding.

26. FBC has included a detailed justification for each of the above requests in Section 7.6.1 of the Application, including a table addressing each of the considerations identified in the BCUC's Regulatory Account Filing Checklist. Both accounts are regulatory proceeding cost accounts of the type routinely approved for FBC and the costs are not included in Base O&M for the purpose of determining formula O&M. FBC submits that the proposals are just and reasonable and should be approved as filed.

PART SEVEN: FINANCING AND RETURN

27. FBC's 2027 Forecast equity financing and return on equity (ROE) are based on the capital structure of 59 percent debt and 41 percent equity and an allowed ROE of 9.65 percent 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. FBC does

²⁹ Exhibit B-2, Application, pp. 4-5.

not plan to issue any long-term debt in 2027, and 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, compared to the 2026 Projected rate of 3.21 percent, reflecting a higher forecast 3-month T-Bill rate.³⁰ The IRs raised no issue with respect to the calculation of FBC's debt financing costs and ROE.

PART EIGHT: TAXES

28. FBC submits that its forecast property and income taxes are reasonable and should be approved. 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.³¹

29. FBC's 2027 property taxes are forecast to increase by \$1.142 million or 4.9 percent from 2026 Approved due to higher assessed values as well as new transmission and distribution asset additions in 2027.³² The variance between the 2027 Forecast and 2026 Approved amounts is also driven by the inclusion of correct folio exemption data in the 2027 Forecast, which was not included in the 2026 Approved amount.³³ As FBC's property taxes are determined to a large extent by assessed values, FBC reviews its entire assessment portfolio annually, works with BC Assessment to identify and resolve issues with assessment records, and files appeals where necessary.³⁴

30. Although there has been no change in the income tax rate of 27 percent from 2026, FBC forecasts income taxes to decrease in 2027 by \$0.107 million or 0.7 percent from the 2026 Approved level. This decrease is primarily due to new legislation for productivity-enhancing assets eligible for a 100 percent Capital Cost Allowance (CCA) deduction and the reinstatement

³⁰ Exhibit B-2, Application, Section 8.

³¹ Exhibit B-2, Application, p. 63.

³² Exhibit B-5, BCUC IR1 3.1.

³³ Exhibit B-5, BCUC IR1 3.1.

³⁴ Exhibit B-7, CEC IR1 6.1.

of the Accelerated Investment Incentive (AII) 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 2027.³⁵

31. FBC submits that the IRs raised no issues and that its 2027 Forecast of property and income taxes should be approved.

PART NINE: ACCOUNTING MATTERS AND EXOGENOUS FACTORS

32. FBC submits that the BCUC should approve the following:

- (a) Exogenous factor (Z-Factor) treatment for the \$0.250 million insurance deductible related to the Midway Substation fire, to be recorded as flow-through O&M in 2026.
- (b) Approval to record \$1.096 million of actual flotation costs (\$0.800 million after-tax) incurred for the 2026 equity issuance in the previously approved Flotation Costs deferral account.

33. FBC addresses each request in turn below.

A. The Midway Substation Fire Satisfies the Exogenous Factor Criteria

34. FBC submits that its costs to remediate the Midway Substation fire satisfy all of the exogenous factor criteria and exogenous factor treatment should be approved.

35. The fire at the Midway Substation on April 23, 2024 resulted in significant damage to two power transformers and associated infrastructure. Less than three months prior to the event, on January 31, 2024, FBC completed a visual and infrared inspection at the Midway substation which identified no deficiencies indicating impending failure. The Midway Substation was designed and constructed in accordance with the relevant industry standards, including the application of high

³⁵ Exhibit B-2, Application, pp. 6 and 62-63.

side fuse protection designed for pad-mount transformers rated less than 10 MVA, which protected the T1 and T2 transformers. At the time of the event, given the single-phase operation of the fuses, the T2 C-phase opened in response to a transformer fault condition, while the B-phase and A-phase did not operate until 14 minutes and 15 minutes later, respectively. During this time the fault condition resulted in extensive damage and the fire. Due to the shared oil containment between T1 and T2, the fire was able to spread from T2 to T1.³⁶

36. All of FBC's remediation costs were covered by insurance, except for the amount of the insurance deductible. FBC completed the repair and remediation work in Q1 2025 and filed its insurance claim in July 2025. In January 2026, FBC received the final settlement from its insurers, recovering all of the claimed remediation costs of \$1.566 million, less the \$0.250 million insurance deductible. FBC accordingly seeks exogenous factor treatment for the \$0.250 million deductible.³⁷

37. The fact that the amount is an insurance deductible is not relevant to the exogenous factor test. The insurance deductible of \$0.250 million is simply FBC's remediation cost related to the event that is not covered by insurance, and is eligible for exogenous factor treatment. For example, in the Rate Framework Decision, the BCUC approved exogenous factor treatment for FortisBC Energy Inc. (FEI) for the 2021 Flooding event, including a \$1 million insurance deductible.³⁸

38. FBC's \$0.250 million in costs for this event meet the five criteria for exogenous factor treatment:³⁹

- (a) **The costs/savings must be attributable entirely to events outside the control of a prudently operated utility:** 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

³⁶ Exhibit B-2, Application, pp. 97-99.

³⁷ Exhibit B-2, Application, p. 98.

³⁸ Exhibit B-5, BCUC IR1 4.3.

³⁹ Exhibit B-2, Application, pp. 98-99; Exhibit B-5, BCUC IR1 4.2.

T2 and the extent of the ensuing damage were not reasonably preventable through standard operating practices. The event and the associated remediation costs were reviewed by FBC's insurers who determined that the actual damages were 100 percent recoverable by FBC (less the insurance deductible).

- (b) **The costs/savings must be directly related to the exogenous event and clearly outside the base upon which the rates were originally derived:** 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 Rate Framework Application was filed; therefore, the costs were not included in FBC's 2025-2027 Sustainment capital forecasts.
- (c) **The impact of the event was unforeseen:** 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 are not part of normal business operations. The scale and nature of the damage, along with the associated remediation costs, are atypical and non-recurring.
- (d) **The costs must be prudently incurred:** 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.
- (e) **The costs/savings related to each exogenous event must exceed the BCUC-defined materiality threshold:** The unrecovered insurance deductible of \$0.250 million exceeds the BCUC-defined materiality threshold of \$0.150 million for FBC.

39. FBC submits that exogenous factor treatment for these costs should be approved.

B. Recovery of the 2026 Flotation Costs is Appropriate

40. FBC submits that the BCUC should approve FBC recording \$1.096 million of actual flotation costs incurred for the 2026 equity issuance in the previously approved Flotation Costs deferral account, as this is consistent with Order G-138-25. By Order G-138-25, the BCUC approved FBC establishing the non-rate base Flotation Costs deferral account, attracting interest at FBC's weighted average cost of capital (WACC), to record the actual flotation costs attributable to equity injections by its parent company, Fortis Inc. FBC has calculated the flotation costs using the same method previously accepted by the BCUC. 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. 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), resulting in actual 2026 flotation costs of \$1.096 million. The after-tax costs will be captured in the Flotation Costs deferral account and amortized into rates over five years, consistent with the amortization period approved in the Annual Review for 2025-2026 Rates Decision and Order G-293-25. FBC submits that its request is consistent with the BCUC's prior determinations and should be approved.⁴⁰

PART TEN: SERVICE QUALITY INDICATORS DEMONSTRATE FBC IS MAINTAINING PERFORMANCE

41. FBC's 2025 SQI results indicate that FBC is maintaining service quality. For the seven SQIs with benchmarks, three met or were better than the benchmark and three performed better than the threshold, while 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. FBC's June 2026 year-to-date SQI performance indicates that FBC is continuing to maintain service levels, with the metrics that have benchmarks trending towards meeting the benchmark or the threshold.

⁴⁰ Exhibit B-2, Application, p. 100.

42. FBC's focus is on bringing its Emergency Response Time SQI up to Benchmark levels of performance. This SQI was slightly below threshold in 2025. The below-threshold performance was due to three specific challenges facing the utility:⁴¹

- First, in 2025 there was 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.
- Second, the extreme wind events in September and December of 2024 weakened vegetation throughout the region, resulting in increased vegetation-related trouble calls during 2025.
- Third, response times were affected by workforce challenges, including vacancies and employee sick leave in the Grand Forks area, where staffing levels were reduced by approximately 30 percent from June to November 2025.

43. FBC is taking concrete corrective action to address each of these factors:⁴²

(a) **Operational Challenges:** To mitigate the risk of high call volumes in remote locations, FBC has implemented operational measures to improve emergency response performance, including enhancing oversight of emergency response through detailed weekly reviews of all emergency response orders exceeding two hours. All calls over 2 hours are now reviewed at multiple levels of management, including senior leadership, and corrective actions are implemented if there are deficiencies identified at any stage of the emergency response process. As a result of these reviews, FBC has:

- dedicated additional resources in the Kootenay region to strengthen emergency response capabilities;

⁴¹ Exhibit B-2, Application, p. 108.

⁴² Exhibit B-5, BCUC IR1 5.1.

- adjusted work assignments between internal and contractor crews to maintain crew availability within local communities;
 - updated the call-out procedures; and
 - reviewed escalation practices to management when call volumes become elevated.
- (b) **Environmental Factors:** To mitigate against the continued risk of environmental factors, FBC has measures to support its ability to respond effectively during significant weather events that can generate simultaneous emergency call volumes across multiple rural services areas. Specifically, FBC maintains emergency preparedness through annual emergency response exercises, ongoing Incident Command Systems training for operational leaders, and regular reviews of emergency response procedures.
- (c) **Resource Constraints:** To address the risk of resource constraints, including recruitment challenges and employee sick leave in Grand Forks, FBC has restored Grand Forks resources to previous levels and successfully recruited a new Power Line Technician (PLT) resource who is scheduled to start in October 2026. As an interim measure, FBC has arranged temporary transfers of qualified employees to provide emergency response coverage until the new employee is fully trained and available for on-call duties. In addition, FBC plans to recruit an apprentice in Grand Forks in 2027 to support long-term resource stability within the community. FBC also plans to recruit apprentices in the small communities of Creston and Princeton in 2026 and 2027 which will support performance beyond 2026.

44. These measures have strengthened operational responsiveness and contributed to improved performance in 2026. The June 2026 year-to-date result of 91.6 percent is above (better than) the threshold.⁴³ FBC expects that the measures it is taking will continue to contribute to a 2026 Emergency Response Time SQI result that is better than the threshold.

⁴³ Exhibit B-2, Application, p. 108.

PART ELEVEN: FBC WILL IMPLEMENT RATE CHANGE IN ACCORDANCE WITH APPROVED RATE DESIGN

45. Nelson Hydro requests that the BCUC consider the specific effect of the proposed rates on wholesale customers and confirm that the resulting wholesale rates are supported by the approved cost allocation and rate design framework.⁴⁴ FBC confirms that it will implement its proposed change in rates in alignment with its approved rate schedules and rate design, consistent with past practice. FBC is not proposing any changes in rate design in this proceeding. FBC files separate applications to the BCUC to review cost allocation studies and rate design, with its most recent cost of service allocation and revenue rebalancing application approved by Order G-265-25.

PART TWELVE: CONCLUSION

46. FBC submits that its proposed 2027 revenue requirements and rates have been calculated in a manner consistent with the Rate Framework Decision, using the approved formulas, forecasts, and methods established by the BCUC, and using forecasts based on the best information available. FBC's application and responses to IRs demonstrate that each component of FBC's revenue requirement is reasonable and appropriately determined. Accordingly, FBC respectfully requests that the BCUC grant the approvals sought set out in Section 1.2 of the Application.

47. ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated:

October 8, 2026



Chris Bystrom
Counsel for FortisBC Inc.

⁴⁴ Exhibit D-1, Nelson Hydro Letter of Comment.