FORTISBC INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the quarter and nine months ended September 30, 2026

November 2, 2026

The following FortisBC Inc. ("FBC" or the "Corporation") Management Discussion & Analysis ("MD&A") has been prepared in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. Financial information for 2026 and comparative periods contained in the following MD&A has been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and is presented in Canadian dollars. The MD&A should be read in conjunction with the Corporation's Unaudited Condensed Consolidated Interim Financial Statements and notes thereto ("Interim Financial Statements") for the quarter and nine months ended September 30, 2026 prepared in accordance with US GAAP and the Corporation's Annual Audited Consolidated Financial Statements and notes thereto together with the MD&A for the year ended December 31, 2025, with 2024 comparatives, prepared in accordance with US GAAP.

In this MD&A, FortisBC Pacific refers to the Corporation's parent, FortisBC Pacific Holdings Inc., FEI refers to FortisBC Energy Inc., FHI refers to FortisBC Holdings Inc., and Fortis refers to the Corporation's ultimate parent, Fortis Inc.

FORWARD-LOOKING STATEMENT

Certain statements in this MD&A contain forward-looking information within the meaning of applicable securities laws in Canada ("forward-looking information"). The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. Any capitalized terms in this Forward-Looking Statement section that are not otherwise defined in this section are as defined in this MD&A.

The forward-looking information in this MD&A includes, but is not limited to, statements regarding the Corporation's expected level of capital expenditures, including forecasted project costs and the potential impact of new or revised tariffs on forecast and actual capital expenditures, and its expectations to finance those capital expenditures through credit facilities, equity injections from FortisBC Pacific, and debenture issuances; the Corporation's estimated contractual obligations; anticipated timing of a BCUC decision on the annual review filing for 2027 delivery rates; and the expectation that any applicable Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB") that are not included in the Corporation's Interim Financial Statements will not have a material impact.

The forecasts and projections that make up the forward-looking information are based on assumptions, which include but are not limited to: receipt of applicable regulatory approvals and requested rate orders (including absence of administrative monetary penalties); absence of significant climate change impacts; absence of adverse weather conditions and natural disasters; absence of environmental, health and safety issues; the ability to maintain, replace or expand the Corporation's assets at a cost that is not impacted by the potential of new or revised tariffs; absence of asset breakdown; no weather related demand loss or significant and sustained loss of precipitation over the headwaters of the Kootenay River system; the ability to obtain and maintain applicable permits; that the Indigenous engagement process will not delay or otherwise impact the Corporation's ability to obtain government or regulatory approvals; the adequacy of the Corporation's existing insurance arrangements; the ability to arrange sufficient and cost effective financing (including absence of adverse rating actions by credit rating agencies); absence of significant interest costs; continued electricity demand; that counterparties agree to

renew power supply contracts; the ability of the Corporation to attract and retain a skilled workforce; the ability to maintain and renew collective bargaining agreements on acceptable terms; no material change in employee future benefit costs; absence of significant information technology infrastructure failure; absence of cybersecurity failure; absence of pandemic and public health crises impacts; the ability to continue to report under US GAAP beyond the Canadian securities regulators exemption that expires January 1, 2031; and the absence of damages, fines, or penalties arising from legal, administrative and other proceedings.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results or events to differ from current expectations include, but are not limited to: regulatory approval and rate orders risk (including the risk of imposition of administrative monetary penalties); competitiveness and commodity price risk; climate change risk; weather and natural disasters risk; environment, health and safety matters risk; asset breakdown, operation, maintenance and expansion risk; electricity supply risks; permits risk; risks related to Indigenous rights and engagement; underinsured and uninsured losses; capital resources and liquidity risk; interest costs risk; impact of changes in economic conditions risk; power purchase and capacity sale contracts risk; human resources risk; labour relations risk; employee future benefits risk; information technology infrastructure risk; cybersecurity risk; pandemic and public health crises risk; continued reporting in accordance with US GAAP risk; legal, administrative and other proceedings risk; and other risks described in the Corporation's most recent Annual Information Form ("AIF"). For additional information with respect to these risk factors, reference should be made to the "Business Risk Management" section of the Corporation's MD&A and AIF for the year ended December 31, 2025.

All forward-looking information in this MD&A is qualified in its entirety by this cautionary statement and, except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

CORPORATE OVERVIEW

The Corporation is an integrated, regulated electric utility operating in the southern interior of British Columbia ("BC"), serving approximately 200,900 customers directly and indirectly. The Corporation's business includes four hydroelectric generating plants, approximately 7,380 kilometers of transmission and distribution power lines, and a historical peak demand of 835 megawatts.

The Corporation is regulated by the BCUC. Pursuant to the *Utilities Commission Act* (British Columbia), the BCUC regulates such matters as rates, construction plans, and financing.

The Corporation is an indirect, wholly owned subsidiary of Fortis, a leader in the North American regulated electric and natural gas utility industry. Fortis shares are listed on both the Toronto Stock Exchange and the New York Stock Exchange.

REGULATION

Rate Framework for 2025 to 2027 ("Rate Framework")

In March 2025, the BCUC issued its decision on FBC and FEI's application requesting approval of a Rate Framework for the years 2025 to 2027. The Rate Framework builds upon the 2020-2024 Multi-Year Rate Plan ("MRP") and for FBC includes, amongst other items, updates to depreciation and capitalized overhead rates, a revised level of operation and maintenance expense per customer indexed for inflation less a fixed productivity adjustment factor, a forecast approach to growth, sustainment and other capital, an updated set of service quality indicators designed to ensure the Corporation maintains service levels, and a continued 50/50 sharing

between customers and the Corporation of variances from the allowed return on equity ("ROE"). The Rate Framework also includes a continuation of the main deferral mechanisms that were in place under the MRP.

In December 2025, the BCUC approved a 2026 rate increase of 3.63 percent over 2025 rates, and a 2026 forecast average rate base of $1,897 million. In July 2026, FBC filed an annual review for 2027 rates, requesting approval of a 2027 rate increase of 6.42 percent over 2026 rates, and a 2027 forecast average rate base of $2,020 million. A decision is expected in the fourth quarter of 2026.

Customer Rates and Deferral Mechanisms

The Corporation's customer rates are based on estimates and forecasts. In order to manage the volatility in rates arising from variances from forecast associated with these costs, a number of regulatory deferral accounts are in place.

Variances from regulated forecasts used to set rates for electricity revenue and power purchase costs are flowed back to customers in future rates through approved regulatory deferral mechanisms and therefore these variances do not have an impact on net earnings for the periods ended September 30, 2026 and 2025.

Under the Rate Framework for 2025-2027, the BCUC has approved certain regulatory deferral mechanisms, including those that capture revenue shortfalls and incremental costs incurred beyond the control of the Corporation. These deferral mechanisms capture variances from regulated forecasts and flow them through customer rates in subsequent years. Variances from the allowed ROE, including most components of operating and maintenance costs, as well as variances in the utility's regulated rate base amounts, are shared.

CONSOLIDATED RESULTS OF OPERATIONS

	Quarter ended			Nine months ended		
Periods ended September 30	**2026**	2025	Variance	**2026**	2025	Variance
Electricity sales *(gigawatt hours)*	**859**	887	(28)	**2,600**	2,705	(105)
($ millions)						
Revenue	**130**	132	(2)	**402**	400	2
Power purchase costs	**37**	41	(4)	**106**	120	(14)
Operating costs	**30**	26	4	**90**	78	12
Property and other taxes	**5**	6	(1)	**17**	16	1
Depreciation and amortization	**21**	23	(2)	**64**	63	1
Total expenses	**93**	96	(3)	**277**	277	-
Operating income	**37**	36	1	**125**	123	2
Add: Other income	**1**	1	-	**4**	3	1
Less: Finance charges	**21**	20	1	**62**	60	2
Earnings before income taxes	**17**	17	-	**67**	66	1
Income tax expense	**2**	2	-	**7**	10	(3)
Net earnings	**15**	15	-	**60**	56	4

The following table outlines net earnings and the significant variances in the Consolidated Results of Operations for the quarter ended September 30, 2026 as compared to September 30, 2025:

Quarter		
Item	**Increase (Decrease)** *($ millions)*	**Explanation**
Net earnings	-	Net earnings for the quarter ended September 30, 2026 was $15 million, which is consistent with the same period in 2025 as the higher investment in regulated assets during 2026 was offset by lower favourable variances primarily attributable to the timing of operating costs incurred, as compared to those allowed in rates, net of amounts shared with customers, as compared to the same period in 2025. Both 2026 and 2025 net earnings are based on an allowed ROE of 9.65 percent and a deemed equity component of capital structure of 41 percent.
Revenue	**(2)**	The decrease in revenue was primarily due to: • a decrease in electricity sales volumes, • a decrease in revenue associated with regulatory deferrals, and • lower surplus power sales, partially offset by • an increase in revenue approved for rate-setting purposes, resulting primarily from higher approved power supply costs and a higher investment in regulated assets, and • an increase in revenue associated with third party contract work. Electricity sales volumes were lower than the same quarter in the previous year primarily due to decreased consumption by commercial and industrial customer groups, as well as lower consumption by residential customers in part due to comparatively milder weather. Variances between revenue associated with actual consumption and revenue forecasted for rate-setting purposes are captured in a regulatory deferral flow-through account, for which the income statement offset is recognized in alternative revenue, resulting in no net impact on total revenue compared to what is approved in rates in the current year.
Power purchase costs	**(4)**	The decrease was primarily due to lower volumes of power purchased driven primarily by the decrease in electricity sales volumes, and lower average power purchase prices.
Operating costs	**4**	The increase was primarily due to higher costs associated with third party contract work relating to revenue from contracts with customers, as well as increased vegetation management costs and inflationary increases that contributed to an increase in regulated operating costs.

The following table outlines net earnings and the significant variances in the Consolidated Results of Operations for the nine months ended September 30, 2026 as compared to September 30, 2025:

Nine Months		
Item	**Increase (Decrease)** *($ millions)*	**Explanation**
Net earnings	**4**	Net earnings for the nine months ended September 30, 2026 were $60 million compared to $56 million for the same period in 2025. The increase was primarily due to a higher investment in regulated assets.
Revenue	**2**	The increase in revenue was primarily due to: • an increase in revenue approved for rate-setting purposes, resulting primarily from higher approved power supply costs and a higher investment in regulated assets, and • an increase in revenue associated with third party contract work, partially offset by • a decrease in electricity sales volumes, • a decrease in revenue associated with regulatory deferrals, and • lower surplus power sales. Electricity sales volumes were lower than the same period in the previous year primarily due to decreased consumption by commercial and industrial customer groups, as well as lower consumption by residential customers in part due to comparatively milder weather in the first and third quarters.
Power purchase costs	**(14)**	The decrease was primarily due to the same reasons as identified in the quarter.
Operating costs	**12**	The increase was primarily due to the same reasons as identified in the quarter.
Income tax expense	**(3)**	The decrease was primarily due to higher deductible temporary differences associated with property, plant and equipment and intangible assets, primarily driven by the March 2026 enactment of the Reaccelerated Investment Incentive ("RII") tax measure that enhances the first year Capital Cost Allowance ("CCA") deduction.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth quarterly information for each of the eight quarters ended December 31, 2024 through September 30, 2026. Past operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

Quarter ended	Revenue	Net Earnings
($ millions)		
September 30, 2026	130	15
June 30, 2026	125	23
March 31, 2026	147	22
December 31, 2025	142	17
September 30, 2025	132	15
June 30, 2025	120	20
March 31, 2025	148	21
December 31, 2024	145	18

A summary of the past eight quarters reflects the seasonality associated with the Corporation's business. FBC's operations generally produce higher net earnings in the second quarter due to the timing of power purchases, with lower net earnings in the third quarter and higher net earnings in the first and fourth quarters due to increase in customer load as a result of cooler weather. Certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year. As a result of the seasonality, interim net earnings are not indicative of net earnings on an annual basis.

September 2026/2025 – Net earnings were consistent between periods as the higher investment in regulated assets was offset by lower favourable variances primarily attributable to the timing of operating costs incurred, as compared to those allowed in rates, net of amounts shared with customers.

June 2026/2025 – Net earnings increased primarily due to a higher investment in regulated assets, as well as higher favourable regulated variances in operating costs, as compared to those allowed in rates, net of amounts shared with customers.

March 2026/2025 – Net earnings increased primarily due to a higher investment in regulated assets, partially offset by lower favourable regulated variances in operating costs, as compared to those allowed in rates, net of amounts shared with customers.

December 2025/2024 – Net earnings decreased primarily due to lower favourable regulated variances attributable to other revenue and operating costs incurred, as compared to those allowed in rates, net of amounts shared with customers, partially offset by a higher investment in regulated assets.

CONSOLIDATED FINANCIAL POSITION

The following table outlines the significant changes in the Consolidated Balance Sheets between September 30, 2026 and December 31, 2025:

Balance Sheet Account	Increase (Decrease) *($ millions)*	Explanation
Accounts receivable and other current assets	**12**	The increase was primarily due to timing of invoicing for pole attachment revenue, as well as an increase in income taxes receivable.
Property, plant and equipment	**86**	The increase was primarily due to capital expenditures of $147 million and $2 million in equity AFUDC capitalized, partially offset by: • depreciation expense, excluding net salvage provision, of $42 million • changes in accrued capital expenditures of $2 million, • contributions in aid of construction of $7 million, • costs of removal of $10 million incurred, which are recognized against the net salvage provision in regulatory liabilities • $2 million of net adjustments in finance leases, the offset of which has been recognized in regulatory assets.
Regulatory assets (current and long-term)	**33**	The increase was primarily due to: • changes in the Brilliant Power Purchase Agreement ("BPPA") asset and obligation under finance lease and an increase in regulated deferred income tax liabilities, the offsets of which were both deferred as regulatory assets, and • an increase in Demand Side Management ("DSM") due to expenditures during the period.
Other assets	**15**	The increase was primarily due to the recognition of a right-of-use asset related to an operating lease for an office building with a related party, FEI.
Credit facilities	**(101)**	The decrease was primarily a result of repayments using proceeds from the issuance of $150 million of unsecured Medium Term Note ("MTN") Debentures in August 2026 and the $40 million equity issuance in the first quarter of 2026 partially offset by borrowings from credit facilities used to fund the debt component of the Corporation's capital expenditure program.
Long-term debt	**149**	The increase was due to the issuance of $150 million of unsecured MTN Debentures in August 2026, net of debt issuance costs, the proceeds of which were used to repay borrowings on credit facilities in support of the debt component of FBC's capital expenditure program.
Deferred income tax	**17**	The increase was primarily due to higher deductible temporary differences associated with property, plant and equipment, which were primarily driven by the March 2026 enactment of the Reaccelerated Investment Incentive ("RII") tax measure that enhances the first year Capital Cost Allowance ("CCA") deduction, and lower taxable temporary differences associated with certain regulatory assets and liabilities.

Balance Sheet Account	Increase (Decrease) *($ millions)*	Explanation
Other liabilities	**13**	The increase was primarily due to the recognition of a lease liability related to an operating lease for an office building with a related party, FEI.
Common shares	**40**	The increase was due to a $40 million equity issuance during the first quarter of 2026, the proceeds of which were used to repay credit facilities in support of the equity component of FBC's capital expenditure program.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Requirements and Liquidity

In the normal course of operations, the Corporation's cash flow requirements fluctuate seasonally based on the demand for electricity and the timing of power purchases. The Corporation maintains a committed credit facility that adequately meets any working capital deficiencies not funded through cash flow from operations, and for financing the debt component of the Corporation's capital expenditure program.

It is expected that operating expenses, interest costs, and other working capital will generally be paid out of operating cash flows, with varying levels of residual cash available for capital expenditures and dividend payments. Cash flow is also required to fund capital expenditure programs; regulated deferral accounts, and those regulatory mechanisms that capture revenue shortfalls and incremental costs incurred beyond the control of the Corporation; and investments in DSM. Funding requirements are expected to be financed from a combination of cash flow from operations, borrowings under the credit facility, equity injections from FortisBC Pacific, and long-term debenture issuances in accordance with the deemed regulatory capital structure approved by the BCUC of 41 percent equity and 59 percent debt.

The Corporation's ability to service its debt obligations and pay dividends on its common shares is dependent on the financial results of the Corporation. Depending on the timing of cash payments, borrowings under the Corporation's credit facility may be required from time to time to support the servicing of working capital deficiencies and payment of dividends. The Corporation may have to rely upon the proceeds of new debenture issuances to meet its principal debt obligations when they become due.

Summary of Consolidated Cash Flows

Nine months ended September 30	**2026**	2025	Variance
($ millions)			
Cash flows from (used in)			
Operating activities	**112**	112	-
Investing activities	**(159)**	(130)	(29)
Financing activities	**43**	14	29
Net change in cash	**(4)**	(4)	-

Operating Activities

Cash from operating activities was consistent with the same period in 2025.

Investing Activities
Cash used in investing activities was $29 million higher than the same period in 2025 primarily due to higher capital expenditures, which was a result of higher sustaining capital expenditures as well as an increase in growth capital related to substation projects.

Financing Activities
Cash from financing activities was $29 million higher compared to the same period in 2025 primarily due to a $40 million issuance of common shares during the first quarter and the issuance of $150 million of MTN Debentures in August 2026, partially offset by higher net repayments of credit facilities.

During the nine months ended September 30, 2026, FBC paid common share dividends of $44 million (2025 - $44 million) to its parent company, FortisBC Pacific.

Contractual Obligations
The Corporation's contractual obligations have not materially changed from those disclosed in the MD&A for the year ended December 31, 2025, with the exception of those presented in the following table:

As at September 30, 2026	Total	Due within 1 Year	Due in Year 2	Due in Year 3	Due in Year 4	Due in Year 5	Due after 5 Years
($ millions)							
Power purchase obligations (a)	**3,704**	113	117	110	127	126	3,111

(a) In addition to the Corporation's existing power purchase obligations, in July 2026 FBC entered into the Brilliant Expansion Energy Purchase Agreement ("BRX EPA") to purchase capacity and energy from the Brilliant Expansion, a 120 MW hydroelectric generating facility adjacent to the existing Brilliant hydroelectric plant near Castlegar, BC. The BRX EPA allows FBC to purchase capacity and energy over 30 years in several phases, beginning in September 2027 and expiring in December 2057, for a total cost of approximately $1,200 million over the term of the agreement.

Credit Ratings
There have been no changes to the Corporation's credit ratings from those disclosed in the MD&A for the year ended December 31, 2025, which are summarized in the table below:

Rating Agency	Credit Rating	Type of Rating	Outlook
Morningstar DBRS	A (low)	Unsecured Debentures	Stable
Moody's	Baa1	Unsecured Debentures	Stable

Credit Facilities and Debentures

Credit Facilities
As at September 30, 2026, the Corporation had a $200 million operating credit facility in place which matures in April 2031. The Corporation also had a $10 million demand overdraft facility.

The following summary outlines the Corporation's credit facilities:

($ millions)	**September 30, 2026**	December 31, 2025
Operating credit facility	**200**	200
Demand overdraft facility	**10**	10
Draws on operating credit facility	**(48)**	(149)
Letters of credit outstanding	**-**	-
Credit facilities available	**162**	61

Debentures
On August 11, 2026, the Corporation entered into an agreement to issue $150 million of unsecured Medium Term Note ("MTN") Debentures. The MTN Debentures bear interest at a rate of 5.369 percent, to be paid semi-annually, and mature on August 13, 2056. The closing of the issuance occurred on August 13, 2026, with net proceeds being used to repay borrowings on the operating credit facility.

PROJECTED CAPITAL EXPENDITURES

The Corporation continually updates its capital expenditure programs and assesses current and future operating, maintenance, replacement, expansion and removal expenditures that will be incurred in the ongoing operation of its business.

The initial approval from the BCUC to proceed with capital projects can occur through a number of processes, including revenue requirement applications and Certificate of Public Convenience and Necessity applications. Once the projects are approved, the regulatory process allows for capital project costs to be reviewed by the BCUC subsequent to the capital project being completed and in service to confirm that all costs are recoverable in customer rates.

The 2026 projected capital expenditures are approximately $229 million, inclusive of allowance for funds used during construction ("AFUDC") and excluding customer contributions in aid of construction ("CIAC"), and are necessary to provide service, public and employee safety, and reliability of supply of electricity to the Corporation's customer base. In addition to the rate base amounts approved in annual regulatory decisions, multi-year projects under construction earn a regulated return. The 2026 projected capital expenditures are dependent on several factors, including the potential impact of new or revised tariffs. The 2025 annual capital expenditures were $186 million, inclusive of AFUDC and excluding CIAC.

FBC's disclosure around its significant capital projects has not changed materially from those disclosed in the MD&A for the year ended December 31, 2025, with the exception of the following update:

Enterprise Resource Planning ("ERP") Modernization and Customer Information System ("CIS") Replacement Project
The FBC and FEI joint application for approval of capital expenditures related to a joint ERP Modernization Project and a CIS Replacement Project for FBC was approved by the BCUC in June 2026 substantially as filed.

RELATED PARTY TRANSACTIONS

In the normal course of business, the Corporation transacts with its parent, FortisBC Pacific, its ultimate parent, Fortis, and other related companies under common control, including FEI and FHI. The following transactions were measured at the exchange amount unless otherwise indicated.

Related Party Recoveries
The amounts charged to related parties were as follows:

	Quarter ended September 30		Nine months ended September 30	
($ millions)	**2026**	2025	**2026**	2025
Operating costs charged to FortisBC Pacific (a)	**1**	1	**5**	8
Operating costs charged to FEI (b)	**2**	2	**6**	6
Total related party recoveries	**3**	3	**11**	14

(a) The Corporation charged its parent, FortisBC Pacific, for management services, labour, and materials.

(b) The Corporation charged FEI for electricity sales, management services, and other labour.

Related Party Costs
The amounts charged by related parties were as follows:

	Quarter ended September 30		Nine months ended September 30	
($ millions)	**2026**	2025	**2026**	2025
Operating costs charged by FEI (a)	**4**	3	**11**	9
Operating costs charged by FHI (b)	**1**	1	**4**	3
Total related party costs	**5**	4	**15**	12

(a) FEI charged the Corporation for natural gas purchases, office rent, management services, and other labour.

(b) FHI charged the Corporation for management services and governance costs.

Balance Sheet Amounts
The amounts due from related parties, included in accounts receivable and other current assets, and the amounts due to related parties, included in accounts payable and other current liabilities, were as follows:

	September 30, 2026		December 31, 2025	
($ millions)	**Amount Due From**	**Amount Due To**	Amount Due From	Amount Due To
FortisBC Pacific	**1**	**-**	1	-
Fortis	**1**	**-**	-	-
FEI	**-**	**(1)**	1	-
FHI	**-**	**-**	-	(1)
Total due from (due to) related parties	**2**	**(1)**	2	(1)

FBC has also recognized an operating lease for an office building owned by FEI, which is included in long-term other assets in the amount of $15 million (December 31, 2025 - $ nil), accounts payable and other current liabilities in the amount of $ nil (December 31, 2025 - $ nil) and long-term other liabilities in the amount of $15 million (December 31, 2025 - $ nil).

FINANCIAL INSTRUMENTS

Financial Instruments Not Measured at Fair Value

The following table includes the carrying value, excluding unamortized debt issuance costs and including current and long-term portions, and estimated fair value of the Corporation's long-term debt.

		As at			
		September 30, 2026		December 31, 2025	
($ millions)	Fair Value Hierarchy	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	**1,110**	**1,015**	960	914

Power purchase contracts that have been designated as normal purchase or normal sale contracts are not reported at fair value under the accounting rules for derivatives. They are accounted for on an accrual basis.

ACCOUNTING MATTERS

New Accounting Policies

FBC considers the applicability and impact of all ASUs issued by FASB. During the nine months ended September 30, 2026, there were no ASUs issued by FASB that have a material impact on these Interim Financial Statements.

Future Accounting Pronouncements

The following updates have been issued by FASB, but have not yet been adopted by the Corporation. Any ASUs issued by FASB that are not included in the Interim Financial Statements were assessed and determined to be either not applicable to the Corporation or not expected to have a material impact on the Interim Financial Statements.

Disaggregation of Income Statement Expenses

ASU No. 2024-03, *Disaggregation of Income Statement Expenses*, issued in November 2024, is effective for the Corporation's December 31, 2027 annual financial statements, and for interim periods beginning in 2028 on a prospective basis, with retrospective application and early adoption permitted. The ASU requires entities to disclose disaggregated information about five expense categories underlying its income statement line items. The Corporation is assessing the impact of adoption of this ASU on the disclosures to its consolidated financial statements.

Targeted Improvements to the Accounting for Internal-Use Software

ASU No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*, issued in September 2025, is effective for the Corporation's December 31, 2028 annual financial statements, and may be adopted prospectively, retrospectively, or using a modified transition approach, with early adoption permitted. The ASU removes references to development stages and requires capitalization of software costs once funding is authorized and project completion is probable, including assessment of whether significant development uncertainty exists. The guidance also clarifies that all capitalized internal-use software costs must follow the

disclosure requirements in ASC Topic 360, *Property, Plant and Equipment*. The Corporation is assessing the impact of adoption of this ASU on its consolidated financial statements.

Environmental Credits and Environmental Credit Obligations

ASU No. 2026-02, *Environmental Credits and Environmental Credit Obligations (ASC Topic 818)*, issued in May 2026, is effective for the Corporation's December 31, 2028 annual financial statements. The ASU establishes guidance on the recognition, measurement, presentation, and disclosure of environmental credits and environmental credit obligations. Under the new standard, an entity will recognize and measure environmental credit assets based on their intended use, as well as how the credits are obtained. Environmental credit obligations will be recognized and measured depending on whether an entity holds and expects to use compliance environmental credits to settle that obligation. The Corporation is assessing the impact of adoption of this ASU on its consolidated financial statements.

OTHER DEVELOPMENTS

Collective Agreements

There are two collective agreements between the Corporation and Local 378 of the Canadian Office and Professional Employees Union now referred to as MoveUP. The first collective agreement, representing employees in specified occupations in the areas of administration and operations support, was ratified in October 2024 and expires on June 30, 2028. The second collective agreement, representing customer service employees, was ratified during June 2023 and expires on March 31, 2027.

The collective agreement between the Corporation and Local 213 of the International Brotherhood of Electrical Workers (“IBEW”) was ratified in October 2025 and expires on January 31, 2028. The IBEW represents employees in specified occupations in the areas of generation, transmission and distribution.

Income Tax Update

On September 15, 2026, the Government of Canada released draft legislative proposals introducing the Productivity Mega Deduction which would provide immediate expensing for a broad range of depreciable property acquired on or after that date. The proposals had not been enacted as at September 30, 2026 and, accordingly, no impact was recognized in the Interim Financial Statements.

BUSINESS RISK MANAGEMENT

The business risks of the Corporation remain substantially unchanged from those outlined in the Corporation’s MD&A for the year ended December 31, 2025, other than the following update to the "Continued Reporting in Accordance with US GAAP" risk.

Continued Reporting in Accordance with US GAAP

In May 2026, the Corporation's principal securities regulator, the British Columbia Securities Commission ("BCSC") approved an extension of the Corporation's exemptive relief order which permits the Corporation to continue reporting in accordance with US GAAP until the earliest of: (i) January 1, 2032; (ii) the first day of the Corporation's financial year that commences after the Corporation ceases to have rate-regulated activities; and (iii) the first day of the Corporation’s financial year that commences on or following the later of (a) the effective date prescribed by the International Accounting Standards Board (“IASB”) for a Mandatory Rate-regulated Standard, and (b) four years after the IASB publishes the final version of a Mandatory Rate-regulated Standard.

Also in May 2026, the IASB issued a Mandatory Rate-regulated Standard, IFRS 20, *Regulatory Assets and Regulatory Liabilities*, which has an effective date of January 1, 2029. As a result of the release of IFRS 20, the current exemptive relief to continue reporting in accordance with US GAAP will expire on January 1, 2031. The Corporation is assessing the impact of a potential future requirement to adopt IFRS Accounting Standards as issued by the IASB.

OUTSTANDING SHARE DATA

As at the filing date of this MD&A, the Corporation had issued and outstanding 4,091,510 common shares, all of which are owned by FortisBC Pacific, an indirect wholly owned subsidiary of Fortis.

ADDITIONAL INFORMATION

Additional information about FBC, including its AIF, can be accessed at www.fortisbc.com or www.sedarplus.ca. The information contained on, or accessible through, either of these websites is not incorporated by reference into this document.

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