bcuc
British Columbia
Utilities Commission

Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3
bcuc.com

P: 604.660.4700
TF: 1.800.663.1385

ORDER NUMBER
G-293-25

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

and

FortisBC Inc.
2025 and 2026 Annual Review of Rates

BEFORE:
M. Jaccard, Panel Chair
T. A. Loski, Commissioner

on December 9, 2025

ORDER

WHEREAS:

A. On March 18, 2025, the British Columbia Utilities Commission (BCUC) issued Order G-69-25 for FortisBC Energy Inc. (FEI) and Order G-70-25 for FortisBC Inc. (FBC) approving a Rate Setting Framework (Rate Framework) for 2025 through 2027 (Rate Framework Decision). In accordance with the Rate Framework Decision, FBC is to conduct an annual review process to set rates for each year (Annual Review);

B. By Order G-314-24 dated November 27, 2024, the BCUC approved FBC's application for an interim general rate increase of 5.65 percent, effective January 1, 2025, on an interim and refundable/recoverable basis;

C. By Order G-180-25 dated July 22, 2025, the BCUC established the regulatory timetable for the proceeding, which included FBC filing its Annual Review for 2025 and 2026 rates application, public notice, intervener registration, one round of information requests, and final and reply arguments;

D. On July 31, 2025, FBC submitted its Annual Review for 2025 and 2026 Rates application (Application), in which it requests approval to make the existing 2025 interim rates permanent, effective January 1, 2025, and approval of a 3.45 percent permanent general rate increase, effective January 1, 2026, among other things, pursuant to sections 59 to 61 of the *Utilities Commission Act*. In Section 2.2 of the Application, FBC notes that rates will be adjusted in a compliance filing to reflect updated BC Average Weekly Earnings (BC-AWE) data that was unavailable at the time the Application was filed;

E. On November 13, 2025, the BCUC issued Order G-265-25 and accompanying decision on FBC's Cost of Service Allocation and Revenue Balancing application (2025 COSA Decision), which impacts the proposed 3.45 percent permanent general rate increase, effective January 1, 2026; and

F. The BCUC has reviewed the Application, evidence, and arguments filed in the proceeding and makes the following determinations.

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

1. FBC is approved the following regarding its permanent rates for 2025 and 2026:

    a. To make the existing 2025 interim rates permanent, effective January 1, 2025;

    b. To capture the difference between the 2025 interim and permanent revenue requirements in the existing 2023 Revenue Deficiency deferral account, to rename the deferral account to the Revenue Deficiency/Surplus deferral account and to amortize this deferral account over one year beginning January 1, 2026;

    c. A general rate increase of 3.45 percent on a permanent basis, effective January 1, 2026, as adjusted to reflect the updated BC-AWE data in accordance with Section 2.2 of the Application and the directives and determinations in the 2025 COSA Decision.

2. FBC is approved the following regarding its deferral accounts:

    a. To rename the Annual Review of 2020–2024 Rates deferral account to the Annual Review Proceeding Costs deferral account, and to use this deferral account to capture actual regulatory proceeding costs related to the Annual Reviews during the term of the Rate Framework, and to continue to amortize the deferral account over a one-year period;

    b. To rename the 2025 MRP Application deferral account to the 2025–2027 RSF Application deferral account, and to amortize the deferral account over three years, commencing January 1, 2025;

    c. To amortize the 2021 Generic Cost of Capital Proceeding deferral account over a five-year period, commencing January 1, 2025;

    d. To amortize the Rate Schedule 96 Energy-Based Rate Application Costs deferral account over a one-year period, commencing January 1, 2025; and

    e. To amortize the Flotation Costs deferral account over a five-year period, commencing January 1, 2026.

3. FBC is approved exogeneous factor treatment for the incremental capital expenditures related to Mandatory Reliability Standards Assessment Report No. 17.

4. Directive 8 of Order G-374-21 dated December 15, 2021, requiring FBC to include in future Annual Review filings an update on its electric vehicle direct current fast charging stations' costs and revenues, is rescinded.

5. FBC is directed to file as a compliance filing, amended tariff pages reflecting the approved 2025 and 2026 permanent rates for the BCUC's endorsement by December 15, 2025.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of December 2025.

BY ORDER

Electronically signed by Mark Jaccard

M. Jaccard
Commissioner

FortisBC Inc.
2025 and 2026 Annual Review of Rates

DECISION

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Executive Summary

On March 18, 2025, the British Columbia Utilities Commission (BCUC) approved a Rate Setting Framework (Rate Framework) for FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) covering a three-year period from January 1, 2025, to December 31, 2027 (Rate Framework Decision). The Rate Framework uses a performance-based regulatory rate-setting framework which links utility rates to performance and makes the controllable portion of FBC's annual revenue requirement subject to a formula rather than to cost recovery based on a traditional cost-of-service approach. As per the Rate Framework Decision, an annual review process is required to set rates for each year of the framework.

Prior to the issuance of the Rate Framework Decision, the BCUC had approved FBC's application for a 5.65 percent general rate increase on an interim and refundable/recoverable basis, effective January 1, 2025 (2025 Interim Rates Application). On July 31, 2025, following the issuance of the Rate Framework Decision, FBC filed its Annual Review for 2025 and 2026 Rates Application (Application). In the Application, FBC updated its forecast revenue requirement from that presented in the 2025 Interim Rates Application, resulting in a reduction to the 2025 rate increase from 5.65 percent to 3.53 percent and calculated forecast revenue deficiencies of $27.146 million for 2025 and $17.621 million for 2026. FBC proposes to capture the difference between the revenue requirement used to calculate the interim rates and the updated forecast 2025 revenue requirement in the Application amounting to $10.199 million in a deferral account and to amortize this deferral account over one year in 2026. The Panel considers FBC's proposal is administratively simple to implement and is the most appropriate method to return the difference in the 2025 interim and permanent revenue requirements to customers.

The Panel finds FBC's 2025 and 2026 forecast revenue requirements and the resulting rates to be reasonable. Accordingly, the Panel approves the following regarding FBC's permanent rates for 2025 and 2026:

- To make the existing 2025 interim rates permanent, effective January 1, 2025;
- To capture the difference between the 2025 interim and permanent revenue requirements in the existing 2023 Revenue Deficiency deferral account, rename the deferral account to the Revenue Deficiency/Surplus deferral account and amortize this deferral account over one year beginning January 1, 2026; and
- A general rate increase of 3.45 percent on a permanent basis, effective January 1, 2026, as adjusted to reflect the updated BC Average Weekly Earnings data in accordance with Section 2.2 of the Application and the directives and determinations in the decision on FBC's Cost of Service Allocation and Revenue Balancing application.

The Panel also approves FBC's requests related to deferral accounts and other matters, as applied for, and rescinds a previous BCUC directive regarding the reporting of electric vehicle fast-charging stations' costs and revenues in future annual review filings.

In addition, the Panel discusses the regulatory processes for FBC's next annual review proceeding to set 2027 rates and recommends that future BCUC panels consider adopting a regulatory process similar to the one used in this proceeding.

1.0 Introduction and Background

On March 18, 2025, the British Columbia Utilities Commission (BCUC) approved a rate setting framework (Rate Framework) for FortisBC Inc. (FBC) covering a three-year period (2025 to 2027) (Rate Framework Decision).[1] As per the Rate Framework Decision, an annual review process is required to set rates for each year of the framework (Annual Review).

Prior to the issuance of the Rate Framework Decision, the BCUC had approved FBC's application for a 5.65 percent general rate increase on an interim and refundable/recoverable basis, effective January 1, 2025.[2] Following the issuance of the Rate Framework Decision, FBC filed its Annual Review for 2025 and 2026 Rates Application on July 31, 2025 (Application). In the Application, FBC proposes to set the existing approved interim rates as permanent for 2025 and to capture the difference between the revenue collected at those rates and the 2025 revenue requirement in a deferral account and amortize the balance in that account over one year in 2026.[3] FBC also proposes a further general rate increase of 3.45 percent, effective January 1, 2026, on a permanent basis.[4]

The Application is reviewed in accordance with the approved Rate Framework and the *Utilities Commission Act* (UCA). The UCA sets out the legislative jurisdiction for the Panel's review of the Application, which requires the BCUC to set rates that are not unjust, unreasonable, unduly discriminatory or unduly preferential.

In this decision, the Panel reviews the relevant evidence, considers the positions of the parties, discusses the issues arising, and outlines its determinations for FBC's 2025 and 2026 permanent rates.

1.1 Approvals Sought

FBC requests BCUC approval for the following pursuant to sections 59 to 61 of the UCA:

1. To make the existing 2025 interim rates permanent, effective January 1, 2025;
2. To capture the revenue surplus resulting from the difference between the 2025 interim and permanent revenue requirements in the existing 2023 Revenue Deficiency deferral account, rename the deferral account the Revenue Deficiency/Surplus deferral account, and to change the amortization period of the deferral account to one year, effective January 1, 2026; and
3. To recover the 2026 revenue requirement and resulting rate change on a permanent basis, effective January 1, 2026.[5]

FBC also seeks approval of certain other items, which are discussed in Section 2.2.3 of this decision.

[1] FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) 2025 to 2027 Rate Framework, Decision and Orders G-69-25 and G-70-25 dated March 18, 2025 (Rate Framework Decision).
[2] Order G-314-24 dated November 27, 2024.
[3] Exhibit B-2, pp. 1–2.
[4] Exhibit B-2, p. 2.
[5] Exhibit B-2, p. 3.

1.2 Regulatory Process

The regulatory process for the review of the Application included public notice, intervener registration, one round of BCUC and intervener information requests (IRs) and final and reply arguments.[6]

The following parties registered as interveners in the proceeding:

- BC Sustainable Energy Association (BCSEA);
- Industrial Customers Group (ICG);
- Movement of United Professionals (MoveUP);
- The Commercial Energy Consumers Association of BC (the CEC); and
- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (collectively, BCOAPO) and Residential Consumer Intervener Association (RCIA) (BCOAPO-RCIA).[7]

In the Application, FBC notes that the forecast 2026 revenue requirement does not include the impacts related to FBC's 2025 Cost of Service Allocation and Revenue Rebalancing Application,[8] on which the BCUC issued its decision (2025 COSA Decision) on November 13, 2025.[9] To implement the necessary billing changes effective January 1, 2026, FBC outlines that it will include, by December 15, 2025, the impacts of the directives and determinations in the 2025 COSA Decision in its compliance filing corresponding to the decision for this Application, which would include the calculation of the final approved rates for 2026.[10]

1.3 Background Information – Rate Framework and the Annual Review Process

This section outlines the background of performance-based rate (PBR) frameworks as they relate to FBC, then summarizes the key components of the most recently approved PBR framework and explains how the Annual Review process operates within the Rate Framework.

Performance-Based Rate Setting

FBC has a history of setting its rates using PBR frameworks, which dates back to the 1990s, along with traditional cost of service approaches. A PBR approach to rate setting links utility rates to performance, compared to a traditional cost of service approach, which links rates to the recovery of operating and capital costs. PBR frameworks are designed to incent a utility to find efficiencies to reduce costs while ensuring that reasonable service levels are maintained.[11] As discussed above, FBC's most recently approved PBR, the Rate Framework, covers the years 2025 to 2027.

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[6] Order G-180-25 dated July 22, 2025.
[7] On August 18, 2025, the BCUC issued a letter (Exhibit A-3) requiring BCOAPO and RCIA to participate as one intervener group and to file all submissions jointly, including IRs and arguments.
[8] Exhibit B-2, p. 2.
[9] Decision and Order G-265-25 dated November 13, 2025.
[10] Exhibit B-2, p. 2; Exhibit B-9, BCUC IR 2.1.
[11] Rate Framework Decision, pp. 1–2.

The components of the Rate Framework for FBC include the following:

- Use of a formula or index-based approach for controllable operations and maintenance expenses (O&M) (Formula O&M);[12]
- Use of a forecast approach for capital, for which the approved 2025 to 2027 forecast is set out in the Rate Framework Decision;[13]
- A 50/50 percent sharing between customers and FBC's shareholders if FBC's achieved return on equity is above or below that allowed, referred to as the Earnings Sharing Mechanism;[14]
- Use of a Flow-Through deferral account to capture variances that are approved for flow-through treatment, except where a separate approved deferral account exists to capture such variances;[15]
- 12 service quality indicators (SQIs), 7 of which have performance ranges including benchmarks and thresholds, and 5 of which are informational;[16]
- A plan off-ramp to be triggered if earnings in any one year vary from the allowed return on equity by more than +/- 150 basis points (post earnings sharing);[17]
- Load forecast methodologies for the term of the Rate Framework;[18] and
- An Annual Review process,[19] as further discussed below.

Annual Review

As outlined in the Rate Framework Decision, Annual Reviews are a key element of the PBR frameworks. The BCUC approved the Annual Review process to continue for the term of the Rate Framework, citing Annual Reviews as an efficient approach to prospectively set FBC's rates each year, as well as to assess the performance of the utility in the prior year.[20] The Annual Review process serves to test whether the approved components of the Rate Framework have been applied appropriately in establishing rates.

In the decision to review FortisBC's Multi-Year Rate Plan (MRP) for 2020 to 2024 (MRP Decision), the BCUC approved a framework for the Annual Review process.[21] In the Rate Framework Decision, the BCUC upheld this framework that requires FBC to address the following items in each Annual Review:[22]

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[12] Rate Framework Decision, p. 20.
[13] Rate Framework Decision, p. 54.
[14] Rate Framework Decision, p. 18.
[15] Rate Framework Decision, pp. 16, 18 – "Flow-through treatment indicates that the actual amounts for certain forecast items will flow through to ratepayers by capturing the annual variance between approved forecast amounts and actual amounts in a deferral account, either through specific deferral accounts or the flow-through deferral account, for collection/disbursement in the following year."
[16] Rate Framework Decision, p. 68.
[17] Rate Framework Decision, p. 18.
[18] Rate Framework Decision, pp. 69–74.
[19] Rate Framework Decision, pp. 69, 73.
[20] Rate Framework Decision, pp. 69, 73.
[21] Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024, Decision and Orders G-165-20 and G-166-20 dated June 22, 2020 (MRP Decision), p. 167.
[22] Rate Framework Decision, pp. 69, 73.

1. Review of the current year projections and upcoming year's forecast, including the following items:
    a. Customer growth, volumes and revenues;
    b. Year-end and average customers, and other cost driver information including inflation (i.e. formula drivers);
    c. Expenses, determined by the indexing formula plus items forecast annually;
    d. Capital expenditures (as provided for by the capital forecast approved in the Rate Framework Decision), plus other items forecast annually;
    e. Plant balances, deferral account balances and other rate base information and depreciation and amortization to be included in rates; and
    f. Projected earnings sharing for the current year and true-up to actual earnings sharing for the prior year.
2. Identification of any efficiency initiatives that FBC has undertaken, or intends to undertake, that require a payback period extending beyond the term of the MRP with recommendations to the BCUC with respect to the treatment of such initiatives;
3. Review of any exogenous events FBC or stakeholders have identified that should be put forward to the BCUC for review;
4. Review of FBC's performances with respect to SQIs and for parties to bring forward recommendations to the BCUC where there has been a "sustained serious degradation" of service;
5. Assessment of and recommendations to the BCUC with respect to any SQIs that should be reviewed in future Annual Reviews; and
6. Assessment of and recommendations to the BCUC on potential issues or topics for future Annual Reviews.

This decision focuses on issues that merit Panel discussion or deliberations relating to the above items of review. Less substantive matters addressed in the current Annual Review are not discussed at length in this decision. However, the Panel has reviewed and deliberated on all matters within the scope of the Application.

1.4 Structure of the Decision

The remaining sections of this decision are structured to mirror the framework by which the Panel reviewed the evidence and arguments presented in this proceeding.

Section 2.0 addresses whether the forecast 2025 and 2026 revenue requirements and proposed rates are reasonable and discusses the key drivers of the forecast revenue requirements as well as FBC's approvals sought regarding deferral accounts and an exogenous event. Section 3.0 discusses certain other matters arising in this proceeding, including the process for future Annual Reviews.

2.0 Are the Forecast 2025 and 2026 Revenue Requirements and Proposed Rates Reasonable?

As discussed in Section 1.3 above, the Annual Review process is designed to set rates and to assess the performance of the utility in the prior year. This section sets out FBC's forecast revenue requirements for 2025 and 2026, including the underlying cost drivers that lead to increases or decreases in the forecast revenue deficiencies.

To answer the overall question of whether the forecast 2025 and 2026 revenue requirements and proposed rates are reasonable, the Panel first addresses whether the Application was prepared in accordance with the approved Rate Framework. Then, the Panel reviews the concerns raised by interveners regarding items that are forecast outside of the formulas approved by the Rate Framework, along with FBC's other approvals sought that impact the forecast revenue requirements. Finally, the Panel provides its overall determination on the reasonableness of the forecast revenue requirements and the resulting rates.

The proposed rates for 2025 and 2026 are based on FBC's forecast revenue requirements for 2025 and 2026, as set out in the Application. FBC states that it forecast the 2025 and 2026 revenue requirements of $507.613 million[23] and $528.153 million[24] in accordance with the Rate Framework.[25] The forecast revenue requirements result in rate increases of 5.65 percent for 2025 and 3.45 percent for 2026. FBC explains that the 2025 forecast revenue requirement includes five months of actual results until May 31, 2025, where applicable. FBC explains that the approach of using five months of actual results is reasonable given that it incorporates the best information available to FBC at the time of filing of the Application and is consistent with past practice.[26] In addition, FBC notes in Section 2.2 of the Application that it plans to update in a compliance filing the BC Average Weekly Earnings (BC-AWE) data for May and June 2025 which were unavailable at the time of the filing of the Application.[27]

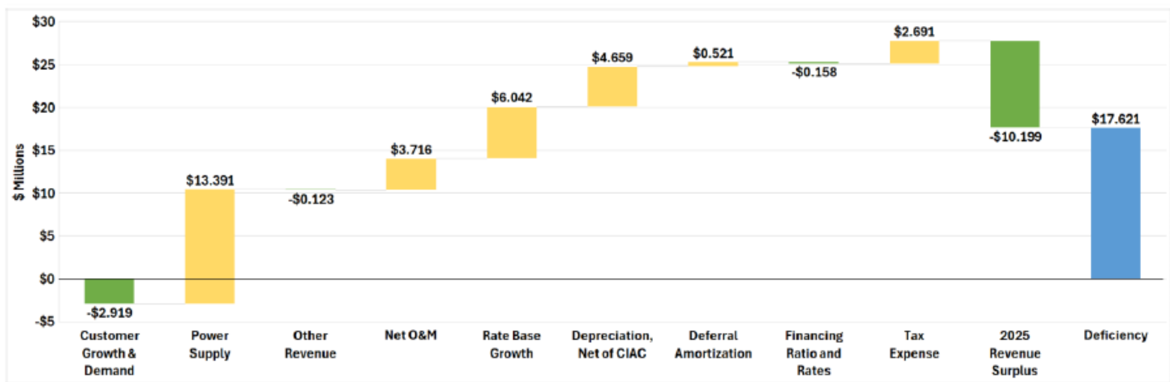
FBC forecasts revenue deficiencies of $27.146 million and $17.621 million for 2025 and 2026, respectively.[28] The forecast revenue deficiency is the difference between the forecast revenue requirements and the estimated revenues at currently approved rates. Given that the forecast revenue deficiency is the driver of the year-on-year changes in rates, the discussion below focuses on the forecast 2025 and 2026 revenue deficiencies.

Figures 1 and 2 below show the drivers behind the forecast 2025 and 2026 revenue deficiencies.

[23] Exhibit B-2, Section 11, Schedule 18, p. 98.
[24] Exhibit B-2, Section 11, Schedule 18, p. 130.
[25] Exhibit B-2, pp. 4–5.
[26] Exhibit B-9, BCUC IR 1.1.1.
[27] Exhibit B-2, p. 11.
[28] Exhibit B-2, p. 5.

Figure 1: 2025 Forecast Revenue Deficiency ($ millions)[29]

Figure 2: 2026 Forecast Revenue Deficiency ($ millions)[30]



As shown in Figure 1 above, the 2025 forecast revenue deficiency is primarily due to an increase in power supply expense, MRP true-up, and deferral of a "2025 revenue surplus", offset by an increase in the customer growth and demand (i.e. customer load). In contrast, the 2026 forecast revenue deficiency is primarily due to an increase in power supply expense and rate base growth, offset by the amortization of the "2025 revenue surplus". These key drivers are discussed below.

FBC forecasts an increase in power supply expense of $14.388 million in 2025 when compared to the 2024 approved expense, primarily due to higher purchase rates for power from the market and contracted producers. For 2026, FBC forecasts a further increase of $13.391 million compared to 2025 due to increase in costs for a power purchase agreement with BC Hydro.[31] Variances in power supply expenses are captured in the Flow-Through deferral account for future recovery from or repayment to ratepayers.[32]

FBC clarifies that the "MRP true-up" of $9.184 million in 2025, actually includes the impacts related to the true-up of FBC's rate base following the end of the term of the 2020 to 2024 MRP, resetting of base O&M for the term of the Rate Framework, and the implementation of new studies pertaining to capitalized overheads,

[29] Exhibit B-2, p. 5.
[30] Exhibit B-2, p. 6.
[31] Exhibit B-2, p. 7.
[32] Exhibit B-2, p. 35.

depreciation and lead/lag as approved in the Rate Framework Decision.[33] For the true-up of the MRP rate base, FBC provides a summary of the cumulative rate base true-up[34] and explains that the variance between the 2024 Actual capital expenditures and 2024 Approved capital expenditures of $13.616 million is included in this summary. Further, FBC explains that the impact to the 2025 rate increase due to this variance is 0.25 percent.[35]

FBC explains that the rates for 2025 flowing from the forecast revenue requirement components in the Application, result in a 3.53 percent increase from the 2024 rates and an initial forecast revenue deficiency of $16.947 million.[36] However, FBC proposes to maintain 2025 permanent rates at existing interim levels (i.e. 5.65 percent increase) resulting in a “2025 revenue surplus” of $10.199 million, which increases the forecast 2025 revenue deficiency to $27.146 million. FBC proposes to refund this amount to customers in 2026 as an offset to the forecast revenue deficiency in 2026.[37] In Section 2.2.2 below, we discuss FBC’s proposal and the options explored by FBC to refund this amount to customers.

Customer growth and demand result in a decrease in the forecast 2025 revenue deficiency by $23.220 million. FBC forecasts an increase in customer load in 2025 by 5.4 percent from the 2024 approved load, primarily from industrial customers. FBC states that it developed the load forecasts in accordance with the methods approved in the Rate Framework Decision.[38]

Regarding rate base growth, FBC states that the 2026 rate base is forecast to increase by $90.266 million compared to the 2025 rate base, resulting in an increase in the forecast 2026 revenue deficiency by $6.042 million. This increase is primarily due to the mid-year impact of FBC’s 2026 approved regular capital additions, as well as the full-year impact of the projected capital additions from 2025.[39]

To answer the overall question of whether the forecast 2025 and 2026 revenue requirements and proposed rates are reasonable, in the following sub-sections, we address whether the Application was prepared in accordance with the approved Rate Framework and the reasonableness of any remaining items that impact the forecast revenue requirements which have not already been determined within the Rate Framework.

2.1 Is the Annual Review Application Prepared in Accordance with the Rate Framework?

In this section, the Panel reviews whether the Application aligns with the approved Rate Framework. As stated in Section 1.3 above, FBC is required to address certain items in each Annual Review. In the Application, FBC provides a table showing how each of the items have been addressed.[40] FBC states that the 2025 and 2026 forecast revenue requirements incorporate the approved Formula O&M, the approved Capital forecast, and items that are forecast annually.[41]

[33] Exhibit B-9, BCUC IR 3.1.1.
[34] Exhibit B-2, p. 56.
[35] Exhibit B-9, BCUC IR 6.1.
[36] Exhibit B-2, p. 5.
[37] Exhibit B-2, p. 5.
[38] Exhibit B-2, pp. 15, 33–34.
[39] Exhibit B-2, p. 8.
[40] Exhibit B-2, Table 1-1, p. 4.
[41] Exhibit B-2, pp. 4–5.

Under the Rate Framework, SQIs are used to monitor FBC's performance to ensure that any efficiencies and cost reductions do not result in a degradation of the quality of service to customers.[42] In the Application, FBC reports on the performance of its 2024 SQIs[43] and June 2025 year-to-date SQIs. Pursuant to the Rate Framework Decision, seven of FBC's SQIs have benchmarks and performance ranges set by a threshold level, while five of FBC's SQIs are for information only and as such do not have benchmarks or performance ranges.[44]

FBC submits that its 2024 results and June 2025 year-to-date SQI performance indicate that its overall performance is representative of a high level of service quality. FBC reports that only the Emergency Response Time SQI performed worse than the threshold in 2024 due to storms in FBC's service territory. The following table shows FBC's annual results from 2020 to June 2025 year-to-date results for this SQI.

Table 1: Historical Emergency Response Time[45]

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

For informational SQIs, only the Generator Forced Outage Rate was higher than past years due to a generator outage. For the June 2025 YTD SQIs, FBC states that these SQIs are trending toward meeting the benchmark or threshold.[46] The following table shows FBC's annual results from 2020 to June 2025 year-to-date results for this SQI compared to the results provided by the Canadian Electricity Association (CEA).

Table 2: Historical Generator Forced Outages[47]

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

Positions of Parties

None of the interveners submit that the Application is not prepared in accordance with the approved Rate Framework. While the CEC identifies certain discrepancies in the 2025 and 2026 Irrigation class customer counts,[48] FBC clarifies in its reply argument that this discrepancy did not impact the forecast 2025 and 2026 revenue requirements, including the Formula O&M amounts.[49]

[42] Exhibit B-2, p. 154.
[43] The framework for the 2024 SQIs was approved in the MRP Decision, pp. 96–97.
[44] Exhibit B-2, p. 10.
[45] Exhibit B-2, Table 13-2, p. 156.
[46] Exhibit B-2, pp. 154–155.
[47] Exhibit B-2, Table 13-13, p. 165.
[48] CEC Final Argument, pp. 9–10.
[49] FBC Reply Argument, pp. 11–13.

The CEC, BCOAPO-RCIA and ICG, however, raised the following issues.

The CEC states that it is apprehensive of the increasing trend in earnings sharing amounts for FBC and submits that the Rate Framework should be revisited before any further review of rates applications.[50] FBC does not specifically respond to this submission in its reply argument.

BCOAPO-RCIA are concerned with the overall increase in FBC's O&M costs from 2024 to 2026 when compared to the BC Consumer Price Index (BC-CPI). BCOAPO-RCIA state that, while they note the majority of O&M costs are included within the Formula O&M and are therefore outside the scope of this proceeding, FBC should review its costs in the next rate setting framework proceeding.[51]

In reply to BCOAPO-RCIA, FBC states that BCOAPO-RCIA's comments ignore the incremental increase from 2024 Approved to the 2024 Base O&M that was approved in the Rate Framework Decision, and once this is accounted for, the only drivers of the increase to the 2025 and 2026 O&M are the approved Formula O&M drivers.[52]

ICG states that the Customer Satisfaction Index (CSI) SQI does not reflect customer sentiment on high bills and submits that FBC should monitor and respond to customers' concerns about its rates. Further, with respect to the Reliability SQI, ICG requests FBC to confirm the appropriateness of its use of the statistical 2.5 Beta method based on the information provided in the CEA Major Event Day Determination Reference Guide.[53]

In reply to ICG, FBC argues that the CSI SQI has been in place since FBC's 2014 to 2019 PBR and was again approved in the Rate Framework Decision, and that there is no evidence in this proceeding to suggest that the CSI SQI should be revised in the manner proposed by ICG. Further, FBC confirms that its use of the statistical 2.5 Beta method conforms to the CEA Major Event Day Determination Reference Guide, although there is no evidence available in this proceeding to explore this issue.[54]

Panel Determination

The Panel finds that the Application has been prepared in accordance with the approved Rate Framework.

In reaching this conclusion, the Panel has assessed whether the Application includes the components of the approved Rate Framework and whether those components have been applied appropriately in establishing rates. In particular, the Panel considers that the Formula O&M in the Application has been calculated properly and that the resulting O&M expense has been determined in accordance with the Rate Framework. In the case of forecast items (e.g. capital, load), the Panel considers that FBC has incorporated the forecasts and methodologies approved in the Rate Framework Decision to calculate its forecast revenue requirements. Overall, the Panel is satisfied that FBC's calculations are consistent with the Rate Framework. Consequently, **we find the resulting forecast amounts to have been determined in accordance with the Rate Framework and therefore reasonable for the purposes of setting FBC's rates for 2025 and 2026.**

[50] CEC Final Argument, pp. 18–19.
[51] BCOAPO-RCIA Final Argument, pp. 7–8.
[52] FBC Reply Argument, pp. 5–6.
[53] ICG Final Argument, p. 2.
[54] FBC Reply Argument, pp. 15–16.

The Panel also notes that aside from the CEC, no comments or concerns were raised by any interveners regarding whether the approved components of the Rate Framework have been appropriately applied in the calculation of the proposed rates. Regarding the CEC's concern on the customer count, the Panel is satisfied that FBC has addressed this concern in its reply argument and agrees that there is no impact on the proposed rates.

The Panel is satisfied that with the exception of the Emergency Response Time SQI in 2024, the results of the SQIs with performance ranges meet the applicable threshold levels set by the Rate Framework Decision. The Panel is also satisfied that, with the exception of the Generator Forced Outage Rate in 2024, the results of the SQIs without performance ranges are at a consistent level with those of prior years. The Panel considers that the results of the Emergency Response Time and Generator Forced Outage Rate SQIs do not indicate a pattern of decline in overall system quality. Over the last five years, the Emergency Response time was only below the threshold in 2024 and so far, the metric appears to be trending above the threshold in 2025. Similarly, the Generator Forced Outage Rate increased sharply in 2024 after three years of being at a relatively low and consistent level and is trending to decrease down to historical low levels. Therefore, the Panel finds that there is no evidence of a sustained serious degradation of service in relation to the SQIs.

With respect to BCOAPO-RCIA's submission regarding the increase in O&M costs, the Panel is satisfied with FBC's explanation that the main drivers of the increase have already been approved in the Rate Framework Decision. The Panel expects FBC will review its O&M costs in the natural course of preparing its next rates application for the period beginning January 1, 2028.

Regarding ICG's submission on the CSI SQI, the Panel agrees with FBC that there is no evidence available in this proceeding to re-adjudicate the appropriateness of the CSI SQI that has been approved in the Rate Framework Decision. Similarly, the Panel agrees with FBC that there is no evidence in this proceeding to suggest that FBC did not appropriately calculate the Reliability SQIs.

The Panel notes that the Annual Review process is meant to provide for a streamlined rate-setting process while still allowing for issues to be explored and evidence gathered for the BCUC's decision making. The process is streamlined because many of the components used to set rates (e.g. Formula O&M components) have already been determined in the Rate Framework. The Annual Review process is not meant to be a forum to challenge the design and methodology of approved Rate Framework components or to review matters unrelated to setting rates. This is consistent with the Panel's letter reminding interveners at the outset of this proceeding that items approved in the Rate Framework decision are not to be re-visited.[55] In this regard, while we acknowledge the CEC's concern on the increasing trend in earnings sharing amounts since 2020, we also note that the mechanism for earnings sharing was determined in the Rate Framework Decision. Similar to the Formula O&M components, this mechanism is not subject to re-adjudication in this proceeding.

2.2 Are the Remaining Items Impacting the Forecast Revenue Requirements Reasonable?

Having found that the Application has been prepared in accordance with the Rate Framework and there is no serious degradation in the performance of SQIs, we now turn to the next matter for consideration – are the items subject to annual forecasting per the Rate Framework and the other approvals sought by FBC reasonable?

[55] Exhibit A-3.

In this section, the Panel first addresses the forecasts developed outside of the formulas and methodologies approved by the Rate Framework where concerns were raised by an intervener. Then, the Panel addresses how the difference between the 2025 interim and permanent revenue requirements should be refunded to customers, and finally, the Panel discusses the other approvals sought by FBC which impact the forecast revenue requirements.

2.2.1 Are the Forecasts Determined Outside of the Rate Framework Formulas and Methodologies Reasonable?

As described above, certain items are subject to annual forecasting in the Application that are determined outside of the formulas and methodologies approved in the Rate Framework. The annual forecast items that interveners raised concerns with are discussed below:

1. Forecast O&M – For the portion of total O&M that is outside of Formula O&M (i.e. Forecast O&M), FBC forecasts an increase of $0.419 million in 2025 and $0.174 million in 2026;[56]
2. Tax expense – FBC forecasts increase of $3.010 million in 2025 and $1.775 million in 2026 for property taxes and increases of $2.063 million in 2025 and $0.916 million for income taxes;[57] and
3. Earned return – FBC forecasts an increase in its earned return of $3.058 million in 2025 and $6.042 million in 2026.[58]

Positions of Parties

BCOAPO-RCIA are "particularly concerned" about the significant increase in Forecast O&M and submit that FBC should review these costs in the next rate setting framework proceeding.[59] BCOAPO-RCIA also note a significant increase in income tax expenses and FBC's earned return since 2020.[60]

Other interveners do not comment on the items that are forecast outside of the formulas approved in the Rate Framework in their submissions.

In reply, FBC submits that the increase in O&M costs outside of Formula O&M is due to the increase in Pension and Other Post Employment Benefit (OPEB) costs. FBC states that these costs have increased due to a decrease in the actuarially determined discount rates which are based on market yields and are outside FBC's control.[61] FBC also submits that increases in income tax expenses and earned return were influenced by changes in FBC's allowed equity thickness and return on equity, as approved by the BCUC in Stage 1 of the Generic Cost of Capital (GCOC) proceeding.[62] FBC clarifies that these factors are not influenced by the Rate Framework.[63]

[56] Exhibit B-2, p. 48.
[57] Exhibit B-2, pp. 72–74.
[58] Exhibit B-2, p. 8.
[59] BCOAPO-RCIA Final Argument, pp. 7–8.
[60] BCOAPO-RCIA Final Argument, p. 9.
[61] FBC Reply Argument, p. 6.
[62] Decision and Order G-236-23 dated September 5, 2023.
[63] FBC Reply Argument, pp. 7–8.

Panel Determination

The Panel finds the forecasts determined outside of the formulas and methodologies approved in the Rate Framework to be reasonable for the purposes of setting rates for 2025 and 2026. The Panel is satisfied with the evidence and FBC's explanations supporting these forecasts. We note that aside from the BCOAPO-RCIA, no intervener opposed these forecasts.

Regarding BCOAPO-RCIA's comments on the increases in O&M outside of Formula O&M, we are satisfied that the increases in these costs are largely due to discount rates and market yields, which are outside of FBC's control. We are also persuaded by FBC's explanation that the Rate Framework does not influence any increases in income tax expenses or earned return. There is no evidence to suggest that the forecast amounts are not reasonable.

2.2.2 How Should the Difference Between the 2025 Interim and Permanent Revenue Requirements be Refunded to Customers?

In November 2024, the BCUC approved FBC's application for a general rate increase of 5.65 percent on an interim and refundable/recoverable basis, effective January 1, 2025 (2025 Interim Rates Application).[64] In the Application, FBC updated its forecast revenue requirement from that presented in the 2025 Interim Rates Application, resulting in a reduction to the 2025 rate increase from 5.65 percent to 3.53 percent. As discussed in Section 2.0 above, FBC is seeking approval to maintain 2025 permanent rates at existing approved interim levels. The difference between the revenue requirement used to calculate the interim rates and the updated revenue requirement in the Application is $10.199 million (Revenue Requirement Difference). FBC is seeking approval to record this difference in the 2023 Revenue Deficiency deferral account,[65] which FBC proposes to rename the Revenue Deficiency/Surplus deferral account,[66] and return this amount to customers in 2026, reducing the 2026 rate increase to 3.45 percent.[67]

FBC states that it considered two other options for returning the Revenue Requirement Difference to customers:[68]

1. Setting the permanent 2025 rate increase at 3.53 percent and applying the difference as a retroactive bill adjustment in 2025; and
2. Setting the permanent 2025 rate increase at 3.53 percent and applying a one-time bill adjustment to the first bill in 2026.

FBC explains that option 1 is not feasible because it would be unable to implement a retroactive bill adjustment in 2025, given that it does not expect a decision on the Application until December 2025.[69]

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[64] By Order G-314-24 dated November 27, 2024.
[65] Exhibit B-2, pp. 142–143: FBC states that the 2023 Revenue Deficiency deferral account was first established by Order G-276-23 to record the forecast revenue deficiency between the 2023 interim and permanent rates resulting from the BCUC's decision in Stage 1 of the GCOC proceeding, while in Decision and Order G-340-23 for FBC's Annual Review of 2024 Rates, FBC was approved to commence amortization of this deferral account on January 1, 2025 over three years. The balance in the 2023 Revenue Deficiency deferral account as of December 31, 2025, is forecast to be approximately $1.511 million.
[66] Exhibit B-2, p. 5.
[67] Exhibit B-2, p. 144.
[68] Exhibit B-2, p. 143.
[69] Exhibit B-2, p. 143.

Further, FBC explains that while option 2 is possible, it would result in a higher rate increase in 2026 of 7.25 percent because the forecast 2026 revenue requirement will no longer be offset by the Revenue Requirement Difference, as it would have been refunded back to customers in the form of a one-time bill adjustment in January 2026. FBC explains that even if it provides a one-time bill adjustment in January 2026, the rate increase of 7.25 percent for 2026 will create a high level of customer dissatisfaction, in addition to resulting in administrative challenges.[70]

FBC explains that its preferred option to maintain the 2025 permanent rates at existing interim levels is simple to implement and will be the most understandable for customers, as it does not require any bill adjustments, results in the Revenue Requirement Difference being fully returned to customers in 2026, and reduces the rate increase in 2026 to 3.45 percent as opposed to the 7.25 percent under option 2 above.[71]

Positions of Parties

The CEC does not oppose the rate increase requested by FBC for 2025 but recommends the BCUC direct FBC to return the Revenue Requirement Difference to customers as a bill adjustment in 2025. Per the CEC, this difference should be immediately refunded to customers and should not be carried over at the utility's convenience.[72] Further, while the CEC did not specifically comment on the proposed 2026 rate increase in its submission, it recommends that the BCUC grant the approvals sought by FBC in the Application.[73]

In reply to the CEC, FBC reiterates its preferred option for recording the Revenue Requirement Difference in an existing deferral account and returning the difference to customers in 2026. FBC submits that CEC's proposal is not feasible, as due to the timing of the decision, FBC would not be able to implement a bill adjustment in 2025. FBC explains that even if such a retroactive bill adjustment were possible, it would create a high level of customer dissatisfaction due to the resulting rate increase of 7.25 percent in 2026.[74]

ICG submits that while the interim rate increase for 2025 (i.e. 5.65 percent) should be made permanent, the final rate increase of 3.53 percent should not be approved because it constitutes retroactive ratemaking, and the final approved rates should be based on the same forecast as was used to calculate the interim rate increase for 2025. ICG explains that this Application should not provide FBC an opportunity to adjust the forecast cost of service that was provided in the 2025 Interim Rates Application, and that this adjustment puts FBC ratepayers at risk.[75] ICG does not specifically comment on the proposed 2026 rate increase in its submission.

In reply to ICG, FBC reiterates that the use of interim rates is a common and well-established mechanism in place to prevent retroactive ratemaking, and that if the BCUC were prohibited from relying on updated forecasts after interim rates were set, it would defeat the purpose of setting interim rates in the first place. Therefore, FBC submits that ICG's position has no merit and should be dismissed.[76]

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[70] Exhibit B-2, pp. 143–144.
[71] Exhibit B-2, p. 144.
[72] CEC Final Argument, pp. 22–23.
[73] CEC Final Argument, p. 4.
[74] FBC Reply Argument, pp. 3–4.
[75] ICG Final Argument, pp. 1–2.
[76] FBC Reply Argument, p. 2.

Other interveners do not explicitly comment on FBC's proposed permanent rates for 2025 and 2026 in their submissions.

Panel Determination

The Panel finds FBC's request to make the existing 2025 interim rates permanent, effective January 1, 2025, to be reasonable.

The Panel notes that FBC has been collecting revenue at interim approved rates since the beginning of the 2025 calendar year, pending the BCUC's final determinations on the Rate Framework and this Application. While the CEC submits that FBC should implement a retroactive bill adjustment in 2025 itself, we agree with FBC that this is not a feasible option given the limited amount of time remaining in the 2025 calendar year. We consider that it will be administratively simpler for FBC to maintain interim rates for the remainder of 2025 and instead, refund the Revenue Requirement Difference in the next year.

Additionally, regarding ICG's submission that the final rate increase of 3.53 percent for 2025 should not be approved because it constitutes retroactive ratemaking, we agree with FBC's reply to ICG on this submission. Establishing interim rates for utilities is common practice and does not amount to retroactive ratemaking, as there is always a possibility of such interim rates being adjusted based on final review of a rates application, as is the case here. Further, due to the timing of the Rate Framework Decision, the Panel accepts that FBC could not have filed the Application earlier than the date it was filed, thus enabling FBC to incorporate five months of actual data in its forecast 2025 revenue requirement. The Panel considers that this allowed FBC to use the best available information to update its forecast 2025 revenue requirement, which results in a Revenue Requirement Difference of $10.199 million. Thus, we reject ICG's submission that the final approved rates should be based on the same forecast as was used to calculate the interim rate increase for 2025.

Our finding above brings us to the next issue at hand – how should the Revenue Requirement Difference of $10.199 million be returned to customers?

The Panel approves FBC's request to capture the difference between the 2025 interim and permanent revenue requirements in the existing 2023 Revenue Deficiency deferral account, to rename the deferral account to the Revenue Deficiency/Surplus deferral account and approves FBC to change the amortization period of this deferral account to one year, effective January 1, 2026.

As mentioned above, aside from FBC's preferred option of capturing the Revenue Requirement Difference in a deferral account and returning it to customers by amortizing the deferral account over one year in 2026, FBC could either refund the difference to customers in 2025 itself (Option 1) or refund the difference to customers through a one-time bill credit in the first bill in 2026 (Option 2).

The Panel has already agreed with FBC above, that Option 1 is not feasible. Regarding Option 2, the Panel recognizes that if the Revenue Requirement Difference were to be immediately returned to customers in the beginning of 2026 as a one-time bill credit, FBC's customers will face a steeper rate increase of 7.25 percent (instead of 3.45 percent) in 2026. We agree with FBC that while this option is possible to implement, it may result in customer dissatisfaction and administrative challenges for FBC. Although FBC's proposal will result in a more delayed refund of the Revenue Requirement Difference to customers than Option 2, the Panel considers that this is reasonably offset by the benefits of avoiding customer dissatisfaction caused by a refund followed by a steeper rate increase and potential administrative costs of implementing a bill adjustment. For these reasons, we disagree with the CEC's view that FBC is carrying over the difference for its "convenience".

2.2.3 Are the Other Approvals Sought Reasonable?

In addition to the approvals sought regarding 2025 and 2026 permanent rates discussed in Section 2.0 above, FBC seeks the following approvals which impact 2025 and 2026 rates:

1. Approval to rename the Annual Review of 2020-2024 Rates deferral account to the Annual Review Proceeding Costs deferral account, and to use this deferral account to capture actual regulatory proceeding costs related to the Annual Reviews during the term of the Rate Framework. Further, approval to continue to amortize the deferral account over a one-year period.[77]

2. Amortization periods for the following previously approved deferral accounts as described in Sections 7.7.2 and 12.4.2.2 of the Application:

    a) A three-year amortization period for the 2025 MRP Application deferral account, commencing January 1, 2025. FBC also seeks approval to rename the deferral account the 2025-2027 RSF Application deferral account;[78]

    b) A five-year amortization period for the 2021 GCOC Proceeding deferral account, commencing January 1, 2025;[79]

    c) A one-year amortization period for the Rate Schedule (RS) 96 Energy-Based Rate Application Costs deferral account, commencing January 1, 2025;[80] and

    d) A five-year amortization period for the Flotation Costs deferral account, commencing January 1, 2026.[81]

3. Exogenous factor treatment for the incremental capital expenditures related to Mandatory Reliability Standards (MRS) Assessment Report No. 17 as described in Section 12.2.1 of the Application.[82]

None of the interveners, except the CEC, raise concerns regarding the above approvals sought by FBC. The CEC raises a concern regarding FBC's proposed amortization period for the Flotation Costs deferral account (item no. 2(d) above), which is addressed below.

In Order G-138-25 dated June 9, 2025, FBC was approved to recover actual 2023 and 2024 flotation costs of $1.9 million in a Flotation Costs deferral account and was directed to propose an amortization period for this deferral account in the next Annual Review. As noted above, FBC proposes a five-year amortization period for this deferral account.

[77] Exhibit B-2, p. 64.
[78] Exhibit B-2, p. 64.
[79] Exhibit B-2, p. 65.
[80] Exhibit B-2, p. 65.
[81] Exhibit B-2, p. 144.
[82] Exhibit B-2, pp. 140–141.

Table 3 below provides the rate impact resulting from proposed amortization periods of 3 years, 5 years, 8 years, and 10 years. As shown in the table, a 5-year amortization period results in a 0.09 percent rate increase, which FBC submits adequately smooths out any lumpiness in equity issuances and their associated costs. FBC considers that a 5-year amortization period appropriately reflects the long-term nature of the costs and provides a reasonable balance between mitigating the immediate rate impact and creating an overly long amortization period.[83]

Table 3: Rate Impact Analysis for Various Amortization Periods[84]

	Amortization Period			
	3 Years	5 Years	8 Years	10 Years
Incremental Revenue in 2026 ($ millions)	0.696	0.441	0.297	0.249
Rate Impact in 2026, compared to 2025 (%)	0.14%	0.09%	0.06%	0.05%
Year 1 Rate Impact - RS 1 ($)	$ 2.42	$ 1.53	$ 1.03	$ 0.87

Positions of Parties

The CEC recommends a 10-year amortization period for the Flotation Costs deferral account and submits that such a period would better match the associated long-term benefits to the costs of this deferral account.[85]

In reply, FBC reiterates that a 5-year amortization period is most appropriate for the Flotation Costs deferral account and that there are various factors to consider when determining the appropriate amortization period for a deferral account, including the amounts being recorded in the deferral account, the expected deferral account balance, the resulting rate impact from amortizing the balance, the degree of rate smoothing that would be achieved through longer amortization periods, and the potential for intergenerational inequity. FBC submits that a 10-year amortization period for the Flotation Costs deferral account would be unnecessarily long considering the size of the deferral account balance and the diminishing benefits of rate smoothing that would result from a 10-year amortization period.[86]

Panel Determination

The Panel finds the 5-year amortization period proposed by FBC for the Flotation Costs deferral account to be reasonable. We consider that a 5-year amortization period appropriately balances the rate impact and the long-term nature of costs captured in the account. As shown in Table 3 above, the difference in rate impact between a 5-year and 10-year amortization period is about 0.04 percent or an annual bill impact of $0.66 to an average residential customer,[87] which is not significant enough to justify a longer amortization period than proposed by FBC.

The Panel finds FBC's requests related to the remaining approvals sought to be reasonable and the Panel notes that interveners do not oppose them. The Panel is satisfied with the evidence supporting FBC's proposals, as well as FBC's reasoning for them. **Therefore, the Panel approves FBC's requests as set out in Section 2.2.3 of this decision.**

[83] Exhibit B-2, p. 147.
[84] Exhibit B-2, Table 12-2, p. 146.
[85] CEC Final Argument, pp. 19–20.
[86] FBC Reply Argument, pp. 13–14.
[87] 0.04% = 0.09% - 0.05%; $0.66 = $1.53 - $0.87.

2.3 Overall Determination

Earlier in this decision, the Panel has found that the Application has been prepared in accordance with the approved Rate Framework and that the resulting forecast amounts are reasonable. The Panel has also found FBC's forecasts determined outside of the formulas and methodologies approved in the Rate Framework and FBC's other approvals sought, including its proposed treatment of the Revenue Requirement Difference, to be reasonable. Therefore, based on the Panel's findings and determinations set out above, the Panel finds FBC's forecast revenue requirements for 2025 and 2026 to be reasonable for setting permanent rates. Therefore, **the Panel approves FBC to make the existing 2025 interim rate increase of 5.65 percent permanent, effective January 1, 2025. FBC is also approved a general rate increase of 3.45 percent on a permanent basis, effective January 1, 2026, as adjusted to reflect the updated BC-AWE data in accordance with Section 2.2 of the Application and the directives and determinations in the 2025 COSA Decision.**

FBC is directed to file as a compliance filing, amended tariff pages reflecting the approved 2025 and 2026 permanent rates for the BCUC's endorsement by December 15, 2025.

3.0 Other Matters

Having addressed FBC's forecast revenue requirements and rates for 2025 and 2026, the Panel now turns to other matters that arose during the review of the Application.

3.1 RS 96 Electric Vehicle Fast-Charging Service Rate

FBC's electric vehicle (EV) fast-charging stations are prescribed undertakings under Section 5 of the Greenhouse Gas Reduction (Clean Energy) Regulation and FBC is approved flow-through treatment for the cost of service associated with these charging stations. In the decision for FBC's 2022 Annual Review (2022 Decision), FBC was directed to provide an update on its fast-charging stations' costs and revenues for the previous fiscal year along with a forecast of costs and revenues for the test period in future Annual Reviews.[88]

By Decision and Order G-176-24 dated June 28, 2024 (RS 96 Decision), the BCUC approved an energy-based rate of $0.39 per kilowatt hour (kWh) for FBC's RS 96 EV Service, designed to fully recover the cost of service on a 10-year levelized basis. FBC states that it estimates an overall recovery of 93 percent of the cost of service over the 10-year levelized period, considering actual costs and revenues up to 2024 and forecast costs and revenues through 2033.[89] In the RS 96 Decision, FBC was also approved an Idling Charge of $0.40 per minute that begins five minutes after the end of a charging session. FBC confirms, however, that due to vendor system limitations, the Idling Charge has not yet been implemented.[90] Additionally, FBC was directed to file a monitoring and evaluation report on RS 96 (RS 96 Evaluation Report) by September 30, 2028, to include, among other things, an assessment of how the RS 96 rate is ensuring recovery of FBC's cost of service and whether any rate adjustments are necessary prior to the end of the 10-year levelized period.[91]

[88] Exhibit B-2, p. 30; Decision and Order G-382-22 dated December 22, 2022.
[89] Exhibit B-2, p. 32.
[90] Exhibit B-2, p. 33.
[91] Exhibit B-2, p. 32.

During the review of the Application, certain interveners raised concerns regarding the approved RS 96 rate, which are discussed below.

Positions of Parties

ICG recommends that the BCUC direct FBC to report on the Idling Charge in its next Annual Review.[92]

In reply to ICG, FBC states that there is no need for such a direction, as FBC has already been directed[93] to file a revised RS 96 tariff with the BCUC that includes the Idling Charge at least 15 days before its effective date.[94]

RCIA recommends that a "threshold level" of cost recovery to trigger a revision of the RS 96 rate should be established to ensure timely adjustment of this rate, if actual cost recovery falls below or exceeds 100 percent.[95]

In reply to RCIA, FBC states that it will file the RS 96 Evaluation Report by September 30, 2028, in which it is already required to report on the level of cost recovery per the RS 96 Decision and states that there is no evidence available in this proceeding to establish a "threshold level" of cost recovery to trigger a revision of the RS 96 rate.[96]

The CEC states that cost of load losses associated with FBC's supply of energy to its EV fast-charging stations should be incorporated into the RS 96 Evaluation Report. The CEC also recommends that the BCUC direct FBC to treat RS 96 as a separate class in FBC's next cost of service analysis study.[97]

In reply to the CEC, FBC confirms that cost of load losses are already incorporated into RS 96, as they are based on rates in RS 21. Further, FBC states that treating RS 96 as a separate class in FBC's next cost of service analysis study is not in scope of this proceeding.[98]

Panel Discussion

The Panel considers that submissions by interveners on the topic of the approved RS 96 rate are unrelated to the scope of this proceeding. The Panel also notes that the RS 96 rate is not subject to general rate changes, unless otherwise directed by the BCUC.[99]

Regarding ICG's and RCIA's submissions, we are satisfied that further direction to FBC is not warranted because the BCUC has already directed FBC to file a revised tariff that includes the Idling Charge at least 15 days before its effective date, in addition to requiring FBC to report on the level of cost recovery by September 30, 2028.[100] ICG and RCIA have not explained how their concerns impact the permanent rates requested in the Application or

[92] ICG Final Argument, p. 1. In the RS 96 Decision, the BCUC approved an Idling Charge of $0.40 per minute and directed FBC to file a revised RS 96 tariff reflecting the Idling Charge with the BCUC. FBC has not implemented the Idling Charge to date.
[93] Order G-176-24 dated June 28, 2024.
[94] FBC Reply Argument, pp. 9–10.
[95] BCOAPO-RCIA Final Argument, p. 10.
[96] FBC Reply Argument, p. 10.
[97] CEC Final Argument, pp. 10–11.
[98] FBC Reply Argument, p. 9.
[99] RS 96 Decision, p. 4.
[100] Order G-176-24 dated June 28, 2024.

explained why the BCUC's previous directives are not sufficient. The Panel considers these matters to be more appropriately addressed in the RS 96 Evaluation Report rather than in an Annual Review.

Further, given that the RS 96 Decision directed FBC to report on the level of cost recovery in the RS 96 Evaluation Report, the Panel no longer considers it necessary for FBC to continue providing updated information on its fast-charging stations' costs and revenues in each Annual Review. **Therefore, the Panel rescinds Directive 8 of Order G-374-21 that required FBC to include in future Annual Review filings an update on its EV fast-charging stations' costs and revenues.**

Regarding the CEC's submission on load losses and requiring FBC to treat RS 96 as a separate class in the next cost of service analysis study, there is no evidence in this proceeding to make a determination on this matter, and we consider this matter would be more appropriately addressed in a future COSA proceeding.

3.2 Future Annual Review Process

On July 22, 2025, the BCUC established the regulatory timetable for the review of the Application. In the decision accompanying the regulatory timetable, the BCUC acknowledged that while FBC had included a workshop in its proposed regulatory process, the Application can be adequately reviewed through one round of IRs and that a workshop would result in an unwarranted increase in the regulatory timetable timelines and increase resource requirements for all parties in the proceeding.[101]

On September 9, 2025, subsequent to the filing of IRs to FBC, the BCUC issued a letter requesting parties to address in final arguments any possible changes to the regulatory process for the next FBC Annual Review proceeding to set 2027 rates, specifically:

a) Whether the FBC and FortisBC Energy Inc. (FEI) Annual Review materials can be filed together as one application and reviewed in one proceeding, or alternatively, if the two utilities' materials are filed separately, whether the two applications can be reviewed in one common proceeding; and

b) Any other proposals for further efficiencies in the regulatory process.[102]

This section outlines the submissions made by FBC and interveners for the next Annual Review proceeding and provides the Panel's views on the matter.

Positions of Parties

FBC submits that efficiencies implemented by the BCUC in this proceeding, including grouping of certain interveners, have resulted in a shorter and more focused proceeding and considers that such efficiencies can be continued in future Annual Reviews. However, FBC does not consider that filing the FBC and FEI Annual Review materials together as one application or combining the review of the applications into a single proceeding will offer material improvement. FBC submits that this approach may lead to inefficiencies because (a) the amount of material filed would stay the same and (b) FEI and FBC have distinct revenue requirements which would need

[101] Decision and Order G-180-25 dated July 22, 2025, p. 1.
[102] Exhibit A-5.

to be explained separately, further complicated by the fact that FEI and FBC serve different customer groups at different rates. Further, FBC explains that a joint Annual Review process might not be appropriate, as certain interveners (e.g. ICG) participate in FBC's annual review proceedings but not FEI's.[103]

Aside from the CEC, interveners are generally of the view that a joint Annual Review process for FEI and FBC would offer no significant benefits and agree with FBC that this process may lead to inefficiencies due to the differing nature of the gas and electric utilities.[104]

BCSEA submits that the BCUC should implement an evaluation of the actual impacts to efficiency and effectiveness of unilaterally requiring certain interveners to file joint submissions in recent proceedings.[105]

ICG submits that FBC customers should have an opportunity to participate in Annual Review workshops in-person, preferably in Vancouver, and if a future proceeding to review a Certificate of Public Convenience and Necessity application includes a workshop or hearing, it should be held within FBC's service area.[106] ICG also submits that FBC should generally be willing to provide information requested by its customers, even if such information falls outside the scope of the Annual Review.[107]

MoveUP recommends that the BCUC not adopt a default practice of dispensing with the workshop given the substantial benefits that they add in examining the PBR record, and that paring back the scope and scale of IRs along with dispensing with workshops would leave little opportunity for exploration of FBC's applications. MoveUP submits that the BCUC "should not assume that future Annual Reviews will be as amenable to stripped-down processes" as this Annual Review.[108]

BCOAPO-RCIA note that no opportunity was provided for parties to produce or test evidence related to the pros/cons of a joint process for future Annual Reviews in this proceeding, and state that this raises a question of procedural fairness.[109] Notwithstanding, in BCOAPO-RCIA's view, the traditional approach (IRs, IR responses, a workshop and final written submissions) for the Annual Reviews already provides a very streamlined hearing process that strikes an appropriate balance between the interests of the utility and its ratepayers. Further attempts to shorten this process may be viewed by ratepayers as a way to limit open participation at a time of rising complexities and costs and pose a risk of undermining the integrity of the review as well as the public's confidence in utility regulation.[110]

In reply to ICG, MoveUP and BCOAPO-RCIA, FBC submits that it is not opposed to in-person components of the Annual Review process, such as workshops, but it also believes that a continuation of the process applied in this proceeding would be consistent with the BCUC's regulatory efficiency objectives.[111]

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[103] FBC Final Argument, pp. 26–28.
[104] BCSEA Final Argument, pp. 2–3; ICG Final Argument, p. 3; MoveUP Final Argument, p. 2; BCOAPO-RCIA Final Argument, pp. 13–14.
[105] BCSEA Final Argument, pp. 2–3.
[106] ICG Final Argument, p. 3.
[107] ICG Final Argument, pp. 3–4.
[108] MoveUP Final Argument, p. 2.
[109] BCOAPO-RCIA Final Argument, p. 12.
[110] BCOAPO-RCIA Final Argument, p. 13.
[111] FBC Reply Argument, p. 17.

Further, regarding ICG's submission on FBC filing information that is not within the scope of the Annual Review, FBC submits that it responds to general inquiries from its customers directly, and in the context of regulatory proceedings, it endeavors to provide information that focuses on issues and topics that contribute to the BCUC's review of the application in question.[112]

The CEC on the other hand, submits that there could be efficiencies in combining FBC's and FEI's applications and offers to work with FEI, FBC and the BCUC to define and implement a combined Annual Review.[113] The CEC submits that the process for this proceeding, such as limitations on the number of intervener IRs, reflects a very streamlined approach and it is concerned that any further limitations may challenge the discovery process.[114]

In reply to the CEC, FBC submits that the CEC's proposal of working with FEI and FBC to develop a combined application is not necessary, as the utilities are fully capable of and responsible for developing their own rate applications.[115]

Panel Discussion

The Panel acknowledges that parties generally do not support combining FEI's and FBC's Annual Review materials together as one application or the review of two separate applications in one proceeding for the next Annual Review. The Panel agrees with interveners' views that the two utilities operate under different circumstances and that combined filings or a combined proceeding may introduce unnecessary complexity and regulatory burden for the parties. We consider that it would be more efficient to continue to conduct separate Annual Reviews for FEI and FBC to set 2027 rates, especially given that it would be the last Annual Review under the three-year Rate Framework.

Notwithstanding, the Panel considers the process for this Annual Review has been effective and more efficient compared to previous Annual Review processes. At the outset of the proceeding, the Panel adopted a streamlined approach which involved the removal of the workshop, as well as limiting the number of IRs and scoping out items approved in the Rate Framework Decision. We are of the view that this streamlined approach allowed important issues to be explored while minimizing regulatory timelines and resources, resulting in a more focused evidentiary record and a more efficient process. This is appropriate given the limited purpose of Annual Reviews, which is to set rates and to review the previous year's performance, and the short passage of time since issuance of the Rate Framework Decision.[116] Therefore, we recommend future BCUC panels consider adopting a similar regulatory process when determining the next Annual Review process.

Finally, regarding ICG's submission that FBC should generally be willing to provide information requested by its customers, even if such information falls outside the scope of the Annual Review, the Panel does not agree with

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[112] FBC Reply Argument, pp. 17–18.
[113] CEC Final Argument, p. 24.
[114] CEC Final Argument, p. 23.
[115] FBC Reply Argument, p. 17.
[116] The Rate Framework Decision was issued on March 18, 2025, and the Application was filed on July 31, 2025.

ICG. Inquiries in a regulatory proceeding should be focused on issues and topics that contribute to the BCUC's review of the application in question and should not be treated as a fishing expedition.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of December 2025.

Electronically signed by Mark Jaccard

M. Jaccard
Panel Chair/Commissioner

Electronically signed by Tom Loski

T. A. Loski
Commissioner

FortisBC Inc.
2025 and 2026 Annual Review of Rates

LIST OF ACRONYMS AND TERMS

Acronym / Term	Description
2022 Decision	Decision and Order G-382-22 dated December 22, 2022, for FBC's 2022 Annual Review proceeding
2025 COSA Decision	Order G-265-25 with accompanying decision dated November 13, 2025, for the FBC Cost of Service Allocation and Revenue Rebalancing proceeding
2025 Interim Rates Application	FBC application seeking approval of 2025 Rates on an interim basis, effective January 1, 2025 (Exhibit B-20 in the FEI and FBC 2025 to 2027 Rate Setting Framework proceeding)
Annual Review	Process designed to set rates for FBC in each year of the Rate Framework
Application	On July 31, 2025, FBC filed its Annual Review for 2025 and 2026 Rates application seeking approval to make the existing 2025 interim rates permanent, effective January 1, 2025, and approval of a 3.45 percent permanent general rate increase, effective January 1, 2026, among other things
BC-AWE	BC Average Weekly Earnings
BC-CPI	BC Consumer Price Index
BCOAPO	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Tenant Resource and Advisory Centre, and Together Against Poverty Society
BCOAPO-RCIA	Joint intervention of BCOAPO and RCIA, as directed by the BCUC in Exhibit A-3
BCSEA	BC Sustainable Energy Association
BCUC	British Columbia Utilities Commission
CEA	Canadian Electricity Association
COSA	Cost of Service Allocation
CSI	Customer Satisfaction Index
EV	Electric vehicle
FBC	FortisBC Inc.
FEI	FortisBC Energy Inc.

Acronym / Term	Description
Formula O&M	FBC's controllable operations and maintenance expenses which are subject to the use of a formula or index-based approach
Forecast O&M	The portion of FBC's operations and maintenance expenses which are not subject to a formula or index-based approach
GCOC	Generic Cost of Capital
ICG	Industrial Customers Group
IR	Information request
kWh	Kilowatt hour
MoveUP	Movement of United Professionals
MRP	Multi-Year Rate Plan
MRP Decision	Decision and Orders G-165-20 and G-166-20 dated June 22, 2020 on the FEI and FBC Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024
MRS	Mandatory Reliability Standards
O&M	Operations and maintenance
OPEB	Other Post Employment Benefit
PBR	Performance-based rate
Rate Framework	On March 18, 2025, the BCUC approved a performance-based Rate Setting Framework covering a three-year period from January 1, 2025 to December 31, 2027 for FEI and FBC
Rate Framework Decision	Decision and Orders G-69-25 and G-70-25 dated March 18, 2025 for the FEI and FBC 2025 to 2027 Rate Setting Framework proceeding
RCIA	Residential Consumer Intervener Association
Revenue Requirement Difference	The difference between the revenue requirement used to calculate the 2025 interim rates and the updated revenue requirement in the Application
RS	Rate Schedule
RS 96 Decision	Order G-176-24 with accompanying decision dated June 28, 2024 for the FBC Electric Vehicle Direct Current Fast Charging Energy-Based Rate proceeding
RS 96 Evaluation Report	By Order G-176-24, FBC was directed to file a monitoring and evaluation report on its RS 96 service by September 30, 2028 to include, among other things, an assessment of how the RS 96 rate is ensuring recovery of FBC's cost of service and whether any rate adjustments are necessary prior to the end of the 10-year levelized period
SQI	Service quality indicator
The CEC	Commercial Energy Consumers Association of BC
UCA	*Utilities Commission Act*

FortisBC Inc.
2025 and 2026 Annual Review of Rates

EXHIBIT LIST

Exhibit No.	Description
COMMISSION DOCUMENTS	
A-1	July 22, 2025 – Panel Appointment
A-2	July 22, 2025 – BCUC Order G-180-25 establishing a regulatory timetable
A-3	August 18, 2025 – Letter regarding intervener registrations and proceeding scope
A-4	August 26, 2025 – BCUC Information Request No. 1 to FBC
A-5	September 9, 2025 – Letter requesting final arguments
A-6	October 8, 2025 – Response to BCOAPO-RCIA extension request
APPLICANT DOCUMENTS	
B-1	June 20, 2025 – **FORTISBC INC. (FBC)** – submitting proposed process and timetables for 2025 and 2026 Annual Review of Rates Application
B-2	July 31, 2025 – FBC submitting 2025 and 2026 Annual Review of Rates Application
B-3	August 6, 2025 – FBC submitting confirmation of public notice in compliance with Order G-180-25
B-4	September 25, 2025 – FBC submitting response to BCSEA Information Request No. 1
B-5	**PUBLIC** – September 25, 2025 – FBC submitting response to BCOAPO-RCIA Information Request No. 1
B-5-1	**CONFIDENTIAL** – September 25, 2025 – FBC submitting response to BCOAPO-RCIA Information Request No. 1
B-6	**PUBLIC** – September 25, 2025 – FBC submitting response to CEC Information Request No. 1
B-6-1	**CONFIDENTIAL** – September 25, 2025 – FBC submitting response to CEC Information Request No. 1

B-7 **PUBLIC** – September 25, 2025 – FBC submitting response to ICG Information Request No. 1

B-7-1 **CONFIDENTIAL** – September 25, 2025 – FBC submitting response to ICG Information Request No. 1

B-8 **PUBLIC** – September 25, 2025 – FBC submitting response to MoveUP Information Request No. 1

B-8-1 **CONFIDENTIAL** – September 25, 2025 – FBC submitting response to MoveUP Information Request No. 1

B-9 September 25, 2025 – FBC submitting response to BCUC Information Request No. 1

INTERVENER DOCUMENTS

C1-1 July 31, 2025 **– BC SUSTAINABLE ENERGY ASSOCIATION (BCSEA) –** Request to Intervene by Thomas Hackney

C1-2 September 3, 2025 – BCSEA submitting Information Request No. 1 to FBC

C2-1 August 1, 2025 **– INDUSTRIAL CONSUMERS GROUP (ICG) –** Request to Intervene by Robert Hobbs

C2-2 September 4, 2025 – ICG submitting Information Request No. 1 to FBC

C2-3 October 8, 2025 – ICG submission on Final Argument extension request

C3-1 August 7, 2025 **– MOVEMENT OF UNITED PROFESSIONALS (MOVEUP) –** Request to Intervene by Jim Quail

C3-2 September 1, 2025 – MoveUP submitting Information Request No. 1 to FBC

C4-1 August 12, 2025 **– COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BC (CEC) –** Request to Intervene by David Craig

C4-2 September 4, 2025 – CEC submitting Information Request No. 1 to FBC

C5-1 August 12, 2025 **– BC OLD AGE PENSIONERS' ORGANIZATION, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, AND TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO) AND RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) (BCOAPO-RCIA) –** Requests to Intervene by Irina Mis and Abdulrahman Abomazid

C5-2 September 4, 2025 – BCOAPO-RCIA submitting Information Request No. 1 to FBC

C5-3 October 7, 2025 – BCOAPO-RCIA submitting Final Argument extension request