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September 22, 2025

British Columbia Public Interest Advocacy Ctr.  
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Vancouver, B.C.  
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Residential Consumer Intervener Assoc.  
1130 W Pender Street  
Vancouver, B.C.  
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Attention: Leigha Worth  
Executive Director & General  
Counsel

Attention: Michael Vaney  
Executive Director

Dear Leigha Worth and Michael Vaney:

**Re: FortisBC Energy Inc. (FEI)**

**2025 and 2026 Annual Review of Delivery Rates (Application)**

**Response to the BC Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Centre, and the Residential Consumer Intervener Association (BCOAPO-RCIA) Information Request (IR) No. 1**

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On July 24, 2025, FEI filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-179-25 for the review of the Application, FEI respectfully submits the attached response to BCOAPO-RCIA IR No. 1.<sup>1</sup>

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Sarah Walsh

Attachments

cc (email only): Registrar  
Registered Interveners

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

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**1.0 Reference: Bill Comparison – Current and Proposed Rates**

**Exhibit B-2, Section 1.1.2, p. 2**

**Topic: Estimated Residential Bill Impacts and Relevance of BC Carbon Tax Elimination to Bill Impact Calculations**

**Preamble:** FEI states:

FEI is requesting a delivery rate increase for 2025 of 9.10% (partially deferred) and is requesting a further 10.07% in 2026. FEI goes on to state that when factoring in the elimination of the Carbon Tax, the result is actually a reduction to an average residential customer's bill in 2026.

1.1 Please explain the relevance of the elimination of the BC Carbon Tax to FEI's delivery rate application and the respective increases quoted in the preamble. As part of the response, please consider that the BC Carbon Tax is a government levy, which BCOAPO notes normally is not factored into the evaluation of delivery rate changes by regulatory tribunals when such levies are first implemented, subsequently adjusted or eliminated.

**Response:**

The elimination of the BC Carbon Tax was not a consideration in FEI's evaluation of or justification for its proposed delivery rate changes for 2025 and 2026. The statement on page 2 of the Application, as referenced in the preamble above, is simply highlighting that customers, assuming no change to their annual consumption, would see significant savings in their total natural gas bill (which includes carbon tax up to April 1, 2025) compared to their bills from prior years.

## 2.0 Reference: Short Term Mitigation

### Exhibit B-2, Section 1.1.1, pp. 1-2

### Topic: Demand Forecast

#### Preamble:

FEI states that the primary drivers of the revenue deficiency between its updated 2025 Revenue Requirements and its 2025 Approved Interim Rate (9.10% compared to 7.75%) are the i) reduced demand projected for 2025; and ii) the in-service date of the City of Vancouver Landfill RNG Project. FEI goes on to state that the 2025 projected demand forecast includes actual demand for 2024, whereas the interim rate application was based on actual demand up to 2023.

FEI states that due to the expected timing of a decision on this Application, it is proposing to set permanent 2025 delivery rates at the existing interim levels and to capture the revenue deficiency of approximately \$15.4M in the existing 2023-2024 Revenue Deficiency deferral account. (Section 1.1.1, pp. 1-2)

2.1 Please provide a table showing FEI's forecast and actual demand for 2020 to 2024 plus the most recent available actual demand figures for 2025.

#### Response:

The actual and forecast data from 2020 through 2024 can be found in Table 3.4 of Appendix A2 to the Application, which is reproduced below for convenience.

FEI Demand, PJ**	2015	2016	2017	2018	2019	2020	2021	2022	2023*	2024*
FEI										
Forecast	205.2	205.7	212.8	226.2	232.6	232.0	227.1	228.4	215.1	215.4
Actual	209.5	219.3	223.3	225.8	226.4	229.0	232.2	218.6	214.6	216.4
Error = (ACT-FCST)	4.3	13.6	10.5	(0.4)	(6.2)	(2.9)	5.1	(9.7)	(0.5)	1.0
Percent Error = (Error/ACT)	2.1%	6.2%	4.7%	-0.2%	-2.7%	-1.3%	2.2%	-4.5%	-0.2%	0.5%
Abs. Percent Error	2.1%	6.2%	4.7%	0.2%	2.7%	1.3%	2.2%	4.5%	0.2%	0.5%

\*2023 and beyond includes FTN for both Actual and Forecast

\*\*Excl'd NGT and Burrard

The actual demand in 2025 up to the end of July was 130.2 PJ.

2.2 Of the \$15.4 million incremental revenue deficiency now projected for 2025, please provide the approximate portion (expressed in both \$ and %) that is subject to true up (through a deferral mechanism).

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1 **Response:**

2 As shown in the response to BCUC IR1 2.1.1, the primary driver of the incremental revenue  
3 deficiency of \$15.4 million is the reduction in the 2025 demand forecast from non-bypass  
4 customers. Variances in actual versus forecast residential and commercial use rates are trued-  
5 up through the RSAM deferral account, and other demand-related forecast variances are  
6 captured in the Flow-through deferral account.

7

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**3.0 Reference: Rate Smoothing Scenarios**

**Exhibit B-2, Section 1.1.1, pp. 3 & 5**

**Permanent 2026 Delivery Rates**

**Preamble:** On page 3, FEI states:

The primary advantage of Option 2 is that no additional revenue deficiencies will be deferred, enabling 2026 delivery rates to fully reflect the cost of service in the applicable test year. Further, by delaying the amortization of the 2023- 2025 Revenue Deficiency deferral account to 2027, the delivery rate increase in 2026 is mitigated compared to Option 1, and the year-over-year delivery rate increases from 2025 to 2027 will be less volatile (i.e., 7.75 percent in 2025, 10.07 percent in 2026, and 8 to 10 percent in 2027).

3.1 Please provide the assumed changes in demand in 2027 that lead to delivery rate increases of 8% to 10% in 2027 under option 2.

**Response:**

FEI assumed no changes in the demand forecast from 2026 to 2027 in the calculation of the estimated 8 to 10 percent delivery rate increase in 2027.

All else being equal, under the hypothetical assumption that the 2027 forecast demand is 0.5 percent lower than the 2026 forecast demand, the estimated 2027 delivery rate increase would remain in the range of 8 to 10 percent under Option 2. If the 2027 demand forecast is assumed to decrease by 1.0 percent from the 2026 demand forecast, the estimated 2027 delivery rate increase would be in the range of 9 to 11 percent under Option 2.

3.2 Please provide the expected delivery rate increases in 2027 under Option 2 if overall forecasted demand declines by i) 0.5% and ii) by 1% compared to the assumed change in demand that underpins the 8% to 10% 2027 delivery rate increase.

**Response:**

Please refer to the response to BCOAPO-RCIA IR1 3.1.

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**Preamble:** On page 5, FEI states:

Under this option, FEI would likely propose to cap the 2026 delivery rate increase at 9.0 percent, which would result in a deficiency of approximately \$13.247 million that would be added to the deferral account for future recovery. FEI would then propose to commence amortizing the 2023-2025 Revenue Deficiency deferral account (which would now become the 2023-2026 Revenue Deficiency deferral account) in 2027. The advantage of this option is that it enables the 2026 delivery rate increase to remain below 10 percent and at a level that is relatively consistent with recent years, thus providing some rate smoothing. The key disadvantage to this approach is that a further deficiency will be deferred to future years. Under Option 4, the deferral account balance at the end of 2026 would be approximately \$93.659 million. Commencing amortization of the deferral account in 2027 would therefore put the greatest pressure on 2027 delivery rates of all the options. Assuming the same 5-year amortization period as was included in the other options, FEI estimates the 2027 delivery rate increase could be as high as 10 to 12 percent.

3.3 Please provide the assumed changes in demand in 2027 that lead to delivery rate increases of 10% to 12% in 2027 under option 4.

**Response:**

As explained in the response to BCOAPO-RCIA IR1 3.1, FEI assumed no changes in the demand forecast from 2026 to 2027.

All else being equal, under the hypothetical assumption that the 2027 forecast demand is 0.5 percent lower than the 2026 forecast demand, the estimated 2027 delivery rate increase would remain in the range of 10 to 12 percent under Option 4. If the 2027 demand forecast is assumed to decrease by 1.0 percent from the 2026 demand forecast, the estimated 2027 delivery rate increase would be in the range of 11 to 13 percent under Option 4.

3.4 Please provide the expected delivery rate increases in 2027 under Option 4 if overall forecasted demand declines by i) 0.5% and ii) by 1% compared to the assumed change in demand that underpins the 10% to 12% 2027 delivery rate increase.

**Response:**

Please refer to the response to BCOAPO-RCIA IR1 3.3.

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**4.0 Reference: Short Term Rate Mitigation**

**Exhibit B-2, Section 1.4, Figure 1-1, p. 9**

**Topic: Decline in O&M Expenditures in 2026**

**Preamble:**

FEI states that Net O&M expenditures in 2025 are forecast to increase \$35.5 million, and \$12.8 million in 2026. (Section 1.4, p. 9)

4.1 Please provide FEI's most recent net actual O&M figures and, if necessary, update the Utility's projections of its 2025 O&M expenditures. As part of this update, please provide a breakdown of the drivers responsible for the oscillation in FEI's proposed O&M expenditure increases in 2025 (+\$35.5M) as opposed to the much lower utility-proposed O&M increase in 2026 (+\$12.8M) as well as any deviation from its 2025 forecast. When identifying the drivers contributing to these differences as well as their relative contributions to this oscillation, please indicate whether they are the result of third party actions or decisions or utility actions or programs as well as whether they are one time or "windfall" savings or if their effects are expected to persist.

**Response:**

FEI's actual net O&M expense as of the end of July 2025 is \$192.791 million. This amount is comprised of seven months of net formula O&M totaling \$156.032 million and seven months of actual flow-through/forecast O&M totaling \$36.759 million. FEI continues to project a 2025 net O&M amount of \$335.394 million as shown in Table 6-1 of the Application, thus no update is necessary.

FEI clarifies that the net O&M increase of \$35.510 million in 2025 (from 2024 Approved) shown in Figure 1-1 and discussed in Section 1.4.4 of the Application does not include the resetting of the 2024 Base O&M and the change in capitalized overhead rates as approved in the RSF Decision. Including the impact of these two items, the total net O&M increase from 2024 Approved to 2025 Projected is approximately \$30.237 million. Please refer to Table 1 below which provides the reconciliation of the net O&M increase of \$30.237 million in 2025 as well as the net O&M increase of \$12.803 million in 2026.

1

**Table 1: Reconciliation of the Net O&M increase in 2025 and 2026**

Line	Particular	Change in 2025 (\$million)	Change in 2026 (\$million)	Difference	Reference
1	Resetting Base O&M (net)	\$ (11.285)	\$ -	\$ 11.285	Section 1.4.1 of Application
2	Change in Capitalized Overhead Rate (16% to 14.5%)	6.012	-	(6.012)	Section 1.4.1 of Application
3	<b>Total Net O&amp;M Increase due to RSF Decision</b>	<b>\$ (5.273)</b>	<b>\$ -</b>	<b>\$ 5.273</b>	<b>Line 1 + Line 2</b>
4					
5	<b>Formula O&amp;M</b>				
6	Increase due to Net Inflation Factor	\$ 1.700	\$ 2.421	\$ 0.720	Section 2.2 of Application
7	Increase due to Average Customer Forecast	9.228	7.358	(1.870)	Section 2.3 of Application
8	Increase due to 2023/2024 Average Customer True-up	0.596	0.801	0.206	Table 6-2 of Application
9	<b>Total Net O&amp;M Increase due Formula O&amp;M</b>	<b>\$ 11.524</b>	<b>\$ 10.580</b>	<b>\$ (0.944)</b>	<b>Sum of Line 6 to Line 8</b>
10					
11	<b>Forecast O&amp;M</b>				
12	Pension/OPEB	\$ 4.235	\$ (1.065)	\$ (5.300)	Table 6-3 of Application
13	Insurance	(0.705)	0.125	0.830	Table 6-3 of Application
14	Integrity O&M	(1.500)	2.300	3.800	Table 6-3 of Application
15	AMI Flow-through O&M	24.721	0.857	(23.864)	Table 6-3 of Application
16	BCUC fees	(1.474)	(0.273)	1.201	Table 6-3 of Application
17	RNG O&M	1.461	0.668	(0.793)	Table 6-3 of Application
18	Renewable Gas Development	0.532	0.500	(0.032)	Table 6-3 of Application
19	NGT O&M	0.471	(0.081)	(0.552)	Table 6-3 of Application
20	Variance LNG Production	2.553	0.350	(2.203)	Table 6-3 of Application
21	Subtotal	\$ 30.294	\$ 3.381	\$ (26.913)	Sum of Line 12 to Line 20
22	Less: RNG O&M (Transfer to RNG Account)	(1.461)	(0.668)	0.793	-Line 17
23	Less: Capitalized Overhead	(4.847)	(0.490)	3.902	Line 21 x CapOH Rate
24	<b>Total Net O&amp;M Increase due to Forecast O&amp;M</b>	<b>\$ 23.986</b>	<b>\$ 2.223</b>	<b>\$ (22.218)</b>	<b>Sum of Line 21 to Line 23</b>
25					
26	<b>Total Net O&amp;M Increase</b>	<b>\$ 30.237</b>	<b>\$ 12.803</b>	<b>\$ (17.889)</b>	<b>Line 3 + Line 9 + Line 24</b>

2

3 There is no deviation in the approach to forecasting the 2026 net O&M compared to 2025  
4 Projected. As shown in Table 1 above, the significant difference in the net O&M increase between  
5 2025 (when compared to 2024 Approved) and 2026 is predominantly due to the reclassification  
6 of the AMI-related O&M costs from formula to forecast O&M in 2025. This was explained on page  
7 46 of the Application (Section 6.1). The other major differences between 2025 and 2026 are:

- 8 • Pension/OPEB expense: FEI is projecting a reduction in the discount rate in 2025 from  
9 5.25 percent to 4.50 percent, but a small increase from 4.50 percent to 4.75 percent in  
10 2026, as discussed in Section 6.3.1 of the Application;
- 11 • Integrity O&M: FEI is projecting a decrease in the number of digs in 2025 followed by an  
12 increase in 2026, as shown in Table 6-6 of the Application; and
- 13 • Variable LNG O&M: The variance in LNG O&M is dependent on FEI's LNG sales under  
14 RS 46. For 2025, FEI is projecting an increase in RS 46 sales of 0.6 PJ, whereas in 2026,  
15 FEI is forecasting that the sales volume will stay consistent with 2025. As such, the  
16 increase in variable LNG O&M is estimated to be higher in 2025 Projected when compared  
17 to 2026 Forecast.

18 Accordingly, the difference in the net O&M increase between 2025 and 2026 is not related to any  
19 third-party actions or a result of any one-time "windfall" of O&M savings in 2026.



## 5.0 Reference: O&M EXPENSE

Exhibit B-2, Section 6.2, p. 47;

Exhibit B-2, Section 6.3.3, pp. 51 & 53

Topic: Integrity O&M

### Preamble:

On page 51 of the Application, FEI provides the total number of digs and average cost per dig. An excerpt of Table 6-6 is below:

**Table 6-6: Integrity Digs Activities and Expenditures (\$000s)**

Line No.	Reason for Digs	2024 Approved	2024 Actuals	2025 Projected	2026 Forecast
6	Total Integrity Digs	162	134	107	118
7	Total Integrity Dig Expenditures (\$ millions)	10.2	11.2	9.7	12.0
8	Average Cost per Dig (\$000s)	63	83	91	102

On page 47 of Exhibit B-2 from the 2024 Annual Review of Rates, FEI provided a similar table, and an excerpt is provided below:

**Table 6-7: Integrity Digs – Activities and Expenditures**

Line No.	Reason for Digs	Number of Digs per Year					
		2020 Actuals	2021 Actuals	2022 Actuals	2023 Approved	2023 Projected	2024 Forecast
6	Total Integrity Digs	146	142	129	145	166	162
7	Total Integrity Dig Expenditures (\$ millions)	5.9	7.2	6.2	7.0	8.0	10.2
8	Cost per dig (\$000s)	40	51	48	48	48	63

On page 53 of the Application, FEI explains the reasons why the cost per dig has increased:

Broader drivers that are impacting the average cost per dig include changes in regulations and the evolution within the industry regarding environmental management. Regulatory amendments in 2023 introduced greater complexity and rigour regarding soil relocation and subsequently impacted FEI's soil management practices. For example, soil disposal has been required at some dig sites. Additionally, regulations have been evolving with respect to methane emissions. Most recently, the BC Pipeline Regulation (B.C. Reg. 281/210) was amended to include requirements pertaining to venting and depressurizing pipelines. As a result of these changes in regulations and environmental management practices, costs have increased (for example, specialized equipment is required to avoid venting gas to the atmosphere and more complex procedures increase the required labour hours), thus impacting the average cost per dig.

New venting regulations were added to the Pipeline Regulation in 2024 as section 7.1 when BC Regulation 256/2024 was deposited.

5.1 Please identify the number or proportion of digs each year that FEI blows down or vents.

**Response:**

FEI depressurizes its pipelines for 100 percent of its integrity digs. The degree of pressure reduction at an integrity dig site varies depending on the activities and risks. For example, a 20 percent pressure reduction from the maximum operating pressure of the line is implemented when excavating. Further pressure reductions are implemented during pipe inspection and repair activities, such as when buffing cracks to determine their depth and length or when applying a repair sleeve. Cut-out repairs require complete depressurization of a pipeline segment.

FEI depressurizes its pipelines for integrity digs through the following primary methods, which can be complementary to each other and applied during the same site-specific work procedure to achieve the goal pressure:

- Reliance on pipeline pressure regulation, if available;
- Reliance on customer gas use to draw down pressure on a pipeline segment;
- Use of blow down or venting procedures with flare stack equipment; and
- Use of cross compression procedures with associated equipment.<sup>1</sup> Cross compression procedures (also referred to as gas capture and recompression) involve capturing gas from a segment being depressurized and reinjecting it into a different pipeline segment.

FEI has been using all of the above procedures in varying proportions since 2020. Please refer to the following table for the number and proportion of integrity digs associated with blow down or venting.

Year	# and Proportion of Integrity Digs Associated with Blow Down or Venting	Total # of Integrity Digs
2020	3 (2%)	146
2021	0 (0%)	142
2022	26 (20%)	128
2023	15 (10%)	153
2024	3 (2%)	134

<sup>1</sup> FEI's use of the term "specialized equipment" in the Application was in reference to equipment used in cross compression procedures. This includes stopple and bypass equipment that adds efficiency to cross compression and other depressurizing procedures by optimizing the length of pipe being depressurized as opposed to depressurizing an entire segment.

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As shown in the above table, the proportion of digs that FEI blows down or vents fluctuates each year, but averaged approximately 8 percent for the years 2020 to 2023. In 2024, the proportion was approximately 2 percent, and FEI expects this reduced level to be indicative of the future given the changes in regulations and environmental management practices (e.g., to reduce emissions), discussed in Section 6.3.3 of the Application.

5.2 For the years 2020 to 2023, please confirm or otherwise explain whether FEI vented the pipelines subject to integrity digs, or whether blow down of pipelines was accomplished using “specialized equipment” such as flare stacks, whereby the gas was incinerated and which appears to remain an acceptable approach.

**Response:**

Please refer to the response to BCOAPO-RCIA IR1 5.1.

5.3 Please identify criteria for soil disposal and the number or proportion of digs each year that FEI expects to require soil disposal.

**Response:**

Approximately 10 percent of integrity digs in 2024 required soil removal. FEI typically undertakes soil disposal when:

- there is insufficient workspace to store removed soil during integrity dig activities; and
- the removed soil is unsuitable for reuse as backfill (e.g., some native soils do not enable FEI to meet current compaction standards that protect pipelines from settlement and loading stresses).

FEI typically lacks site-specific dig information when filing expenditure forecasts. FEI therefore assumes that soil disposal in future years will be similar to 2024 levels, estimated at approximately 10 percent of digs.

Expenditures for each site will fluctuate based on site-specific factors such as the volume of soil removed, time / distance to transport the soil, any soil testing that may be required, and site disposal fees. The variability and uncontrollable nature of these costs continue to support flow-through treatment of integrity dig expenditures.

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**6.0 Reference: O&M EXPENSE**

**Exhibit B-2, section 6.3.7, Table 6-8, p. 57;**

**Clean Growth Initiative – Renewable Gas Development**

**Preamble:**

On page 57, FEI provides the following:

**Table 6-9: Renewable Gas Development O&M (\$ millions)**

Line No.	Description	2024 Approved	2024 Actual	2025 Projected	2026 Forecast
1	Renewable Gas Development	\$ 4.052	\$ 2.250	\$ 4.584	\$ 5.084

On page 57, FEI states:

The 2024 Actual O&M was \$1.230 million less than 2024 Approved.

6.1 Please reconcile the values provided in Table 6-9 for 2024 Approved (\$4.052 million) and 2024 Actual (\$2.250 million) with the statement on line 8 of page 57 that “The 2024 Actual O&M was \$1.230 million less than 2024 Approved.”

**Response:**

The \$1.230 million referenced on page 57 of the Application was an error. The sentence should have stated “The 2024 Actual O&M was \$1.802 million less than 2024 Approved.” Table 6-9 of the Application provides the correct amounts for 2024 Approved and 2024 Actual.

6.2 Please indicate the amount of CleanBC and NRCAN funding available in 2024 that offset actual expenditures, and confirm whether such funding was credited against costs allocated to ratepayers.

**Response:**

The 2024 Actual Renewable Gas Development O&M provided in Table 6-9 is net of CleanBC and NRCAN funding. FEI incurred \$7.531 million in expenditures in 2024. Of these total expenditures, \$5.215 million was offset by CleanBC funding and \$0.066 million was offset by NRCAN funding.

## 7.0 Reference: Short Term Rate Mitigation

**Exhibit B-2, Section 1.1.2, p. 2; Section 1.4.7, p. 12**

**Topic: Income Taxes and DSM Expenditures**

### Preamble:

FEI proposes to increase delivery rates in 2026 by 10.07% and asserts the increase is primarily driven by deferral account amortization (particularly the amortization of the Demand Side Management deferral account), growth in its rate base due to approved major project capital expenditures and increased income taxes. (Section 1.1.2, p. 2)

FEI states that the amortization of deferral accounts in 2026 is expected to increase by \$40.1 million driven by: i) increased DSM expenditures; and ii) the amortization of the Existing and Retired Meter Cost Recovery deferral account related to AMI. (Section 1.4.7, p. 12)

7.1 Please provide a table showing the annual amortization of DSM expenditures as forecast and reflected in rates for each year of the period 2020 through 2025 including the most current available actuals. As part of this response, please briefly describe the nature and type of the increased forecast DSM expenditures for 2026. We ask that this description include the targeted participatory classes with the proportion of the additional expenditures targeting each expressed on a percentage basis.

### Response:

Please refer to Table 1 below for the annual amortization of the DSM deferral account in actuals from 2020 to 2024 as well as 2025 Projected and 2026 Forecast.

**Table 1: Amortization of DSM Deferral Account from 2020 to 2024 Actual, 2025 Projected, and 2026 Forecast**

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Projected	2026 Forecast
DSM Amortization (\$millions)	\$ 19,797	\$ 24,976	\$ 31,910	\$ 41,608	\$ 51,759	\$ 62,031	\$ 75,822

As of the end of August 2025, total actual DSM expenditures year-to-date were approximately \$155 million. The increase in amortization from 2025 to 2026 is due to the DSM expenditures in 2025, projected at approximately \$185 million as shown in Table 2 below (the first \$60 million is recorded in the rate base DSM deferral account while the remaining balance of \$125 million is recorded in the non-rate base account in 2025, which then transfers to rate base in 2026 and commences amortization over a 10-year period).<sup>2</sup>

<sup>2</sup> Increase in amortization from 2025 to 2026 = \$13.791 million = [\$60 million x (1 – 27% Tax)] / 10 years + [\$125 million x (1 – 27% Tax) + AFUDC] / 10 years.

Please refer to Table 2 below which provides the 2025 Approved DSM expenditures under the 2024-2027 DSM Expenditures Plan (with prior years' carryover) and the 2025 Projected DSM expenditures at the time of filing this Application by program area. At the time of filing this Application, FEI was projecting the 2025 DSM expenditures to be approximately \$30 million above the 2025 Approved amount in the 2024-2027 DSM Expenditures Plan. As approved by Order G-31-24, FEI is allowed to carry over unspent and overspent DSM expenditures in a program area to the same program area in the following year.<sup>3</sup> FEI will carry over any 2025 overspent amounts to 2026 and intends to keep overall DSM expenditures within the levels accepted for 2024 to 2027 subject to the approved transfer and variance rules.

**Table 2: 2025 Plan and 2025 Projected DSM Expenditures**

Program Area	2025 DSM Plan Budget including Carryover	2025 Forecast Expenditures for Annual Review Submission	Percentage Increase/Decrease
Residential	\$41,745,582	\$66,000,000	58%
Commercial	\$13,778,355	\$16,000,000	16%
Industrial	\$8,052,360	\$11,000,000	37%
Low Income	\$9,588,525	\$25,000,000	161%
Indigenous	\$4,718,000	\$6,000,000	27%
Conservation Education & Outreach	\$16,114,000	\$11,500,000	-29%
Innovative Technologies	\$21,122,919	\$16,500,000	-22%
Enabling Activities	\$13,872,005	\$11,000,000	-21%
Portfolio Level Activities	\$4,731,042	\$5,000,000	6%
Legacy Expenditures	\$20,817,251	\$17,000,000	-18%
<b>Total</b>	<b>\$154,540,039</b>	<b>\$185,000,000</b>	<b>20%</b>

The overall projected increase for 2025 is driven primarily by unexpectedly high participation in the Residential and Low Income dual-fuel heating rebates. The Low Income program area has also experienced recent increased customer uptake of many of its other offered measures, but dual-fuel heating has been the most prominent. The projected increased expenditures in the Commercial and Industrial program areas are driven by higher customer participation in Prescriptive programs, including food service equipment, rooftop unit and thermal curtain rebates. The higher projection for the Indigenous program area is due to higher than expected uptake of the Indigenous Prescriptive Program.

FEI notes that no additional expenditures have been "targeted" for any program areas or participatory classes. FEI makes its best estimate of planned expenditures at the time of its DSM Plan filings and then supports customer uptake of BCUC-accepted DSM programming.

<sup>3</sup> Decision and Order G-31-24, p. 33.

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7.2 Please provide a table setting out the annual forecast and, where available, FEI's actual income tax expenses for each year from 2020 to 2026. Please add to this table figures reflecting FEI's most recent actuals in 2025 as well as, if appropriate, a revised projection for the year based on this update.

**Response:**

10 Please refer to Table 1 below for the approved and actual income tax expense from 2020 to 2024,  
11 including a breakdown of the variances between forecast and actual which were treated as flow-  
12 through and the variances which were included in earnings sharing.

13 Income tax is not paid on a monthly basis, thus FEI does not have information on the most recent  
14 actuals or year-to-date actuals for the 2025 income tax expense. The 2025 Projected and 2026  
15 Forecast income tax expenses are calculated based on the forecast rate base in 2025 and 2026  
16 as well as forecast depreciation, amortization, and income tax deductible through Capital Cost  
17 Allowance (CCA).

18 As explained in Section 1.4.9 of the Application, the forecast increase in income tax expense from  
19 2025 to 2026 is primarily due to higher amortization expense in 2026 (largely due to the increase  
20 in DSM expenditures as discussed in the response to BCOAPO-RCIA IR1 7.1) as well as the  
21 forecast increase in rate base in 2026. The forecast increase in rate base in 2026 is due to an  
22 increase in FEI's approved regular capital expenditures and a number of CPCN projects, including  
23 the CTS TIMC CPCN Project, ITS TIMC CPCN Project, and AMI CPCN Project, as discussed in  
24 Section 1.4.5 of the Application. FEI expects no change to the 2025 Projected and 2026 Forecast  
25 amortization expense or rate base. Accordingly, FEI is not expecting changes from its forecast of  
26 income tax expenses reflected in the proposed 2025 and 2026 revenue requirements.

**Table 1: 2020-2024 Approved and Actual, 2025 Projected, and 2026 Forecast Income Tax Expense and Variance Impact Summary**

	(\$000s)	Approved/Projected/ Forecast	Actual	Variance (\$)	Variance (%)
<b>2020</b>	Income Tax Expense	35,844	33,859	(1,985)	-5.54%
	Variance Subject to Flow-Through			(2,203)	
	Variance Subject to Sharing			218	
<b>2021</b>	Income Tax Expense	54,012	51,447	(2,565)	-4.75%
	Variance Subject to Flow-Through			(6,326)	
	Variance Subject to Sharing			3,761	
<b>2022</b>	Income Tax Expense	52,212	45,754	(6,458)	-12.37%
	Variance Subject to Flow-Through			(4,001)	
	Variance Subject to Sharing			(2,457)	
<b>2023</b>	Income Tax Expense	73,463	81,256	7,793	10.61%
	Variance Subject to Flow-Through			12,161	
	Variance Subject to Sharing			(4,368)	
<b>2024</b>	Income Tax Expense	87,400	88,421	1,021	1.17%
	Variance Subject to Flow-Through			10,004	
	Variance Subject to Sharing			(8,983)	
<b>2025</b>	Income Tax Expense	77,321			
<b>2026</b>	Income Tax Expense	112,260			

FEI notes that, as approved in the RSF Decision and reflected in Table 12-6 of the Application, any variances between projected/forecast and actual income tax expenses resulting from Clean Growth Projects (i.e., RNG and NGT), CPCN projects, and exogenous items – as well as variances due to changes in tax rates or legislation – will be captured in the Flow-through deferral account and returned to/recovered from customers in a subsequent year. All other income tax variances are subject to earnings sharing.



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1     **8.0     Reference:     Short Term Rate Mitigation**

2                     **Exhibit B-2, Section 1.4.7, p. 12; Section 12.4.2.1, pp. 167-169;**  
3                     **Section 12.4.2.2.2, p. 171**

4                     **Topic:   Deferral Accounts and Rate Smoothing Alternatives**

5             **Preamble:**

6                     FEI states that the largest contributor to the increase in the amortization expense  
7                     in 2026 of \$40.1 million is due to increased amortization of the DSM deferral  
8                     account resulting from increased DSM expenditures. (Section 1.4.7, p. 12)

9                     FEI states that Order G-275-23 approved the establishment of the 2023-2024  
10                    Revenue Deficiency deferral account to record the incremental revenue deficiency  
11                    between the 2023 interim and permanent delivery rates resulting from the GCOC  
12                    Stage 1 decision. It further asserts that its 2024 delivery rate increase was set at  
13                    8% with the remaining revenue deficiency from 2024 captured in the 2023-2024  
14                    Revenue Deficiency deferral account with direction provided to seek approval of  
15                    an amortization period in this Application. (Section 12.4.2.1, pp. 167-168)

16                   FEI states that with amortization periods of 8 to 10 years, rate smoothing benefits  
17                   begin to taper off and considerations of intergenerational inequity begin to  
18                   outweigh the limited smoothing benefits. (Section 12.4.2.1, p. 169)

19                   FEI states that different types of costs have different benefit periods. For instance,  
20                   the 10-year amortization period for DSM deferral account reflects the longer-term  
21                   benefit of these costs. Floatation costs similarly have a longer benefit period.  
22                   (Section 12.4.2.2.2, p. 171)

23             8.1     Please explain how FEI's customers do not benefit (or benefit sufficiently) from the  
24                    deferral of the GCOC-related costs (excluding the proposed 2025 revenue  
25                    deficiency) and the Floatation expenditures beyond the 5-year amortization  
26                    window proposed to justify a longer amortization period when these expenditures  
27                    yield, like DSM, periods of benefit exceeding 5 years.

28  
29     **Response:**

30     There are various factors to consider when determining the appropriate amortization period for a  
31     deferral account, including the nature of the amounts being recorded in the deferral account, the  
32     expected deferral account balance (and the resulting rate impact from amortizing the balance),  
33     the degree of rate smoothing that would be achieved through longer amortization periods, and  
34     the potential for intergenerational inequity. The selection of an amortization period is often a  
35     balance of a number of these considerations (and others).

36     In the case of the 2023-2025 Revenue Deficiency deferral account, FEI provided the delivery rate  
37     impact based on different amortization periods ranging from 3 years to 10 years in Table 12-1 of  
38     the Application. Table 12-1 demonstrates that the rate smoothing achieved through longer

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1 amortization periods starts to taper off beyond five years. Given the first deficiency originated from  
2 2023 (as a result of the GCOC Stage 1 Decision), if FEI were to extend the amortization period  
3 of the deferral account beyond 5 years, it would be 10 years or longer before the deficiency is  
4 fully recovered. As explained in the Application, FEI considers a 5-year amortization period  
5 starting on January 1, 2027 provides the best balance between rate smoothing and concerns of  
6 intergenerational inequity. Any potential additional benefits (i.e., additional rate smoothing) that  
7 would be achieved by extending the amortization period beyond five years are offset by the  
8 ongoing rate pressures that continuing to amortize the deferral account further into the future  
9 would cause for future customers.

10 In the case of the Flotation Costs deferral account, FEI presented the delivery rate impact based  
11 on different amortization periods of 3, 5, 8, and 10 years in Table 12-4 of the Application. FEI  
12 concluded that a 3-year amortization period would be too short to reflect the longer-term nature  
13 of equity issuance costs and their benefit period, while 8- or 10-year amortization periods would  
14 be unnecessarily long considering the size of the deferral account balance and the diminishing  
15 benefits of rate smoothing. As such, FEI considers a 5-year amortization period appropriately  
16 reflects the longer-term nature of equity issuance costs and mitigates the immediate delivery rate  
17 impact resulting from too short an amortization period.

18 For comparison, the rate base portion of the DSM deferral account receives additions of  
19 approximately \$60 million annually. In consideration of the nature of the DSM expenditures, the  
20 amounts being recorded in the account annually (and the resulting impact on delivery rates), and  
21 the long-term nature of the benefits derived from DSM expenditures, the deferral account  
22 appropriately has a longer amortization period of 10 years.

23  
24  
25  
26 8.2 Please provide the results of the following rate smoothing scenarios. As part of the  
27 response, please include (a) any commentary from FEI regarding the merits or  
28 challenges associated with each; (b) all impacted schedules; (c) a table  
29 summarizing and comparing the delivery rate increase (\$ and %) to the average  
30 residential customer for each scenario; (d) the incremental financing costs  
31 compared to FEI's Application; and all assumptions used in the scenario  
32 generation:

- 33 (i) Annual delivery rate increases capped at 8% for the 2025 and 2026 Test Years.  
34 As part of the response, please assume that the \$15.4 million revenue  
35 deficiency in 2025 is eliminated and provide the residual incremental revenue  
36 deficiency remaining (both delivery rate \$ and %) in 2027. In this response  
37 please provide the associated impact on delivery rates (\$ and %) in 2027 with  
38 the residual incremental revenue deficiency remaining assuming a 1-, 2- and  
39 5-year amortization period; and the incremental financing expense for the  
40 specified amortization periods;

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(ii) The Annual delivery rate increase in 2025 and 2026 assuming that: i) income tax expenditures are smoothed for rate making purposes by averaging over a rolling 5- year basis which for purposes of the scenario should assume the 5-year period 2022 – 2026 (and amortizing any residual in 2025 and/or 2026 over a 2-year period beginning in 2027); ii) the amortization of all deferrals are smoothed, for rate making purposes, by recovering fully on an equal annual basis over a 5-year period beginning in 2026; and iii) the incremental financing expense;

(iii) The Annual delivery rate increase in 2025 and 2026 assuming that: i) income tax expenditures are smoothed for rate making purposes by recovering forecast 2025 and 2026 income taxes equally over a three-year period beginning in 2026; ii) the amortization of all deferrals are smoothed, for rate making purposes, by recovering fully on an equal annual basis over a 8-year period beginning in 2026; and iii) the incremental financing expense.

#### **Response:**

#### ***BCOAPO-RCIA Scenario (i):***

Please refer to Table 1 below which compares the 2025 and 2026 cost of service, delivery rate increase, and the estimated annual bill impact (inclusive of delivery rate riders, storage and transportation charges, and cost of gas) for the average residential customer with consumption of 90 GJ per year. Please also refer to Table 2 below for the continuity schedules, the annual amortization (1, 2 and 5 years) and the financing costs of the 2023-2024 Revenue Deficiency deferral account (proposed to be renamed the 2023-2025 Revenue Deficiency deferral account), which are included as part of the cost of service calculations in Table 1.

As explained on page 2 of the Application, due to the expected timing of a decision on this Application, FEI can only realistically collect the incremental 2025 revenue deficiency between the 2025 interim approved delivery rate increase of 7.75 percent and the 8.00 percent 2025 delivery rate increase under BCOAPO-RCIA Scenario (i) through a one-time bill adjustment in January 2026, which is at a time when customers will already be experiencing both delivery and gas cost rate increases. FEI does not believe such a scenario would be reasonable and acceptable to customers. As such, FEI provides the analysis of BCOAPO-RCIA Scenario (i) below assuming the 2025 delivery rate increase is maintained at 7.75 percent while capping the 2026 delivery rate increase at 8.00 percent.

As shown on Line 5 of Table 1 below, the majority of FEI's cost of service would not change between FEI's proposed scenario and BCOAPO-RCIA Scenario (i). As such, FEI has provided a continuity schedule to show the changes to the revenue deficiency deferral account, but has not reproduced other financial schedules.

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1 **Table 1: Comparison of the 2025 and 2026 Cost of Service, Delivery Rate Increase and Average**  
2 **RS 1 Bill Impact Between FEI's Proposed Scenario and BCOAPO Scenario (i)**

Line	Particular	As-Filed (Proposed)		BCOAPO-RCIA Scenario (i)	
		2025 Projected	2026 Forecast	2025 Projected	2026 Forecast
1					
2	Deferral Amortization	\$ 138,746	\$ 170,833	\$ 138,746	\$ 170,833
3	Income Tax	77,321	112,260	77,321	112,266
4	Deferred Revenue Deficiency	(15,352)	-	(15,352)	(25,600)
5	All Other Items (Unchanged between Scenarios)	1,052,352	1,103,915	1,052,352	1,103,935
6	<b>Total Cost of Service (\$000s)</b>	<b>\$ 1,253,067</b>	<b>\$ 1,387,008</b>	<b>\$ 1,253,067</b>	<b>\$ 1,361,434</b>
7					
8	Delivery Margin at Existing Rate (\$000s)	(1,165,019)	(1,262,587)	(1,165,019)	(1,262,587)
9	Total Revenue Deficiency (\$000s)	\$ 88,048	\$ 124,421	\$ 88,048	\$ 98,847
10					
11	Non-Bypass Delivery Margin at Existing Rates (\$000s)	\$ 1,136,106	\$ 1,235,266	\$ 1,136,106	\$ 1,235,266
12	<b>Delivery Rate Increases Required (%)</b>	<b>7.75%</b>	<b>10.07%</b>	<b>7.75%</b>	<b>8.00%</b>
13					
3	14 <b>RS 1 Avg Bill Impact, incl. rate riders (\$) - See Note 1</b>	<b>\$ 85.44</b>	<b>\$ 88.89</b>	<b>\$ 85.44</b>	<b>\$ 71.79</b>

4 **Note to Table:**

- 5 1. The 2025 average bill impact for RS 1 customers includes an increase in the RSAM rate rider from a  
6 credit of \$0.106 per GJ in 2024 to a debit of \$0.149 per GJ in 2025 (i.e., an overall increase of \$0.255  
7 per GJ). In contrast, the 2026 average bill impact for RS 1 customers includes an increase in the RSAM  
8 rate rider from a debit of \$0.149 per GJ to a debit of \$0.212 per GJ in 2026 (i.e., an overall increase of  
9 \$0.063 per GJ).

**Table 2: Continuity Schedules for the 2023-2025 Revenue Deficiency Deferral Account Under FEI's Proposed Scenario and BCOAPO Scenario (i)**

2025						
	Opening Balance	Gross Additions	Less Taxes	WACC Return @ 6.20% (Carrying Cost)	Amortization Expense	Closing Balance
(\$000s)						
<b>As-Filed (Proposed)</b>						
2023-2024 Revenue Deficiency Deferral Account	63,303	-	-	3,924	-	67,227
2025 Revenue Deficiency	-	15,352	(4,145)	347	-	11,554
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 63,303</b>	<b>\$ 15,352</b>	<b>\$ (4,145)</b>	<b>\$ 4,271</b>	<b>\$ -</b>	<b>\$ 78,781</b>
<b>BCOAPO-RCIA Scenario (i) - Same for 1, 2, and 5-year Amortization</b>						
2023-2024 Revenue Deficiency Deferral Account	63,303	15,352	(4,145)	4,271	-	78,781
2025 Revenue Deficiency	-	-	-	-	-	-
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 63,303</b>	<b>\$ 15,352</b>	<b>\$ (4,145)</b>	<b>\$ 4,271</b>	<b>\$ -</b>	<b>\$ 78,781</b>
2026						
	Opening Balance	Gross Additions	Less Taxes	WACC Return @ 6.23% (Carrying Cost)	Amortization Expense	Closing Balance
(\$000s)						
<b>As-Filed (Proposed)</b>						
2023-2024 Revenue Deficiency Deferral Account	67,227	-	-	4,186	-	71,413
2025 Revenue Deficiency	11,554	-	-	719	-	12,274
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 78,781</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,905</b>	<b>\$ -</b>	<b>\$ 83,687</b>
<b>BCOAPO-RCIA Scenario (i) - Same for 1, 2, and 5-year Amortization</b>						
2023-2024 Revenue Deficiency Deferral Account	78,781	25,600	(6,912)	5,487	-	102,956
2025 Revenue Deficiency	-	-	-	-	-	-
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 78,781</b>	<b>\$ 25,600</b>	<b>\$ (6,912)</b>	<b>\$ 5,487</b>	<b>\$ -</b>	<b>\$ 102,956</b>
2027						
	Opening Balance	Gross Additions	Less Taxes	WACC Return @ 6.23% (Carrying Cost)	Amortization Expense	Closing Balance
(\$000s)						
<b>As-Filed (Proposed)</b>						
2023-2024 Revenue Deficiency Deferral Account	71,413	-	-	4,002	(14,283)	61,132
2025 Revenue Deficiency	12,274	-	-	688	(2,455)	10,507
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 83,687</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,690</b>	<b>\$ (16,737)</b>	<b>\$ 71,639</b>
<b>BCOAPO-RCIA Scenario (i) - 5-Year Amortization</b>						
2023-2024 Revenue Deficiency Deferral Account	102,956	-	-	5,769	(20,591)	88,134
2025 Revenue Deficiency	-	-	-	-	-	-
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 102,956</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,769</b>	<b>\$ (20,591)</b>	<b>\$ 88,134</b>
<b>BCOAPO-RCIA Scenario (i) - 2-Year Amortization</b>						
2023-2024 Revenue Deficiency Deferral Account	102,956	-	-	4,808	(51,478)	56,286
2025 Revenue Deficiency	-	-	-	-	-	-
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 102,956</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,808</b>	<b>\$ (51,478)</b>	<b>\$ 56,286</b>
<b>BCOAPO-RCIA Scenario (i) - 1-Year Amortization</b>						
2023-2024 Revenue Deficiency Deferral Account	102,956	-	-	3,108	(106,064)	-
2025 Revenue Deficiency	-	-	-	-	-	-
<b>Total 2023-2025 Revenue Deficiency Deferral Account</b>	<b>\$ 102,956</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,108</b>	<b>\$ (106,064)</b>	<b>\$ -</b>
<b>Total Carrying Cost (WACC Return) from 2025 to 2027 (\$000s)</b>						
As-Filed (Proposed)	\$	13,866				
BCOAPO-RCIA Scenario (i) - 5-Year Amortization	\$	15,528				
BCOAPO-RCIA Scenario (i) - 2-Year Amortization	\$	14,566				
BCOAPO-RCIA Scenario (i) - 1-Year Amortization	\$	12,867				

The following discusses the advantages and disadvantages of FEI's proposed scenario relative to BCOAPO-RCIA Scenario (i).

- Advantages:

- FEI's proposed scenario, which includes a five-year amortization period for the 2023-2025 Revenue Deficiency deferral account commencing on January 1, 2027, will result in the lowest amortization in 2027. As discussed in Section 1.1.2 of the Application (i.e., Option 2 on page 3), the 2027 delivery rate increase under FEI's proposed scenario is estimated to be in the range of 8 to 10 percent. This makes the year-over-year delivery rate increase from 2025 to 2027 under FEI's proposed

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scenario less volatile (i.e., 7.75 percent in 2025, 10.07 percent in 2026, and 8 to 10 percent in 2027) than BCOAPO-RCIA Scenario (i).

- The delivery rate increase in 2027 under FEI's proposed scenario will be significantly lower than BCOAPO-RCIA Scenario (i). BCOAPO-RCIA Scenario (i) would require an additional deficiency deferral of approximately \$25.6 million in 2026, which would increase the ending balance of the revenue deficiency deferral account to \$102.956 million. Based on the amortization schedule shown in Table 2 above, the delivery rate increases for 2027 under BCOAPO-RCIA Scenario (i) are estimated to be:

- 11 percent to 13 percent if the amortization period is five years;
- 14 percent to 16 percent if the amortization period is two years; and
- 19 percent to 21 percent if the amortization period is one year.

The resulting delivery rate increases would therefore be much higher than FEI's proposed scenario of 8 to 10 percent and there is a high probability that FEI would have to defer further deficiencies in 2027 and beyond under BCOAPO-RCIA Scenario (i), essentially causing more rate pressures in future years.

- Compared to BCOAPO-RCIA Scenario (i) with a five- or two-year amortization period for the revenue deficiency deferral account, FEI's proposed scenario will have slightly lower carrying costs from 2025 to 2027. However, FEI's proposed scenario will have slightly higher carrying costs from 2025 to 2027 when compared to BCOAPO-RCIA Scenario (i) with a one-year amortization period.

- Disadvantages:

- FEI's proposed scenario will result in a higher delivery rate increase and bill impact for customers in 2026 compared to BCOAPO-RCIA Scenario (i) but will result in a much lower delivery rate increase in 2027 as explained above.
- Under FEI's proposed scenario, the 2023-2025 Revenue Deficiency deferral account will be amortized over a five-year period starting on January 1, 2027, and the deferred deficiency will not be fully amortized until 2031. In contrast, BCOAPO-RCIA Scenario (i) includes sub-scenarios where the deferral account would be fully amortized in one or two years. However, amortizing the deferral account over one or two years will have a significant impact on customer rates in 2027.

Based on the evaluation above, FEI considers its proposed scenario to provide a more reasonable balance in relation to the rate impacts (in 2026 and 2027), rate volatility, and the time until the revenue deficiency would be fully amortized.

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**BCOAPO-RCIA Scenarios (ii) and (iii):**

FEI respectfully declines to provide the requested analysis and estimated delivery rate increases in 2025, 2026, and 2027 for the following reasons:

- Both BCOAPO-RCIA Scenarios (ii) and (iii) request an incorrect forecast of income tax expenses, which is inappropriate and unreasonable. As part of the approved RSF, a portion of variances in income tax expenses are subject to earnings sharing. Therefore, purposefully forecasting income tax expenses as requested would result in FEI under-recovering its prudently incurred costs, which is contrary to the regulatory compact.
- BCOAPO-RCIA's request to change the amortization periods of all of FEI's previously approved deferral accounts to five years and eight years is unreasonable, impractical, and inconsistent with previous deferral account amortization approvals. Such a change would require BCOAPO-RCIA to seek reconsiderations and variances of all previous decisions where the individual deferral account amortizations were approved (and to justify the reason for these requested variances).
  - FEI currently has over 50 different deferral accounts (rate base and non-rate base) and each deferral account was approved individually with amortization periods specifically reviewed and approved in their respective applications based on the specific nature of each deferral account. It would not be reasonable to ignore the individual purpose of each deferral account and seek a change to all of FEI's deferral accounts such that the amortization period was five or eight years.
  - It is impractical and unnecessary for FEI to recalculate the amortization of 50+ different deferral accounts based on either a five-year or eight-year amortization period for rate smoothing purposes given that FEI has an approved revenue deficiency deferral account already in place (i.e., the 2023-2024 Revenue Deficiency deferral account) to serve the purpose of rate smoothing.
  - Changing the amortization of 50+ deferral accounts would create unnecessary work and complexity, as FEI would still need to maintain schedules for each deferral account and separately track the difference in the annual changes of each account in order to reconcile the changes for accounting purposes.

Given the above discussion, FEI does not support any of the BCOAPO-RCIA scenarios proposed in this IR.