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September 22, 2025

Commercial Energy Consumers Association of British Columbia
c/o Owen Bird Law Corporation
Vancouver Centre II
2900 – 733 Seymour Street
Vancouver, BC
V6B 0S6

Attention: Patrick J. Weafer

Dear Patrick J. Weafer:

Re: FortisBC Energy Inc. (FEI)

2025 and 2026 Annual Review of Delivery Rates (Application)

Response to the Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 1

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

FEI has filed a portion of the response to CEC IR1 9.1 on a confidential basis as identified in that response and has provided a redacted version for the public record of this proceeding.

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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[1] 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.

2025 Delivery Rates

1. References: Exhibit B-2, Section 1.1, Page 1 and Exhibit B-2, Section 1.1.1, Page 1

> FortisBC Energy Inc. (FEI or the Company) files this Application in compliance with British Columbia Utilities Commission (BCUC) Decision and Order G-69-25, which approved a Rate Setting Framework (RSF or Rate Framework) for FEI for the years 2025 to 2027 (RSF Decision). In accordance with the RSF Decision, an Annual Review process is required to set rates for each year of the RSF.
>
> The primary driver of the increased deficiency and delivery rate increase compared to the 2025 Approved Interim (i.e., 9.10 percent compared to 7.75 percent) is the reduced demand projected for 2025 in this Application compared to what was forecast in the interim rate application filed in November 2024. The 2025 Projected demand forecast in this Application includes actual demand for 2024, whereas the interim rate application only included actual demand up to 2023. The other

1.1 Please list all of the drivers (including formula changes flowing from the RSF Decision, itemized) and quantify their contribution to the difference in delivery rate increases between the 2025 Approved Interim (7.75 percent) and the 9.10 percent calculated in the Application.

Response:

Please refer to the response to BCUC IR1 2.1.1. For clarity, the 9.10 percent increase[1] as noted on page 1 of the Application and referenced in the preamble above is the 2025 delivery rate increase before the deferral of the revenue deficiency of $15.352 million, which is shown on Line 13 of Table 1 in the response to BCUC IR1 2.1.1.

[1] $103.400 million on Line 12 divided by $1,136.106 million on Line 16 of Table 1 in the response to BCUC IR1 2.1.1.

Formula Drivers

2. References: Exhibit B-2, Section 5.2.2, Page 39; Exhibit B-2, Appendix A-2, Page 2, Table A2-1; and Exhibit B-2, Section 2.3, Page 17, Table 2-3

5.2.2 Application Charge

Application Charges are calculated based on the application fees specified in FEI's rate schedules applied to new customer connections or current customer reconnections. The 2025 Projected amount is $0.228 million less than 2024 Approved but $0.073 million higher than 2024 Actual. The 2026 Forecast is slightly less than 2025 Projected (i.e., a decrease of $0.036 million).

Table A2-1: FEI Customer Counts, Customer Additions, Use per Customer, and Energy[1]

FEI Customer Counts

Rate	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-P	2026-F
RS 1	886,169	897,528	910,885	930,142	940,751	953,746	963,987	974,334	985,844	996,178	1,006,183	1,016,189
RS 2	85,076	86,074	86,973	88,244	88,686	89,363	89,683	89,976	90,185	92,708	93,380	94,051
RS 3	5,301	5,189	5,441	6,028	6,973	6,805	7,013	7,224	8,849	7,941	8,310	8,677
RS 23	1,724	1,803	1,712	1,648	871	746	697	620	453	376	394	412
Industrial	976	955	976	989	1,020	1,023	1,026	1,050	1,067	1,069	1,065	1,065
NGT	31	42	56	41	53	69	74	98	101	101	101	101
Total	979,277	991,591	1,006,043	1,027,092	1,038,354	1,051,752	1,062,480	1,073,302	1,086,499	1,098,373	1,109,432	1,120,495

Table 2-3: Forecast Gross Customer Additions (GCA)

Line	Gross Customer Additions		Reference
1	2023 Approved	16,000	
2	2023 Actual	15,610	
3	2023 True-up	(390)	Section 7, Table 7-3, line 14
4			
5	2024 Approved	15,000	
6	2024 Actual	12,363	
7	2024 True-up	(2,637)	Section 7, Table 7-3, line 14
8			
9	2025 Projected	10,000	Schedule 4, line 5
10	2026 Forecast	8,000	Schedule 4, line 5

2.1 Please provide the number of current customer reconnections for each rate schedule (except NGT) presented in Table A2-1 of Appendix A-2 to the Application for each year over the period captured in Table A2-1 and provide a commentary on any observed trend(s) in current customer reconnections for each rate class.

Response:

FEI does not maintain records of move-ins and move-outs categorized by rate class. Given that FEI has averaged approximately 109 thousand move-ins and 83 thousand move-outs annually from 2015 to 2024, reclassifying individual net customer reconnections (including move-ins and move-outs) by rate class over the past 10 years would require significant effort and time. Further, as explained in the response to CEC IR1 2.3, net customer reconnections do not impact FEI's forecast of gross customer additions (GCA) or its formula Growth capital, and the information broken down by rate class is not relevant to FEI's formula O&M (which is based on the total average customer count, not customer reconnections, regardless of the rate class). As such, FEI respectfully declines to provide the net customer reconnections from 2015 to 2024 Actual for each rate class.

To be responsive, FEI provides Table 1 below showing the overall total number of actual net customer reconnections (move-ins minus move-outs) each year from 2015 to 2024 as well as actuals up to July 2025. As shown in Table 1 below, except for 2019 and 2021, FEI consistently

had at least 20 thousand net customer reconnections since 2015 and there appears to be no observable trend in the data.

Table 1: Net Customer Reconnections for All Rate Classes

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD July	Average (2015-2024)
Move-ins	121,400	127,679	116,717	113,202	100,425	103,295	112,688	99,710	95,604	96,696	50,797	108,742
Move-outs	(89,901)	(97,943)	(88,383)	(84,568)	(80,451)	(75,235)	(96,129)	(76,208)	(69,459)	(67,757)	(37,391)	(82,603)
Net Reconnections	31,499	29,736	28,334	28,634	19,974	28,060	16,559	23,502	26,145	28,939	13,406	26,138

2.2 Please provide the Gross Customer Additions ("GCA") forecasts (in the Same format as Table 2-3 of the Application) for the years 2020, 2021, and 2022.

Response:

Please refer to Table 1 below for the approved and actual GCA in 2020, 2021, and 2022 in the same format as Table 2-3 of the Application.

Table 1: GCA Approved and Actual for the Years 2020 – 2022

Line	Gross Customer Additions		Reference
1	2020 Approved	18,000	G-319-20 2020 FEI Annual Review Decision
2	2020 Actual	18,980	2022 Annual Review Section 2, Table 2-3, Line 2
3	2020 True-up	980	Line 2 - Line 1
4			
5	2021 Approved	16,000	G-319-20 2021 FEI Annual Review Decision
6	2021 Actual	20,294	2023 Annual Review Section 2, Table 2-3, Line 2
7	2021 True-up	4,294	Line 6 - Line 5
8			
9	2022 Approved	20,000	G-366-21 2022 FEI Annual Review Decision
10	2022 Actual	16,477	2024 Annual Review Section 2, Table 2-3, Line 2
11	2022 True-up	(3,523)	Line 10 - Line 9

2.3 Please advise how current customer reconnections are treated for purposes of the calculations presented in Table 2-3 of the Application, and whether (and how) they inform GCA's.

Response:

The GCA shown in Table 2-3 represent only new customers attaching to the gas distribution system (including new construction and conversions from other fuel types to natural gas). Customer reconnections (i.e., move-ins and move-outs) are not included in the forecast of GCA and have no impact on the calculation of formula Growth capital.

Demand and Demand Forecast

3. Reference: Exhibit B-2, Section 1.1.2, Page 2

> Deficiency deferral account in 2027. For an average residential customer,[1] the increase in 2026 is equivalent to an annual bill impact of approximately $83.22 or 7.04 percent. After consideration of the delivery rate riders, the annual bill impact, which includes the cost of gas and storage & transport (S&T) charges, is an increase of approximately $88.89 or 7.52 percent. FEI notes that the annual bill impact does not include the impact of the elimination of the Carbon Tax, which took effect on April 1, 2025. When factoring in the elimination of the Carbon Tax, the annual bill impact to an average residential customer is a savings of $259.08 or 16.93 percent.[2]

3.1 Please advise what is the impact, if any, of the elimination of the Carbon Tax on the demand forecast for years 2025 and 2026.

Response:

The carbon tax is not an input into any of the forecast methods, so the elimination of the carbon tax did not impact the demand forecasts for 2025 and 2026.

4. Reference: Exhibit B-2, Appendix A2, Page 2, Table A2-1

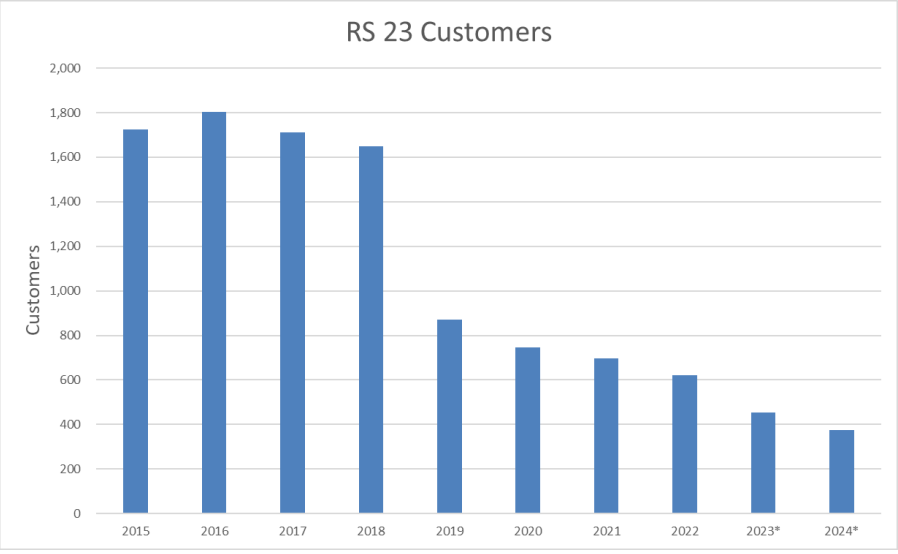
4.1 The CEC calculates that RS 23 Customer Count declined by 78.2%[2] between 2015 and 2024 (or on average by approx. 7.8% per year). Please explain to what FEI attributes the decline and discuss the factors impacting RS 23 customer count/attrition.

Response:

The decline in the RS 23 customer count is primarily due to customers returning to FEI's bundled service (RS 3).

Prior to 2019, and as shown in Figure 1 below, customer movement between FEI's bundled service and the transportation service was relatively minor, as large volume commercial customers generally selected (and stayed on) the transportation service model for greater flexibility either through marketers or by purchasing their gas supply needs from the Huntingdon/Sumas market. However, after the 2018 rupture on Enbridge's T-South pipeline (T-South Incident), a large number of RS 23 customers chose to move back to the bundled service (i.e., RS 3 or RS 5) and this trend has generally continued. The T-South Incident caused significant volatility at the Huntingdon/Sumas market, and the average Sumas daily price for the entire 2018/2019 winter was approximately $15 per GJ. The volatility at the Huntingdon/Sumas market continued after the T-South Incident, which has led to more RS 23 customers returning to the bundled service.

Figure 1: Number of RS 23 Customers from 2015 to 2024



[2] CEC calculation based on Appendix A2, Table A2-1.

4.2 The CEC calculates that RS 23 Normalized UPC increased by 20.5%[3] between 2015 and 2024 (or on average by approx. 2.1% per year). Please explain to what FEI attributes the observed increase in RS 23 Normalized UPC and discuss the factors influencing it.

Response:

FEI is unable to isolate specific causes of changes in UPC in a given year as changes in UPC are the result of many factors that may be both compounding and offsetting, including the movement of customers from the transport model to the bundled service.

FEI currently has 376 RS 23 customers from 61 distinct industry sectors, and these customers represent only 1.3 percent of FEI's total demand. These industry sectors and the customers within them have heterogeneous requirements because they are all affected differently by various factors which contribute to variations in energy usage. In addition, one-time or infrequent events (e.g., tariffs or recessions) may impact customers and sectors in different ways.

FEI expects that its load will continue to be influenced by many factors, including customer behavior, economic activity, DSM, government policies (such as environmental policy), new technology, etc. The currently approved forecasting method for the term of the RSF fully accounts for all these intrinsic factors by incorporating 10 years of actuals.

4.3 The CEC calculates that RS 5 'average' UPC is forecast to decline by 15.8%[4] from 2015 to 2026-F (or on average by approx. 1.3% per year). Please explain to what FEI attributes the observed and forecasted RS 5 decline in 'average' UPC.

Response:

FEI believes that CEC's calculation of the 15.8 percent decrease in average UPC is incorrectly based on the customer counts and demand for the entire industrial customer class shown in Table A2-1 of Appendix A2, as Table A2-1 of Appendix A2 does not include demand or customer count information for RS 5.

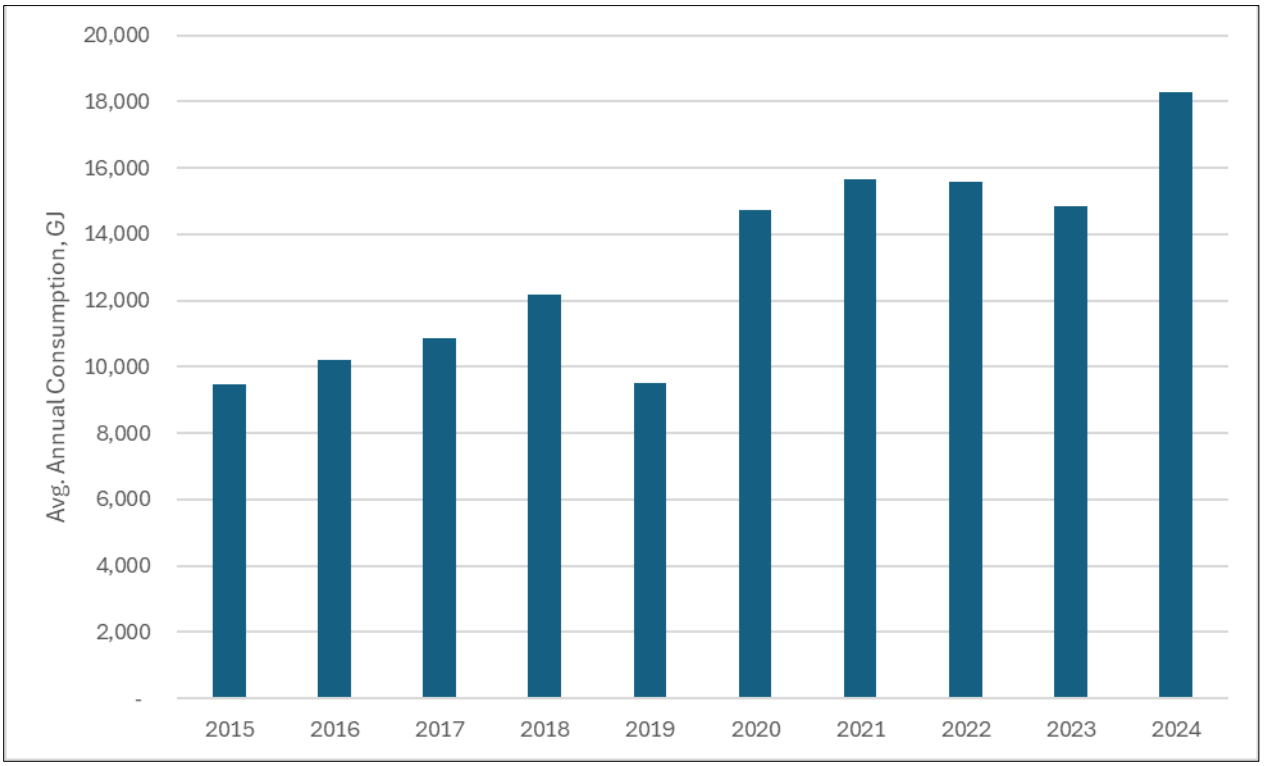
Section 3.4 of Appendix A2 shows RS 5 demand, which indicates a 478 percent[5] increase in demand since 2015. Further, as indicated in the figure below, the average annual consumption by RS 5 customers has generally been increasing since 2015.

[3] CEC calculation based on Appendix A2, Table A2-1.

[4] CEC calculation based on Appendix A2, Table A2-1 – derived by dividing Energy (in PJ) by Customer Count (#).

[5] (13.3 PJ – 2.3 PJ) / 2.3 PJ * 100 = 478 percent.

Figure 1: RS 5 Average Annual Consumption



With respect to the UPC for the entire industrial customer class, with over 1 thousand industrial customers representing more than 80 different industry segments, and with annual demand that ranges from 400 GJ to over 3,000,000 GJ, FEI cannot definitively explain any demand variances in any given year or a range of years. Changes in this wide range of customers are likely a result of many factors that may be both compounding and offsetting, including the movement of customers from the transport model to the bundled service. Use rates may go down due to increased efficiency and/or process improvements, but this may be offset by increases in production or by other economic factors as well as increases in the number of end uses or type of end uses. There could also be a change in how gas is used and/or the fluctuating demand for the products these customers produce.

The wide range of annual demand (from 400 GJ to 3,000,000 GJ) from FEI's industrial customers is one of the main reasons why FEI uses an industrial survey to forecast industrial demand instead of using historical use rates. FEI believes that each industrial customer is best able to predict their own demand based on the factors that impact their own operation. The industrial survey remains the best tool to forecast this demand and the use of the survey for the purposes of forecasting industrial demand was approved in the RSF Decision to be used during the term of the RSF.

5. Reference: Exhibit B-2, Appendix A2, Page 7-8, Table 3.2

5.1 Please provide a commentary on the historical performance of forecasted net customer additions for commercial rate classes (RS 2, RS 3 and RS 23).

Response:

The recent variances in the forecast of commercial (RS 2, 3, and 23) net customer additions were in part caused by the significant drop in actual net commercial customer additions from 2019 to 2022 due to the global COVID-19 pandemic, as highlighted in Figure 3-5 of the Application. The variances were further impacted by rate switching between RS 3 and 23 customers as discussed in the response to CEC IR1 4.1, as well as rate switching between RS 2 and 3 customers (based on annual consumption of 2,000 GJ). The variances in net commercial customer additions have had a negligible impact on FEI's overall forecast of commercial customer counts.

5.2 Please explain the effects of the observed forecasting error of net customer additions for commercial rate classes (combined) and the resulting directional net impact on Formula O&M and/or Formula Growth Capital requirements, and please quantify the historical annual $ impact(s) on Formula O&M and/or Formula Growth Capital requirements.

Response:

Please refer to Table 1 below which shows that the historical variance in the net customer additions for the commercial rate classes (RS 2, 3, and 23 combined) from 2020 to 2024 would have no material impact on FEI's formula O&M. FEI's formula O&M would have only changed by a range of -0.05 percent to 0.1 percent. Further, as approved in the RSF Decision (and consistent with the 2020-2024 MRP), FEI's formula O&M includes a true-up mechanism for the actual average customer counts, thus any variance between the forecast and actual customer counts are trued-up in the calculation of the formula O&M once the actuals are known.

Table 1: Variance in Forecast O&M from 2020 to 2024 due to Variances in Net Customer Additions from Commercial Rate Classes

Line	Particular	2020	2021	2022	2023	2024	Reference
1	Variance in Commercial Customer Additions	(771)	(676)	(502)	721	1,112	Appendix A2, Section 3.2, Sum of RS 2, 3, 23 Error
2	Approved UCOM ($/customer)	$ 252	$ 260	$ 269	$ 280	$ 291	FEI Annual Reviews (2020 to 2024)
3	Variance in Formula O&M ($000s)	$ (194)	$ (176)	$ (135)	$ 202	$ 324	Line 1 x Line 2 / 1,000
4							
5	FEI Approved Gross Formula O&M ($000s)	$ 261,798	$ 272,463	$ 285,219	$ 299,302	$ 312,561	FEI Annual Reviews (2020 to 2024)
6	**Varaince to Approved Formula O&M (%)**	**-0.07%**	**-0.06%**	**-0.05%**	**0.07%**	**0.10%**	Line 3 / Line 5

FEI also notes that the approved formula for Growth capital is calculated based on the forecast of GCA which, as discussed in the response to CEC IR1 2.3, comprises only new customers

attaching to the gas distribution system. As such, net customer additions (or variances in the forecast of net customer additions) have no impact on FEI's formula Growth capital.

O&M Expense

6. References: Exhibit B-2, Section 6.1, Page 46

> For the O&M expenses tracked outside of the formula (i.e., forecast O&M), the 2025 Projected amount is $87.940 million, representing a 52.6 percent increase from the amount approved for 2024. This increase is primarily the result of the reclassification of the Advanced Metering Infrastructure (AMI) related O&M costs from formula O&M to forecast O&M, as approved in the RSF Decision.[47] The 2026 Forecast O&M is $91.321 million, representing a 3.8 percent increase from the amount projected for 2025.
>
> The 2025 Formula O&M is $312.846 million, representing an increase of 0.1 percent from the 2024 Approved Formula O&M of $312.561 million. The drivers of the increase are the 2025 net inflation factor, the increase in the average customer count forecast from 2024 to 2025, and the elimination of the discount on the growth factor applied to formula O&M, all of which are mostly offset by the reduction in the Base O&M, which was reset to $299.127 million as part of the approved RSF. The 2026 Formula O&M is $325.220 million, representing a 4.0 percent increase from the 2025 Formula O&M, driven by the 2026 net inflation factor and the increase in the average customer count forecast from 2025 to 2026.

6.1 Please provide the resulting percentage increase in Formula O&M for 2025 vis-a-vis the 2024 Approved Formula O&M after adjusting the 2024 Approved Formula O&M to reflect the 'conceptual' removal of the 2024 AMI related O&M costs from the 2024 Approved Formula O&M.

Response:

The 2024 Base O&M for the RSF term, as well as the removal of O&M costs related to the AMI Project and their reclassification to Forecast (flow-through) O&M, was approved in the RSF Decision.[6] There will be no changes to the 2024 Base O&M or the treatment of AMI-related O&M costs during the 2025-2027 RSF term.

As such, FEI respectfully declines to recalculate the 2025 and 2026 Formula O&M to include the AMI-related O&M costs.

The reclassed AMI-related O&M costs and the 2025 Projected and 2026 Forecast AMI-related O&M costs are provided in Table 6-7 of the Application, as these costs are approved to be treated as Flow-through for the term of the RSF.

6.2 Please provide the percentage increase in Formula O&M for 2026 vis-à-vis the 2025 Formula O&M adjusted as per above (i.e. to reflect the 'conceptual' removal of the 2024 AMI related O&M costs from the 2024 Approved Formula O&M).

[6] RSF Decision and Order G-69-25, p. 29.

Response:

Please refer to the response to CEC IR1 6.1.

Formula Growth Capex

7. Reference: Exhibit B-2, Section 7.3, Page 64, Table 7-2

Table 7-2: Regular Capital Expenditures ($ millions)

Line No.	Description	2024 Approved	2024 Actual	2025 Projected	2026 Forecast	Reference
1	Formula Growth Capex	$ 54.686	$ 114.355	$ 99.264	$ 71.580	Section 11, Schedule 4, Line 10
2	Forecast Sustainment & Other Capex	181.880	183.476	193.503	194.429	Section 11, Schedule 4, Line 16 + 17
3	Flow through Capex	48.939	26.279	26.680	5.895	Section 11, Schedule 4, Sum of Line 13 to 15
4	Total Gross Regular Capex	$ 285.505	$ 324.109	$ 319.447	$ 271.904	Sum of Line 1 to 3; Section 11, Schedule 4, Line 20
5	Less: Formula CIAC	(2.390)	(6.245)	(3.514)	(2.888)	Section 11, Schedule 9, Line 2
6	Less: Forecast CIAC	(12.542)	(0.130)	(4.436)	(8.443)	Section 11, Schedule 9, Line 3 to 5
7	Net Regular Capex	$ 270.573	$ 317.734	$ 311.497	$ 260.573	Sum of Line 4 to 6

7.1 The CEC calculates that FEI's actual 2024 Formula Growth Capex was more than double (or approx. 109%)[7] higher than the 2024 Approved.

7.1.1 Please provide a discussion of key factors impacting Actual 2024 Formula Growth Capex (vis-à-vis the 2024 Approved Formula Growth Capex) and quantify the effect of each contributing factor.

7.1.2 Please explain whether the variance between FEI's 2024 Actual Formula Growth Capex and the Utility's 2024 Approved Formula Growth Capex has been deemed by the Commission to have been prudently incurred, and if so, please point to the respective BCUC regulatory process and/or determination. Otherwise please confirm that FEI is requesting approval through this Application of the 2024 Actual Formula Growth Capex.

Response:

In the current Application, FEI is seeking approval to set permanent delivery rates for 2025 and 2026. The permanent 2025 delivery rates include the true-up of the 2020-2024 MRP rate base, which includes variances between formula and actual Growth capital expenditures (please refer to Section 7.2 of the Application for further details). This true-up approach is consistent with the treatment at the start of the 2020-2024 MRP term, whereby the variances between formula and actual 2014-2019 capital expenditures were trued up in rate base and reflected in permanent 2020 delivery rates.[8]

The topic of the variance between FEI's actual and formula Growth capital during the 2020-2024 MRP term was canvassed extensively in the RSF proceeding. FEI notes that the 2024 Projected Growth capital (gross) of $114.826 million provided in the RSF Application[9] is similar to the 2024 Actual Growth capital (gross) of $114.355 million provided in Table 7-2 of the current Application. In Section C3.3.1.1 of the RSF Application, FEI explained in detail the key factors leading to the increase in actual Growth capital expenditures and responded to IRs on this topic, including CEC

[7] CEC calculation based on Table 7-2 of the Application.

[8] See the FEI Annual Review for 2020-2021 Delivery Rates Application, Section 14.

[9] Table C3-3 of the FortisBC 2025-2027 RSF Application, p. C-73.

IR1 7.1 and 7.2.[10] FEI also addressed this topic at paragraphs 251 to 253 of its Final Argument in the RSF proceeding. As FEI has explained, the cost pressures FEI experienced during this period were not unique to FEI, but were experienced by other gas utilities in North America. The RSF Decision approved FEI's proposal to re-base the Base 2024 Unit Cost Growth Capital (UCGC) to $9,300 per gross customer additions (GCA) and to continue with the formulaic approach to Growth capital, with variances subject to earnings sharing during the 2025-2027 RSF term.

[10] Exhibit B-9.

Flotation Costs

8. Reference: Exhibit B-2, Section 12.4.2.2, Page 170

8.1 Please provide the equity cushion (in percentage terms above 45%) which FEI maintained in 2025 (YTD- on average) facilitated by the $18.5 million in actual flotation costs incurred in 2023 and 2024.

Response:

In FEI's Application for Approval to Issue Common Shares to Maintain the Approved Capital Structure filed on February 12, 2025 (and approved by Order G-56-25), FEI was projecting an equity percentage of 45.54 percent for 2025. However, the projections for the estimated rate base and estimated equity are subject to many variables that may change throughout the course of the year, including the actual capital expenditures being higher or lower than the forecast, actual rate base, the timing of spending on capital projects, and variances between projected and actual income and dividends. Particularly in periods of higher levels of capital spending, FEI maintains an equity cushion above the estimated equity portion of rate base to ensure it remains in compliance with the ring-fencing conditions approved by the BCUC. In addition, FEI issues equity above the 45 percent approved level to finance capital projects held outside of rate base during construction. As such, FEI is not able to provide a YTD average calculation of its equity cushion, and the final 2025 equity cushion will only be known following the completion of 2025.

Additionally, FEI notes that both the actual 2023 and 2024 flotation costs and the recovery of those costs from FEI customers do not impact the calculation of the equity cushion.

RNG Account

9. References: Exhibit B-2, Section 12.4.2.3, Page 174; Exhibit B-2, Section 12.4.2.3.3, Page 175; and Exhibit B-2, Section 12.4.2.3.3, Page 175, Table 12-5

> Since the inception of the RNG Program, the use of the RNG Account has changed to predominantly contain the costs of RNG acquired from third party producers, with only a small proportion of the costs now related to FEI's own infrastructure. The proportion of costs attributable to RNG acquired from third party producers has continued to grow as FEI has been able to contract for greater RNG supply volumes (pursuant to the GGRR) and as RNG production projects have started to come into service.
>
> The RNG Account is now carrying a significant balance, primarily due to the build-up of RNG inventory, and FEI expects that this balance will continue to be significant in the upcoming years.

9.1 Please provide FEI's mid-year RNG inventory balances (in $) for the years captured in Table 12-5 of the Application, broken down by source: the Utility's own infrastructure; RNG purchases from within B.C.; RNG purchases from other Canadian jurisdictions; and RNG purchases from other North American jurisdictions. Please specify the jurisdictions.

Response:

In Table 1 below, FEI provides the annual acquisition cost and annual acquisition volume from each of the regions requested:

- FEI Supply: where FEI owns the upgrading equipment and produces the RNG in BC;
- In-Province 3rd Party Supply: where FEI acquires RNG from third-party producers in BC;
- Out-of-Province 3rd Party Supply: where FEI acquires RNG from third party producers outside of BC, but within Canada (Alberta and Ontario); and
- Out-of-Country 3rd Party Supply: where FEI acquires RNG from producers outside of Canada (various states in the USA).

For this response, FEI has redacted certain information for which FEI is requesting that this information be filed on a confidential basis and be held confidential by the BCUC in perpetuity, pursuant to Section 23 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-192-25. The information can be used to derive the approximate price per GJ of supply by region, which is confidential and commercially sensitive information and which, if released publicly, could undermine FEI's negotiating position with new and existing RNG suppliers.

FEI tracks the supply (cost and energy) from each of its suppliers. As RNG supply is received from each of its suppliers, FEI accounts for the cost and energy in the RNG Account as pooled costs and energy. As RNG is delivered to FEI's customers through the Voluntary and Blend RNG programs, FEI does not identify which energy molecules from the pooled energy in the RNG Account are used. Therefore, FEI cannot readily provide the mid-year balances of the cost and volume of RNG for each of the categories in the table above.

As shown in the table above, a credit appears for FEI Supply in 2025. This credit is reflective of the notional income tax expense – a cost of service component – for FEI's City of Vancouver (CoV) RNG project due to the Capital Cost Allowance (CCA) credit taken when determining notional income tax expense. This results in a total cost of service credit particularly for CoV, and by summation, all FEI Supply RNG production in that year.

9.2 Please provide the corresponding energy amounts (in TJ) of FEI's mid-year RNG inventory balances for the years captured in Table 12-5 of the Application, broken down by source: the Utility's own infrastructure; RNG purchases from within B.C.; RNG purchases from other Canadian jurisdictions; and RNG purchases from other North American jurisdictions. Please specify the jurisdictions.

Response:

Please refer to the response to CEC IR1 9.1.

Service Quality Indicators ("SQI's") and Informational SQI's

10. References: Exhibit B-2, Section 13.2.2.1, Page 189 and Exhibit B-2, Section 13.2.2.1, Table 13-6

> The 2024 result was 80 percent which is better than the benchmark. The June 2025 YTD performance is 75 percent, which is below the benchmark but above the threshold. The 2025 YTD was largely impacted early in 2025 by the Canada Post job action and high bill inquiries creating challenging and unprecedented volumes in the first quarter. As a result of the job action, customers were calling the contact centre multiple times to get account balances, confirm account balances due to invoices being delivered out of sequence, to seek clarity on payment amounts and methods, and request assistance with signing up for paperless billing.

10.1 Please quantify the impact of high bill inquiries on the First Contact Resolution ("FCR") SQI from 2020 to 2025-YTD (as illustrated in Table 13-6 of the Application) and provide a commentary on the observed trend and provide a commentary on the observed trend.

Response:

FEI uses the classification of call types for informational purposes and does not quantify the individual impact of any inquiry types, including high bill inquiries, on FCR. This is because the FCR SQI has been designed to provide a holistic view of all interactions. Further, the call classification is based on a best fit category and is subject to some variation as, in a single conversation, it is likely that customers have several inquiries, or that several solutions are found for them. For this reason, the call classification does not always capture the only reason or outcome of the interaction.

Although the annual impact of high bill inquiries on the FCR result is not available, the table below provides the percentage of interactions classified as high bill within the billing inquiries category, for the years 2020 through 2025 YTD, expressed as a percentage of total inquiries in each year.

% of Total	2020	2021	2022	2023	2024	June 2025 YTD
Hill Bill Inquiries	6.76%	8.24%	15.62%	10.24%	5.86%	9.64%

As shown in the table, the percentage of high bill calls fluctuates each year as will the underlying reason for the inquiry, which will have an impact on the resolution. For example, the larger percentage of calls classified as high bill in 2022 and 2023 is a reflection of the higher volume of meter reading estimates experienced in 2021 and 2022. In these cases, there may be several ways to address customers' concerns and customers may feel more inclined to rate the inquiry as resolved as a result. This compares to 2025, where the larger percentage of high bill calls may be attributed to the increase in bills effective January 1, 2025. While customers often appreciate the customer service that the collections or billing representative provides regarding their bill, some customers do not consider the issue resolved without a change to their billed amount, thus impacting their evaluation of whether their interaction was resolved on the first contact.

11. References: Exhibit B-2, Section 13.2.3.2, Page 196 and Exhibit B-2, Table 13-15 & Table 13-16

> The Company's annual results under the 2020 to 2024 MRP and June 2025 year to date results are provided below. The five-year average for each year shown is calculated by taking the average of the results of the stated year and the four years prior (e.g., the 2025 five-year average is calculated using 2021 to 2025 annual data). The June 2025 YTD result is 0.0022 and is based on 53 leaks detected year-to-date, which is consistent with the 2024 year-to-date leaks detected (50) and lower than the 2023 year-to-date leaks detected (82) for the similar period. The number of leaks on DP mains will vary from year to year.

11.1 Please explain why FEI does not calculate the five-year rolling average of 'Leaks per KM of Distribution System Mains' informational SQI for purposes of the Application using the prior five years of actuals from 2020 to 2024 (instead of the prior four-and-a-half years of actuals from 2021 to 2025-YTD), and please confirm that the resulting five-year rolling average if such dataset were used would be 0.0055 (in stead of 0.0046). If not confirmed, please provide the resulting five-year rolling average.

Response:

In Table 13-15, FEI provides the first 6 months of the 2025 calendar year to remain consistent with other SQIs.

In Table 13-16, FEI provides the actual results from 2020 to 2024 along with the rolling five-year average for each of these years. The five-year average over 2020 to 2024 is 0.0055.

12. References: Exhibit B-2, Section 13.2.4, Page 197 and Exhibit B-2, Section 13.2.4.3, Page 199, Table 13-19

- **Renewable and Lower Carbon Energy Supply:** Acquired annual renewable and lower carbon energy supply (TJ) and the percentage of renewable and lower carbon energy supply in FEI's total gas supply mix, as well as the mix of renewable and lower carbon gas sources.

Table 13-19: Historical Renewable and Lower Carbon Energy Supply

Description	2020	2021	2022	2023	2024	June 2025 YTD
Renewable and Lower Carbon Energy Supply Volume (TJ)	252	715	2,295	2,778	2,776	1,871
Total Volume of Gas Consumed by Customers (PJ)	219	228	231	213	220	123
Renewable and Lower Carbon Energy Supply as Percentage of Total Gas Consumed by Customers (%)	0.12	0.31	0.99	1.31	1.26	1.52

12.1 Please explain whether the Utility's 'acquired' amount of Renewable and Lower Carbon Energy Supply for a given year is the same as the amount of Renewable and Lower Carbon energy supply that is billed to (or consumed by) FEI's customers in that year, or whether the two differ, and if so please explain and quantify the differences by year for each year included in Table 13-19 of the Application, and please clarify which amounts are included in the first line of Table 13-19 of the Application.

Response:

For the years set out in Table 13-19 in the preamble, 2020 was the only year in which FEI delivered to customers the total volume of Renewable and Lower Carbon Energy Supply (RLCES) that it had acquired in that year. For all other years, the volume acquired by FEI is different than the volume delivered to customers. The volumes in the first line of Table 13-19 are the acquisition quantity, not the delivered quantity. FEI sets out the delivered volumes in the table below.

Table 1: Delivered Renewable and Lower Carbon Energy

	2020	2021	2022	2023	2024	2025 (Projected)
Renewable and Lower Carbon Energy Supply Delivered (TJ)	252	581	1,124	1,639	2,416	5,892

FEI delivered less RLCES than it acquired in years 2021 through 2024 for two reasons.

First, for the years 2021 through 2023, FEI was holding RNG inventory to fulfill RNG uses that it had proposed in its 2021 RNG Program Comprehensive Review Application (i.e., Voluntary RNG demand, RNG Connections demand and RNG Blend demand). The BCUC approved two of the three proposed RNG service offerings – Voluntary RNG and RNG Blend. The RNG inventory earmarked for RNG Connections demand became surplus, resulting in FEI delivering less RNG than acquired.

Second, after the BCUC issued its decision on the 2021 RNG Program Comprehensive Review Application, FEI implemented the RNG Blend, starting at 1 percent, resulting in FEI delivering less RNG than it acquired. Starting July 1, 2025, the RNG Blend was approved to be increased to 3 percent; consequently, in 2025, FEI projects that it will deliver more RNG than it acquires which will reduce the RNG held in inventory.