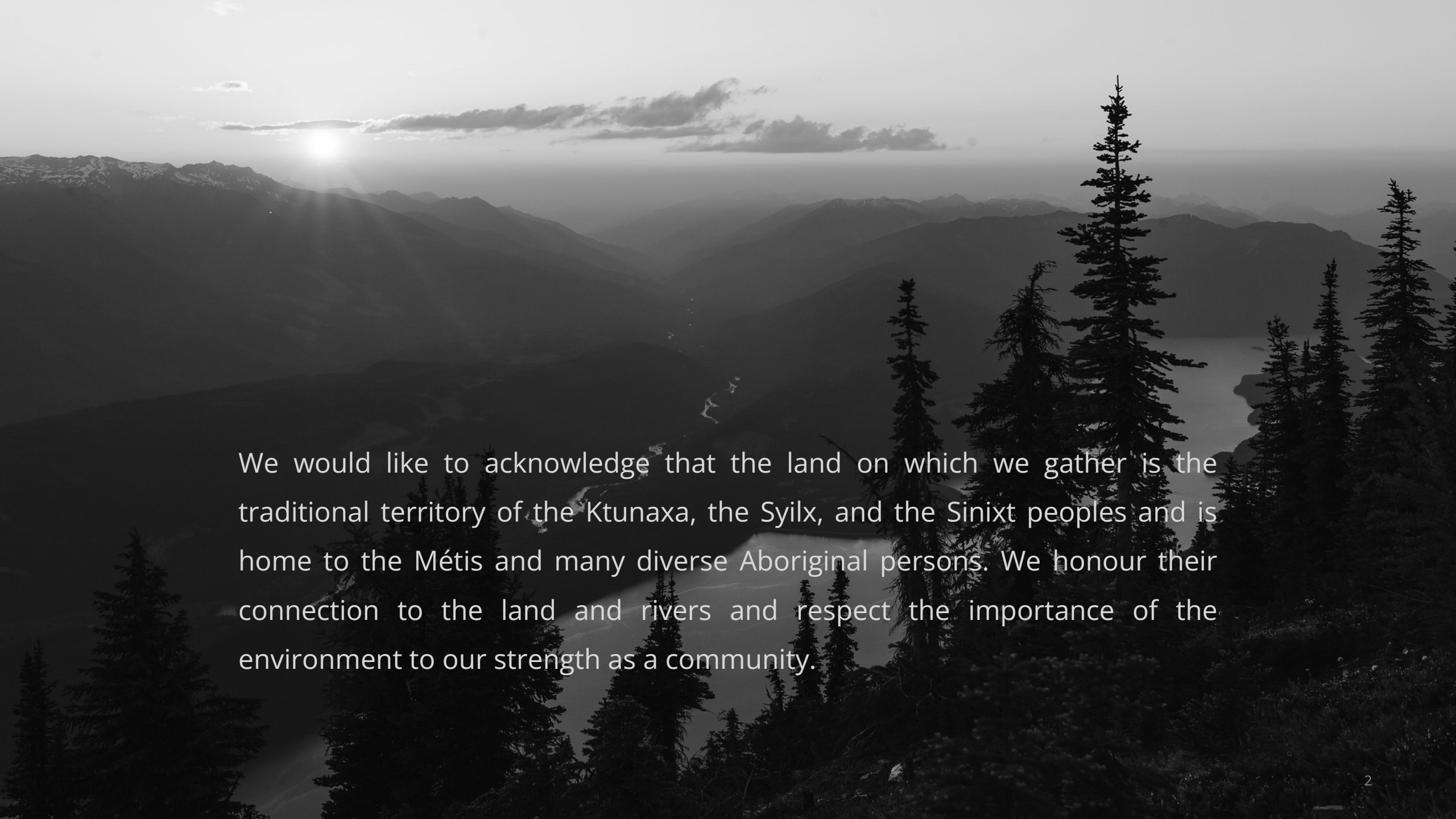




2025 Review 2026-2027 Budget and Rates

City of
NELSON

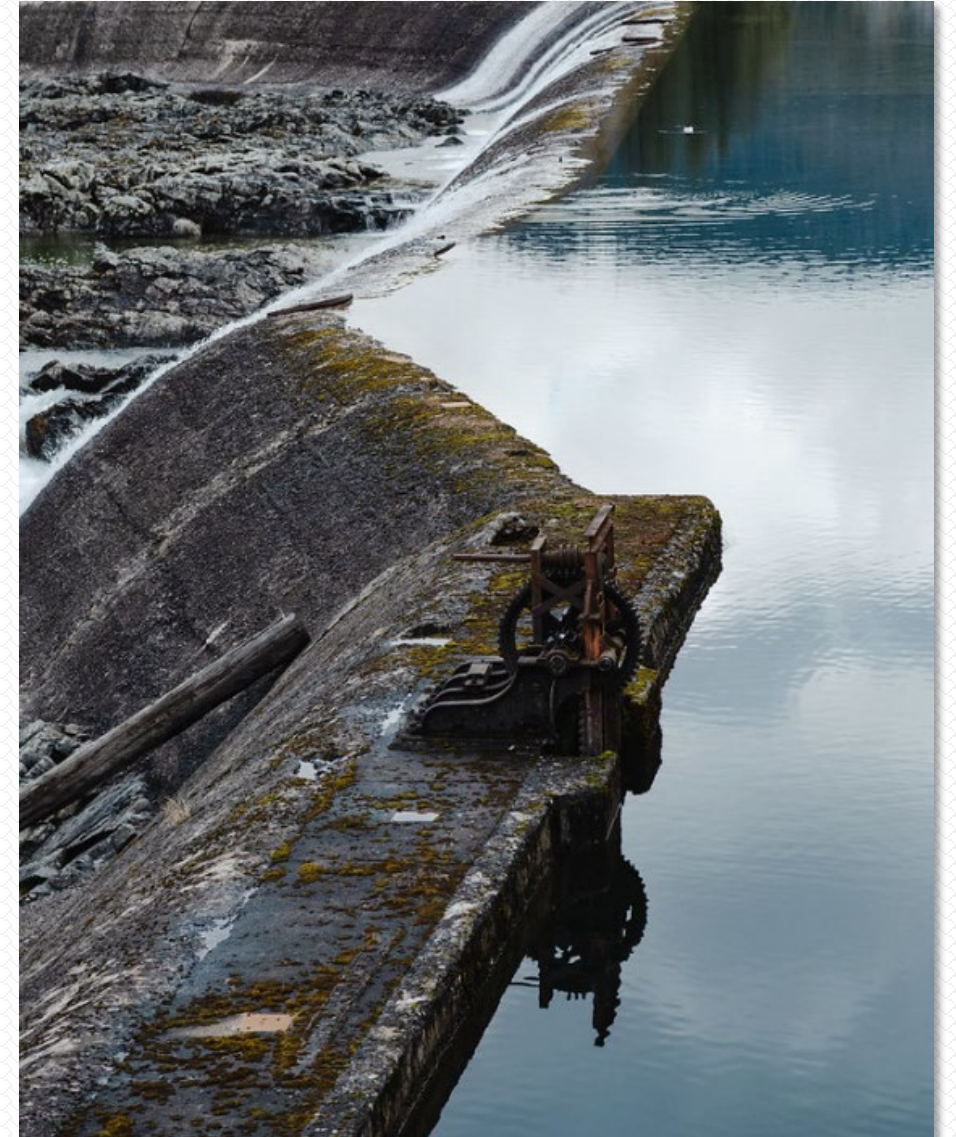
November 8, 2025



We would like to acknowledge that the land on which we gather is the traditional territory of the Ktunaxa, the Syilx, and the Sinixt peoples and is home to the Métis and many diverse Aboriginal persons. We honour their connection to the land and rivers and respect the importance of the environment to our strength as a community.

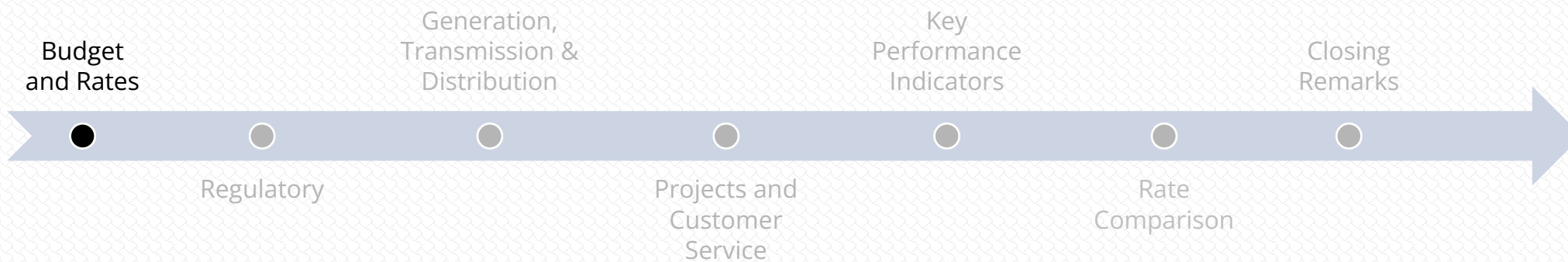
AGENDA

- Budget and Rates
- Regulatory
- Generation, Transmission, Distribution
- Projects and Customer Service
- Key Performance Indicators
- Rate Comparison
- Closing Remarks





Budget and Rates



2025 OPERATING BUDGET HIGHLIGHTS

Revenue

- Residential customer consumption less than budgeted.

Power Purchases

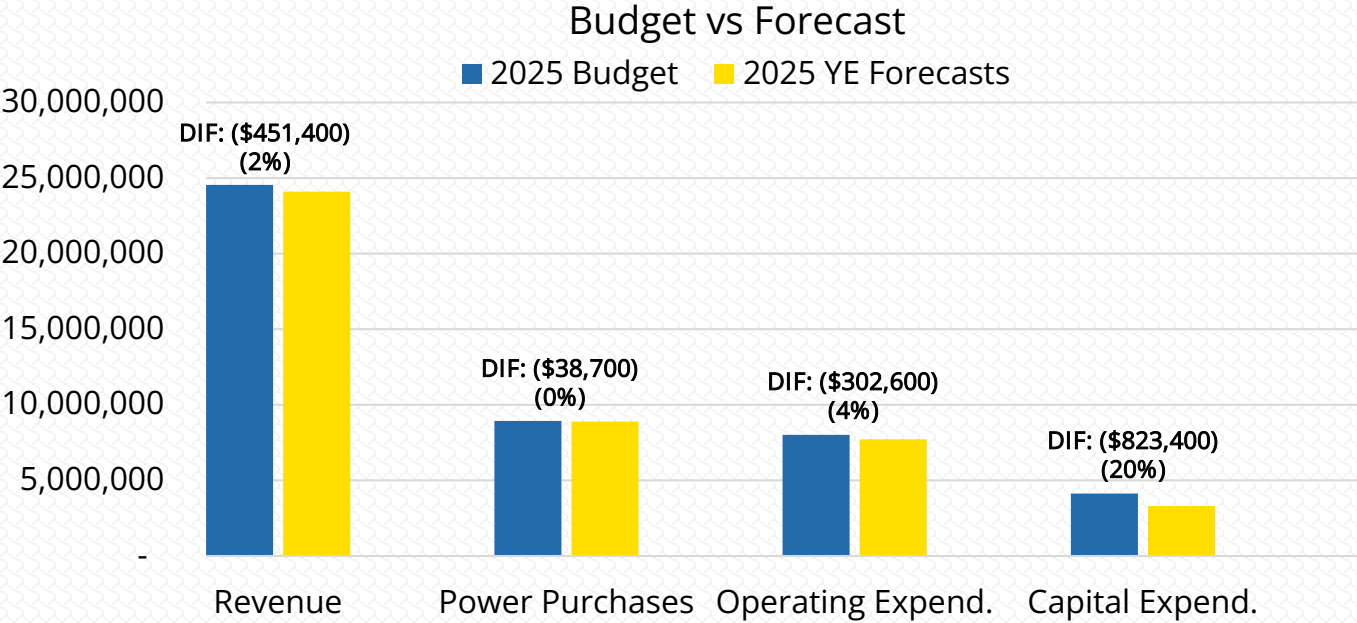
- Forecasted to end on budget

O&M

- Fewer Maintenance activities required compared to budget.
- G2 out of service.
- Higher staff time to capital projects.

Capital

- Several capital projects deferred (Mount Nelson line rebuild, G5 maintenance)



	Expenses		
	2025 Budget	2025 YE Forecasts	Forecast / Budget
Revenue			
Rural	10,467,035	10,121,364	97%
Urban	14,081,104	13,975,396	99%
Combined Revenue	24,548,139	24,096,760	98%
Power Purchases	8,931,383	8,892,686	100%
Operating Expenditures	8,016,817	7,714,177	96%
Capital Expenditures	4,129,282	3,305,856	80%



2026 & 2027 BUDGET COMPARISON

Increased Revenue Requirement

- Offset increased Power Purchase costs
- Return on asset base & prior year recoveries (rural)
- Ensure capital reserve health

Power Purchases

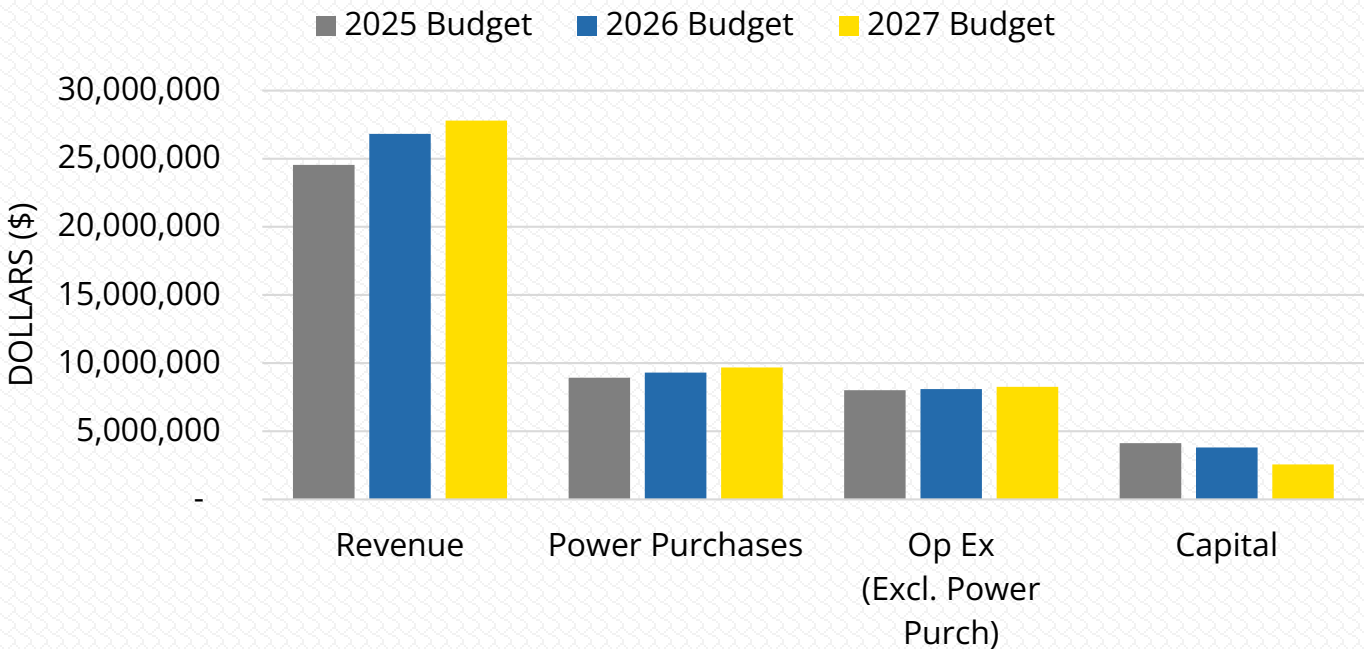
- 3.64% rate increase from FortisBC for 2026
- 3.50% rate increase estimate for 2027

O&M

- Minimal op-ex increases: 1% in 2026, 2% in 2027
- Sustained vegetation management program

Capital

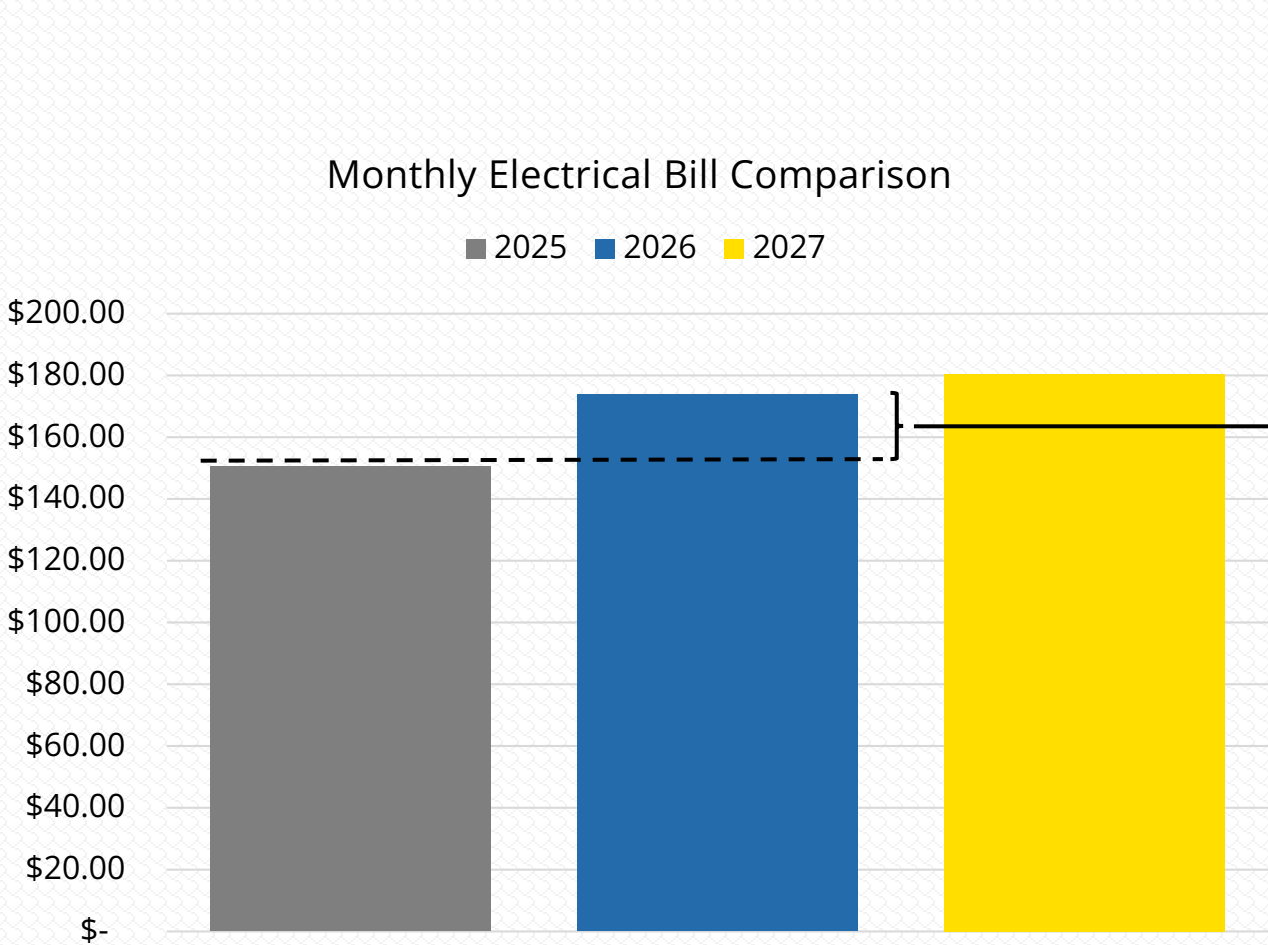
- Fewer high-cost capital project costs anticipated for 2026 and 2027



	2025 Budget	2026 Budget	Change % (to 2025)	2027 Budget	Change % (to 2026)
Revenue					
<i>Rural</i>	10,467,035	11,811,766	113%	12,193,411	103%
<i>Urban</i>	14,081,104	15,134,420	107%	15,658,547	103%
Combined Revenue	24,548,139	26,946,186	110%	27,851,957	103%
Power Purchases	8,931,383	9,306,873	104%	9,682,766	104%
Operating Expenditures (Excluding Power Purchases)	8,016,817	8,089,149	101%	8,253,056	102%
Capital Expenditures	4,129,282	3,804,900	92%	2,564,070	67%



2026 & 2027 RATE INCREASE BREAKDOWN - RURAL



Rate Change Drivers (2026)

Operating Changes		
Op-ex, Capital Return, Power Purchases	5.93%	\$8.92
Deferral Accounts		
	5.57%	\$8.38
GCOC Change in ROE		
	4.48%	\$6.74
Rural Rate Increase (2026)		
	15.98%	\$24.05

Rate Change Drivers (2027)

Operating Changes		
Op-ex, Capital Return, Power Purchases	3.77%	\$6.58
Deferral Accounts		
	0%	
GCOC Change in ROE		
	0%	
Rural Rate Increase (2027)		
	3.77%	\$6.58



RURAL DEFERRAL ACCOUNTS - OVERVIEW

Utilities use deferral accounts to manage uncontrollable variances fairly. When such actual costs differ from estimates, the balance is settled through the rate-setting process, either as a credit to customers or a recovery by the utility.

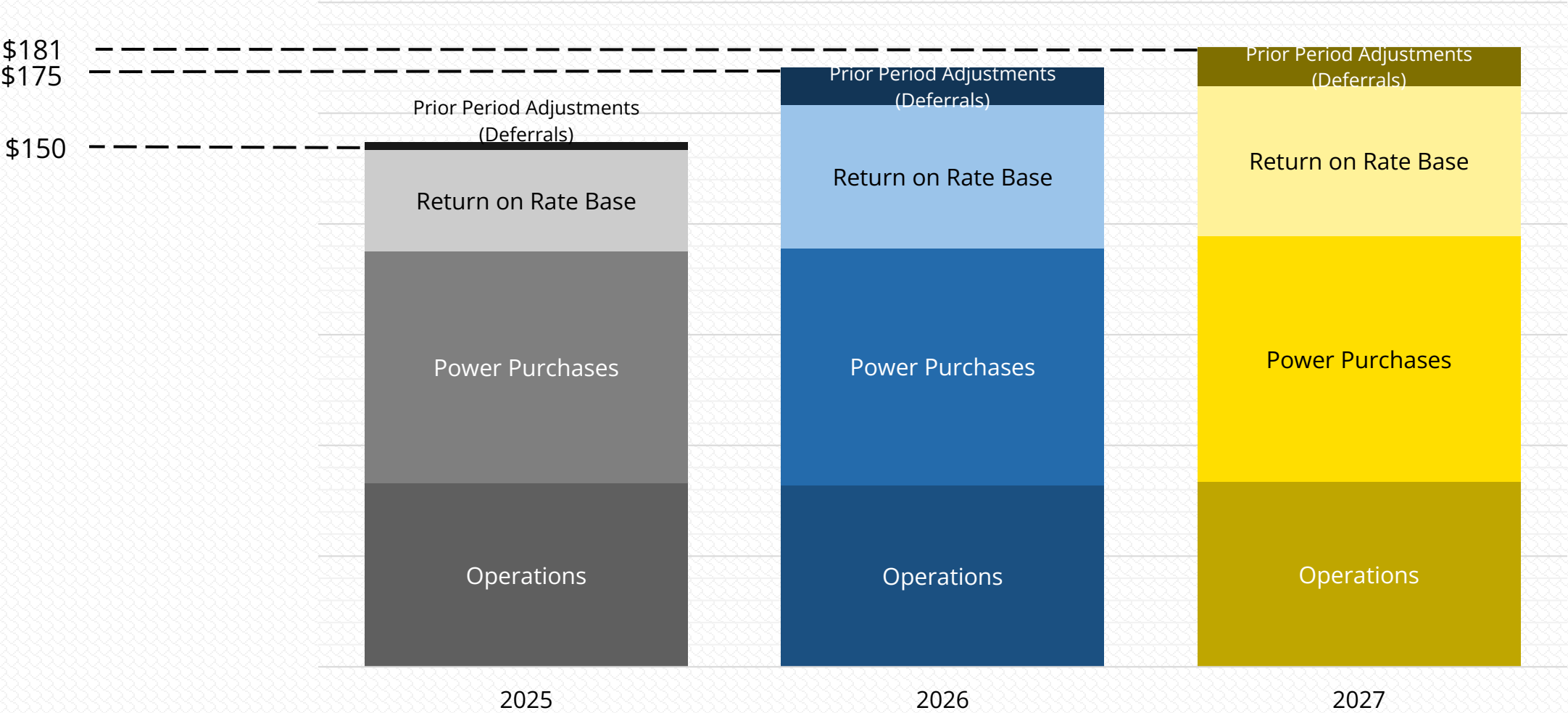
Deferral Account	Amortization Period (YRS)	2025	2026	2027	2028	2029	2030
Major Storm	5	(39,550)	450	(18,733)	(15,536)	(14,426)	11,259
Revenue Variance (Interim vs perm rates)	5	(56,940)	(106,452)	(93,655)	(87,391)	(81,438)	(40,104)
Flow Through (Revenue, Power Purch, Regulatory)	5	182,963	357,882	414,550	374,408	349,435	210,775
PACA (Participant Assist Cost Award)	3	31,071	28,626				
Cyber Security Pilot (BCUC Pilot)	2	18,995					
GCOC Variance (BCUC order from GCOC Decision)	3		377,976	377,976	377,976		
BESS (Battery Energy Storage)	3		16,333	16,333	16,333		
Total		136,539	674,816	696,471	665,791	253,572	181,930

(negative) values indicate credits to ratepayers

positive values indicate recovery by utility

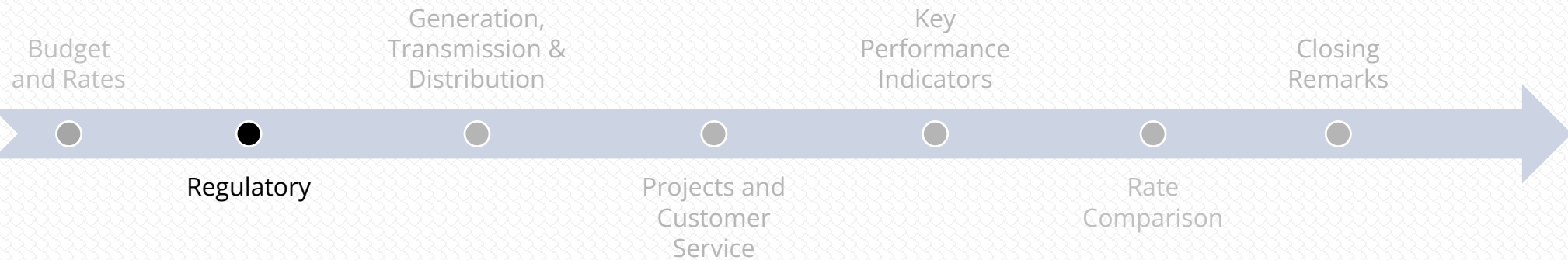


2026 & 2027 RATE INCREASE BREAKDOWN - RURAL





Regulatory



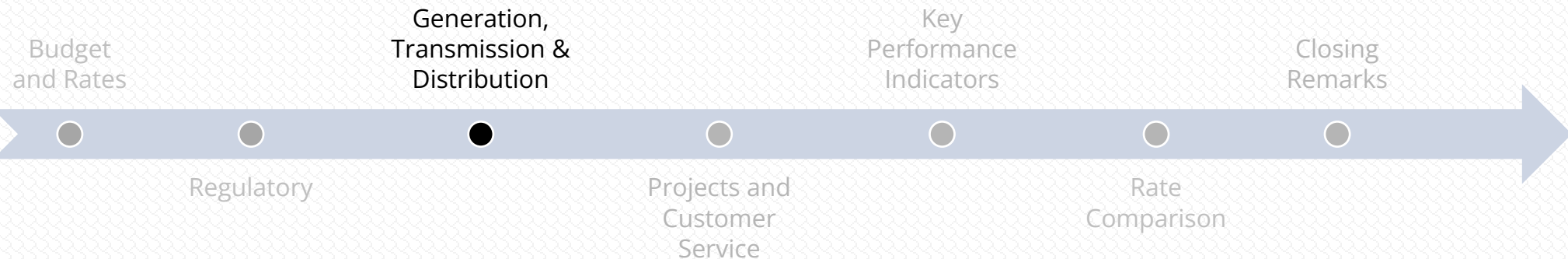
BCUC APPLICATIONS & PROCEEDINGS

- Terms and Conditions of Service – Completed
- Generic Cost of Capital (GCOC) Phase 2 – Completed
- 2025 Revenue Requirements Application - Completed
- FortisBC 2025-27 Rate Setting Framework – Completed
- FortisBC COSA & Revenue Rebalancing – In Progress
- FortisBC 2025-26 Annual Review of Rates – In Progress
- 2026-27 Revenue Requirements Application – In Progress



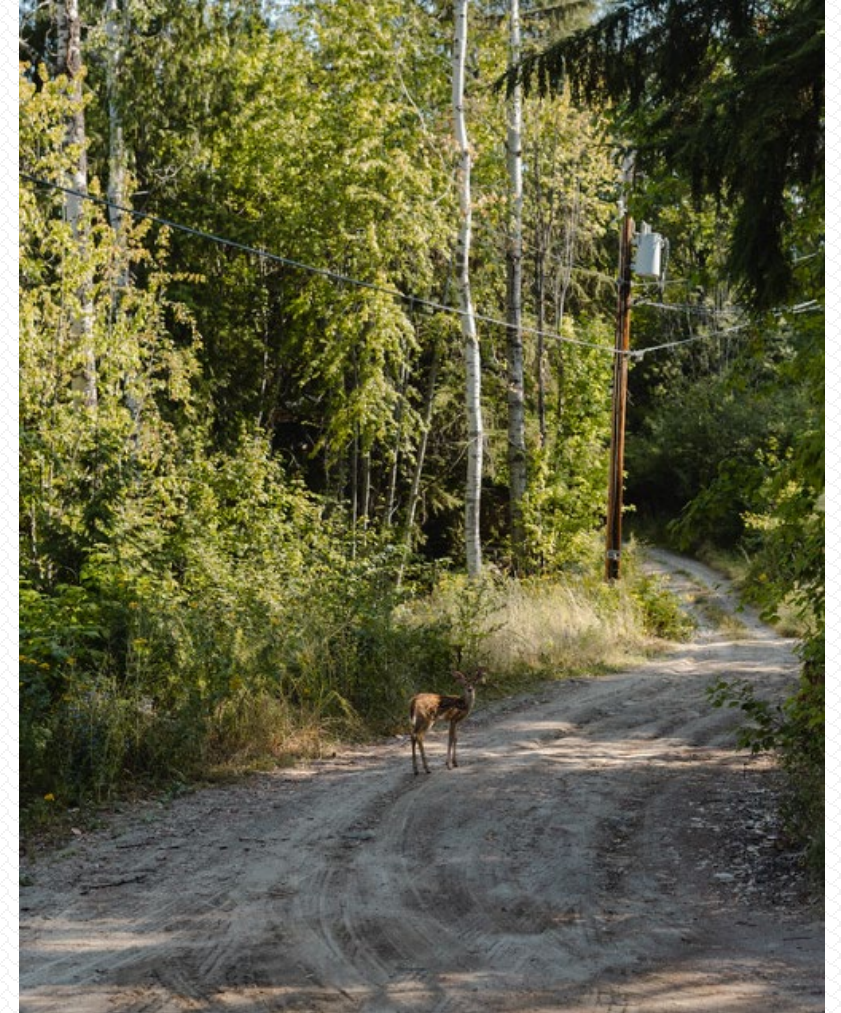


Generation, Transmission and Distribution

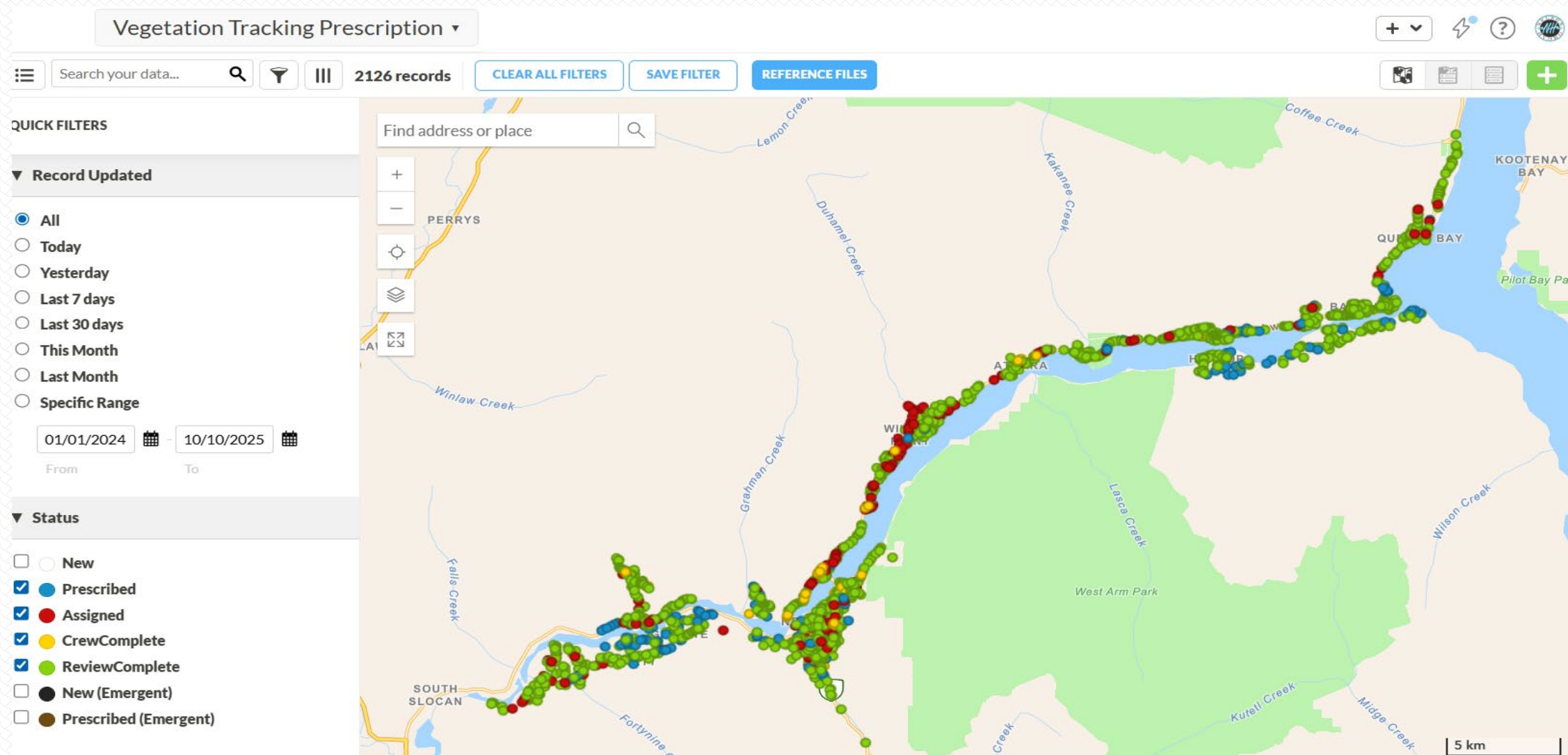


PEST MANAGEMENT

- Renewal every 5 years
- 3 separate plans:
 - Poles
 - Rights of Way
 - Stations
- Developed by professional biologists from Nupqu
- Compliant with all Health Canada and environmental regulations
- Documents the processes Nelson Hydro will follow to manage “pests” .



VEGETATION MANAGEMENT – 2024-2025 WORK COMPLETED

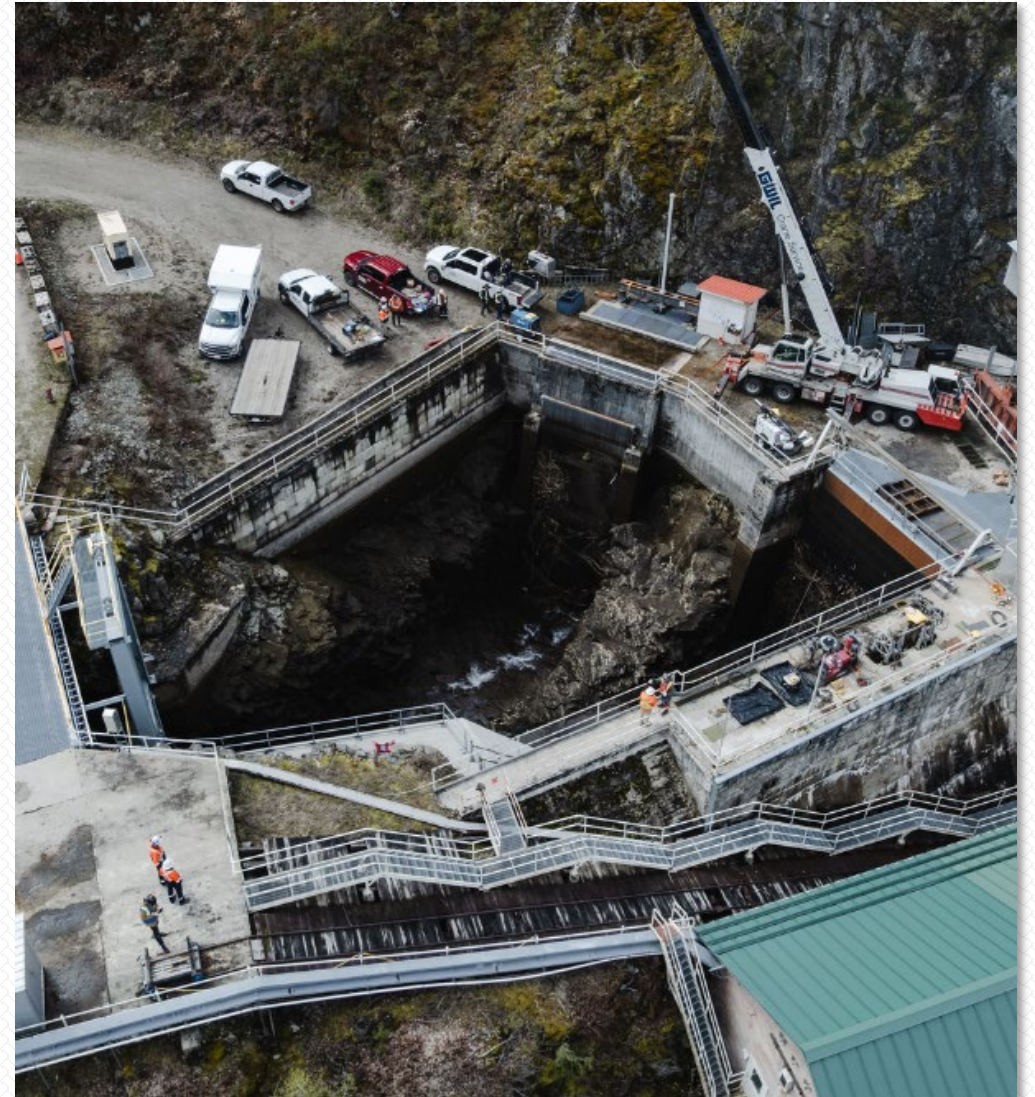


5 YEAR VEGETATION MANAGEMENT PLAN (2026-2030)

Year	Northshore (Rural)	Southshore (Rural)	City (Urban)	Common (60kV)
2026	\$478,693	\$174,070	\$130,553	\$87,035
2027	\$493,053	\$179,292	\$134,469	\$89,646
2028	\$507,845	\$184,671	\$138,503	\$92,335
2029	\$523,080	\$190,211	\$142,658	\$95,105
2030	\$538,773	\$195,917	\$146,938	\$97,959


POWER PLANT

- G2 has been shutdown indefinitely pending cost/benefit analysis of refurbishment/replacement.
- Generation annual maintenance for G3, G4 & G5 in progress.
- Fabricating machine guards and railings to meet WSBC requirements ongoing.
- Power plant rock slope stabilization completed in October 2025.



LINES & SUBSTATION

- 912 poles tested for Test & Treat
- 42 poles replacement completed October 15th 2025.
- 1 vacant PLT position. Will start before the new year.
- Planned Maintenance completed at ROS, BFG & Balfour/Proctor S/M cables.
- New Signage



Rosemont SUBSTATION


ROS

Address **712 Wasson Street**
Elevation **614m**
Coordinates **49°29'04.3"N 117°18'10.5"W**

AUTHORIZED PERSONNEL ONLY

MINIMUM PPE REQUIRED
Hard Hats, CSA/OHM Boots,
ATPV Clothing, and Eye Protection

CONTACT: 877-324-9376



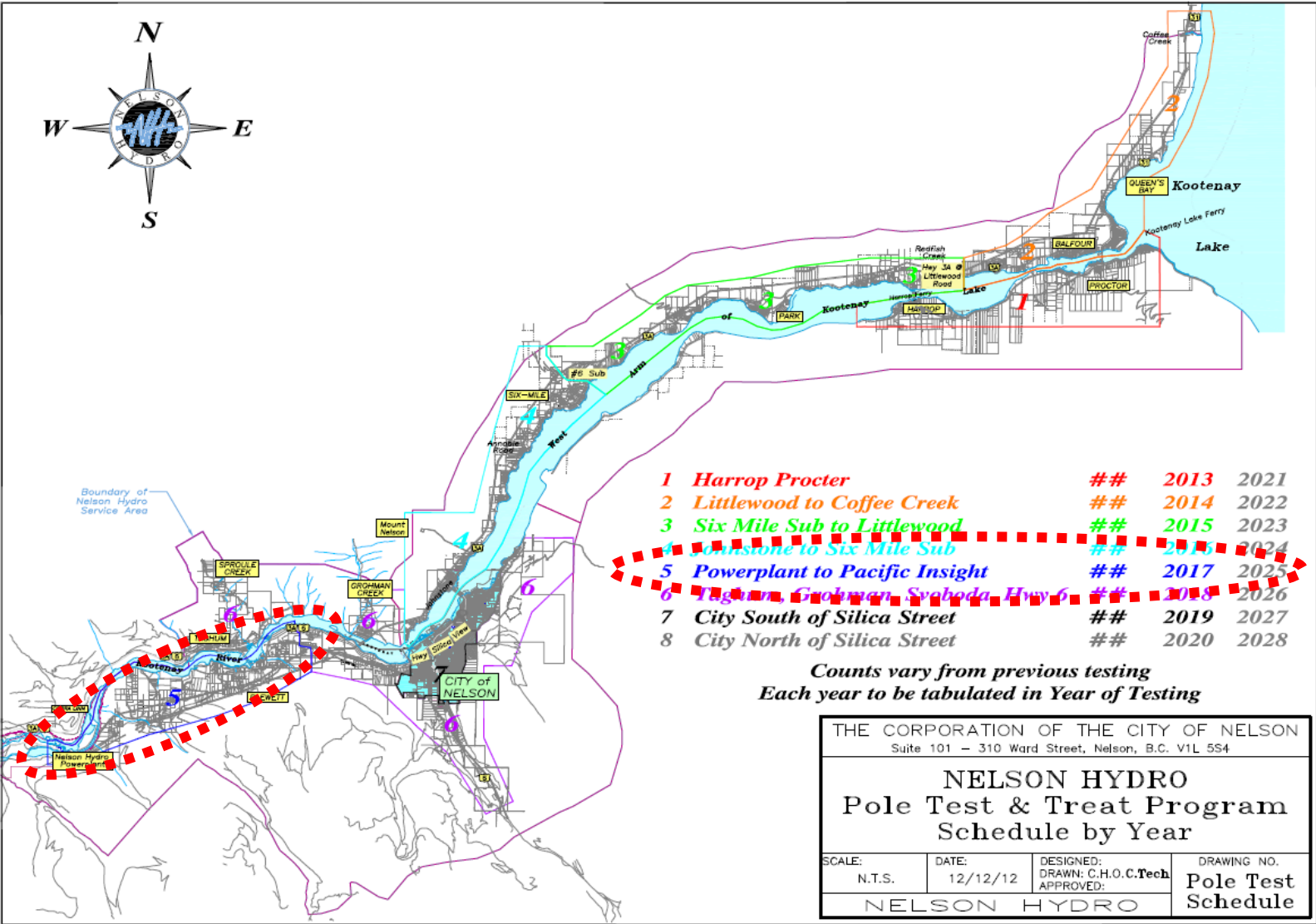
City of
NELSON

0 12.5 25 50
Meters

TEST & TREAT ⇒ POLE REPLACEMENT (2025)

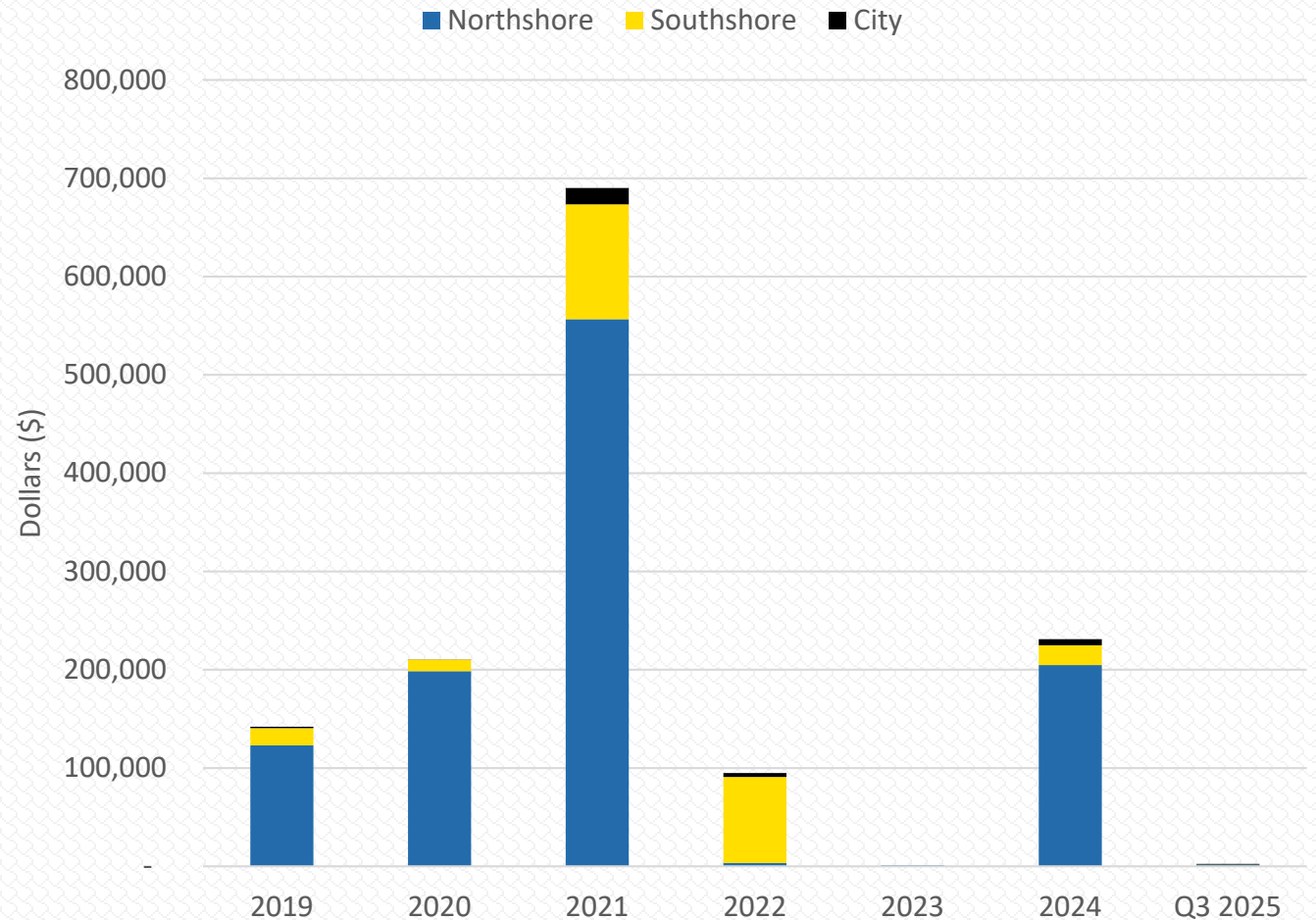


Nelson Hydro Pole Count - Feb. 8 2023			
Region	Test Area	Poles by Area	Poles by Region
NS	Area 1	709	
NS	Area 2	883	
NS	Area 3	852	
NS	Area 4	873	3317
SS	Area 5	941	
SS	Area 6	1012	1953
CITY	Area 7	999	
CITY	Area 8	969	1968
		TOTAL	7238



MAJOR STORM EXPENSE

- 2025 no major storms.
- As the Vegetation Management Program becomes more mature, it should maintain the current CEA metrics which are trending positively.



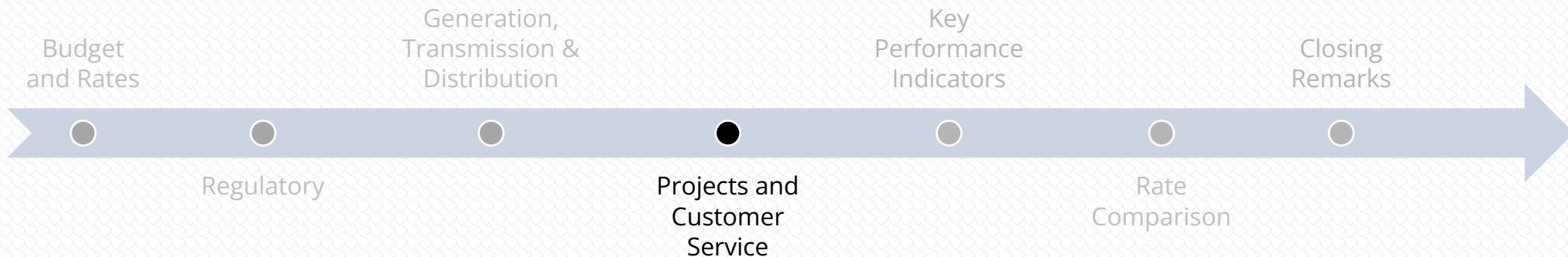
2026 OPERATIONS & LINE

- Asset Management Program:
 - Develop preventive and predictive maintenance work orders
 - Develop inspection and test plans
 - Develop long term plan for the powerplant (Capital Investment).
- Continue reliability focused maintenance
- Continued focus on safety

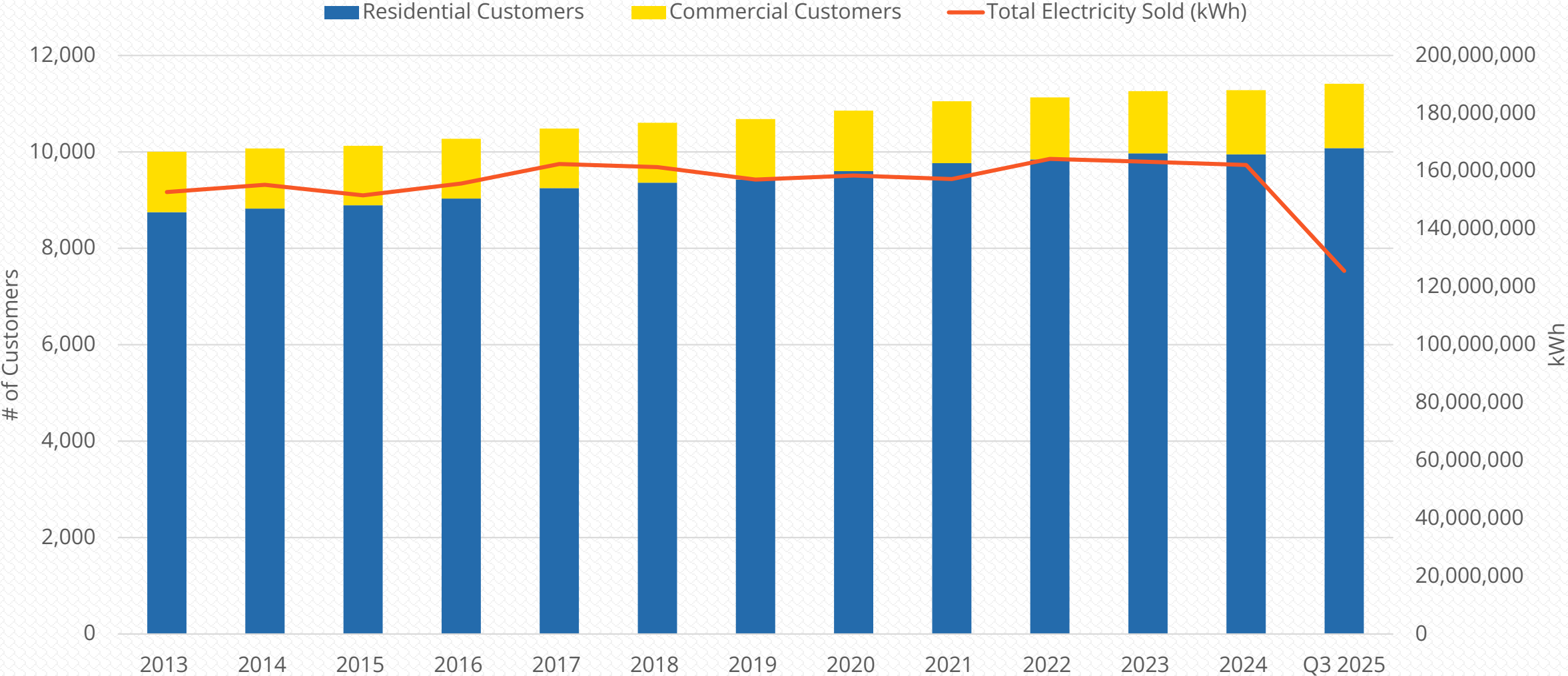




Projects and Customer Service



CUSTOMER GROWTH




BILLING


- 41% E-billing enrollment (+9%)
- First year of Service and Metering Guide and updated Bylaws
- Bill Redesign -> Back Side
- [Understanding Your Bill](#) web page
- Customer Information System update

HOW TO PAY YOUR BILL


Avoid disconnection by paying the 'Balance Forward Due Now' and the 'Current Charges Due' by the due date.




PREAUTHORIZED PAYMENT
Call 250-352-8206 or email hydroclerk@nelson.ca to set up auto-withdrawals.




ONLINE AT HYDRO PORTAL
Don't forget to have your 14-digit account number ready.




ONLINE AT YOUR BANK
Search for 'Nelson' as the payee and enter your 14-digit account number without spaces.



IN PERSON AT YOUR BANK
Pay your bill at your financial institution.




IN PERSON AT CITY HALL
Payments can be made by cash, debit, credit card or cheque.





LOCKED DROPBOX
Pay your bill with cash or cheque through our 24hr drop box located at the front door of City Hall.

*Can't pay by the due date? Contact us for options at 250-352-8206.
Overdue accounts will incur a 5% interest charge after the Current Charges Due Date.*

WANT TO GO GREEN?

Register for eBilling

www.nelson.ca/hydrobill

Register for eNewsletters

www.nelson.ca/hydronews

Register for eAlerts for Outages

www.nelson.ca/hydroalerts

HOW TO READ YOUR BILL


Account Number:	the 14-digit number assigned to you the customer (6-digit) and your premise (8-digit)
After Due Date Pay:	the amount that will be owed, including 5% interest, if you do not pay by the due date
Amount Due:	the amount owed if you pay by the due date
Balance Forward:	the balance from prior billing periods that is added to the current charges
Basic Charge:	mandatory operational and maintenance fees
Billing:	previous billing period balance
Billed Consumption:	your electrical usage multiplied by the electrical rate and the multiplier
Billing Date:	when the bill was produced
Billing Type:	the type meter read; RE is an actual read from the meter, ES is an estimated read
Connection:	the charges incurred for setting up a new account
Credits/Adjustments:	payments or charges on the account that impact the balance
Current Charges:	amount due from the current billing period
Current Charges Due:	the date by which the total amount due must be paid
Current Read:	the amount of electricity read from your meter on the read date
Current Read Date:	the date your meter was read
Days:	number of days between the previous and current read date
Deposit Returned:	when the account is closed the deposit paid is returned to the customer
Due Date:	the date by which the total amount due must be paid
Loans Interest:	the interest paid on your bike or energy retrofit loan
Loans Principal:	loan payment less interest
Loans Payment:	the payment amount of interest plus principal
Meter:	your meter number is a unique identifier associated with the electric meter at your home
Multiplier:	is used for meters measuring electric services greater than 200amps when the consumption is too large to be registered by the meter. It is typically used for large residential or commercial accounts
NSF:	\$25 service fee for insufficient funds to pay the total amount due (non-sufficient funds)
NSF Charge:	returned payment charged back to the account for insufficient funds
Payment:	type of payment made; 'other' is in-person, 'preauthorized' is an automatic bank withdrawal, 'vencon' is an online payment, and 'paymentus' is an online payment through the Hydro Portal.
Penalty Charge:	5% interest charged if payment is received after the due date
Previous Balance:	the balance owing on the previous electrical bill
Previous Read:	the amount of electric consumption measured the last time your meter was read
Previous Read Date:	the date the electric meter was previously read by the meter reader
Rate Code:	the code of the approved and current annual electricity rate
Reconnect Fee:	the fees charged for reconnecting your meter for non-payment
Service Address:	the address where the electric meter is located
Solar Credit:	the annual credit applied to those customers who have subscribed
Usage:	the amount of electrical energy used between previous and current read
Units:	the unit of measure of electricity (kWh, kVA, etc.)

FEELING THE CHILL OF HIGH ELECTRIC BILLS?

1. Fill cracks or gaps around windows and doors with caulking or weather stripping.
2. Install a programmable thermostat to reduce daytime temperatures.
3. Replace or clean furnace filters regularly.
4. Close vents or turn down heaters in rooms seldom used.
5. Consider upgrading your baseboard heating and/or attic or basement insulation.
6. Ensure ceiling fans push warm air back into the room (clockwise).

THINKING OF INSTALLING SOLAR PANELS?

Learn what it takes to get your own solar electric generation approved.




www.nelson.ca/met-meter

GOT QUESTIONS?

Email: hydroclerk@nelson.ca (General)
Phone: 250-352-8206 (Bills/Moving)
Phone: 1-877-324-9376 (Outages)

Use of Personal Information: Nelson Hydro is collecting your personal information in accordance with Section 26 of the Freedom of Information and Protection of Privacy Act. Nelson Hydro collects your information for the purposes of administering Nelson Hydro and City of Nelson programs and services. If you have any questions, please contact the Privacy Head at 310 Ward Street, Nelson BC, V1L 5S4 or FOI@nelson.ca or 250-352-8120.

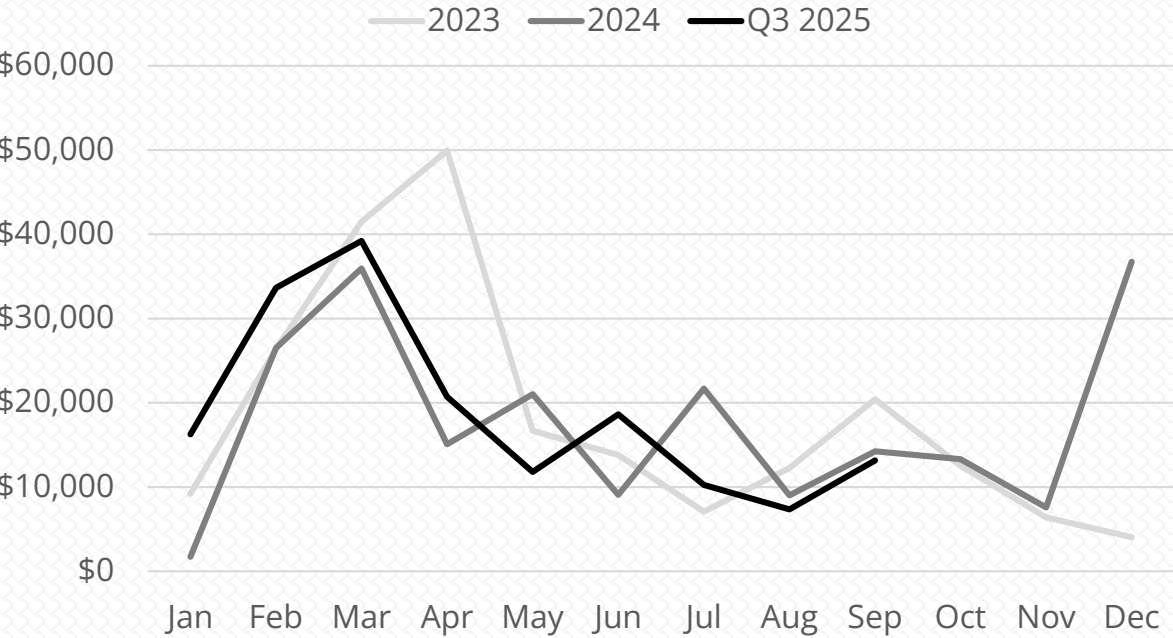


Presentation to Rural Customers | November 2025

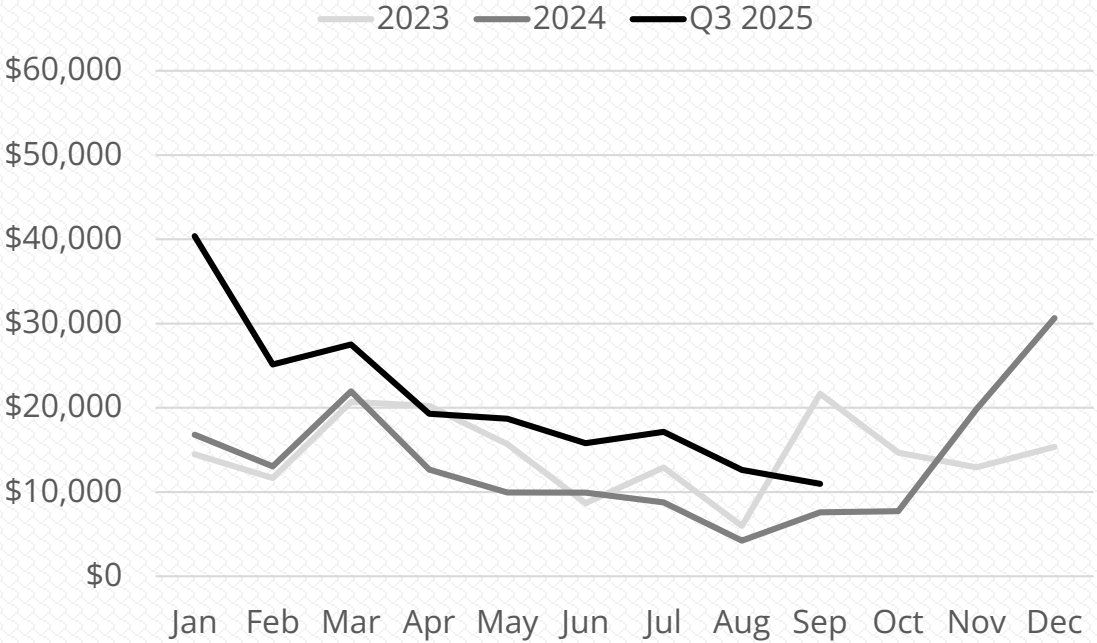
23

BILLING

Total Amount Overdue on Active Accounts
for Rural Customers



Total Amount Overdue on Active Accounts
for Urban Customers



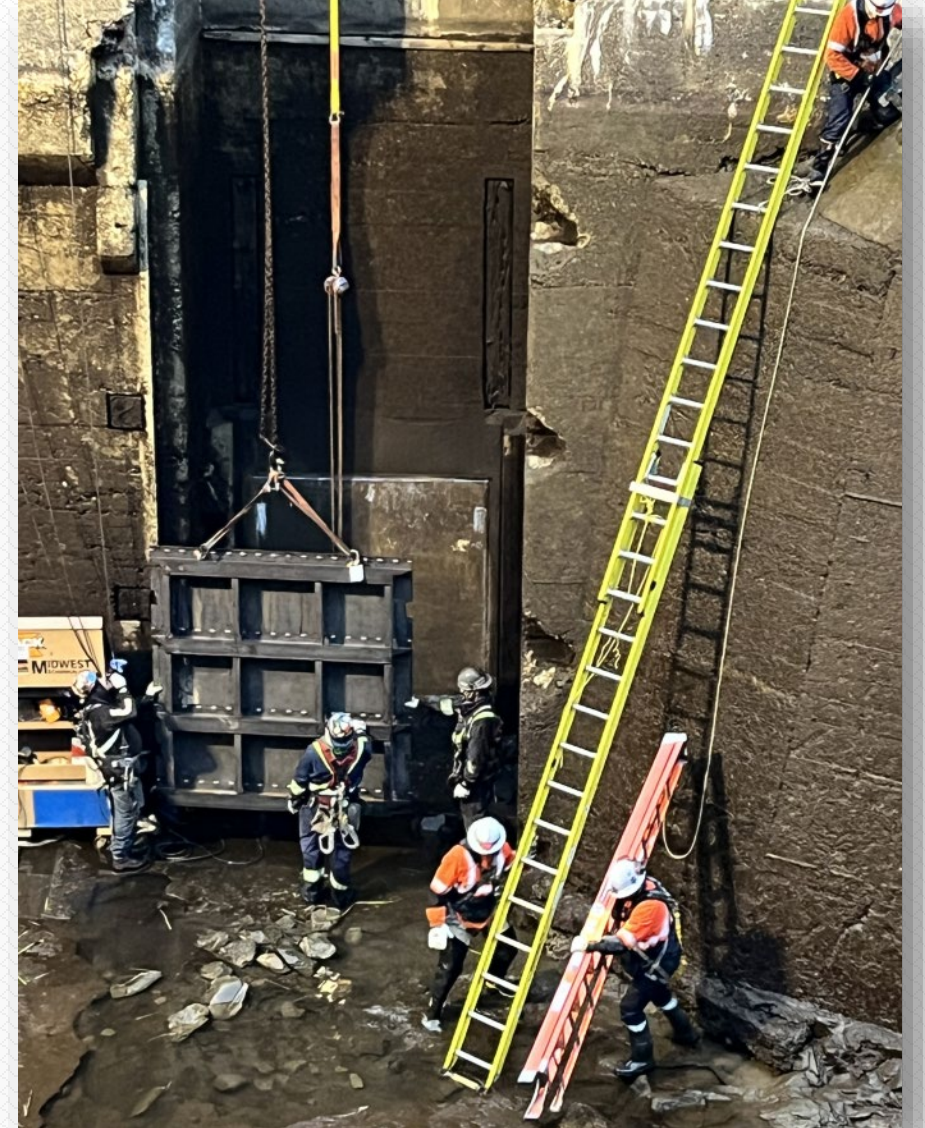
CUSTOMER PROJECTS

- 379 (-3%) standard inquiries and projects
- 942 (-6%) BC One Call requests
- Ongoing support for multi phase developments and high demand customers.
- Ongoing replacement of purple and burned out street lights.



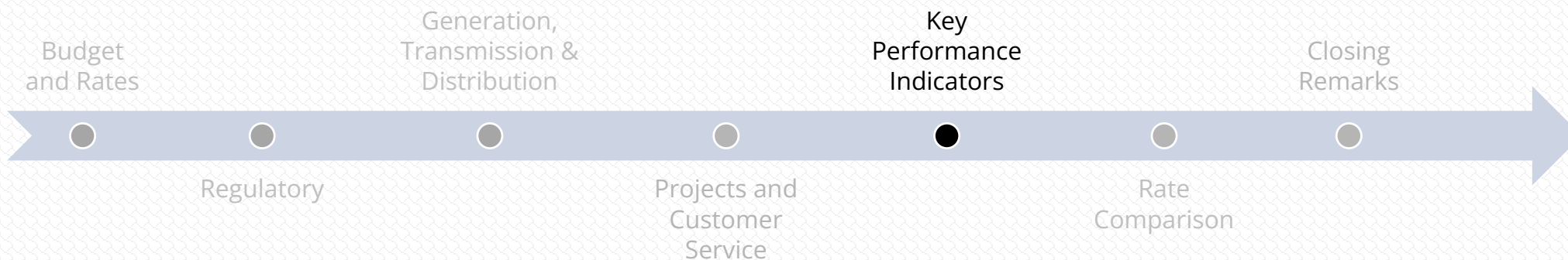
CAPITAL PROJECTS

- Geographic Information System (GIS)
- SCADA
- Dam safety projects
- Mt. Nelson line replacement
- Pole Replacements on South Shore
- Advanced Metering Infrastructure (AMI) Business Case





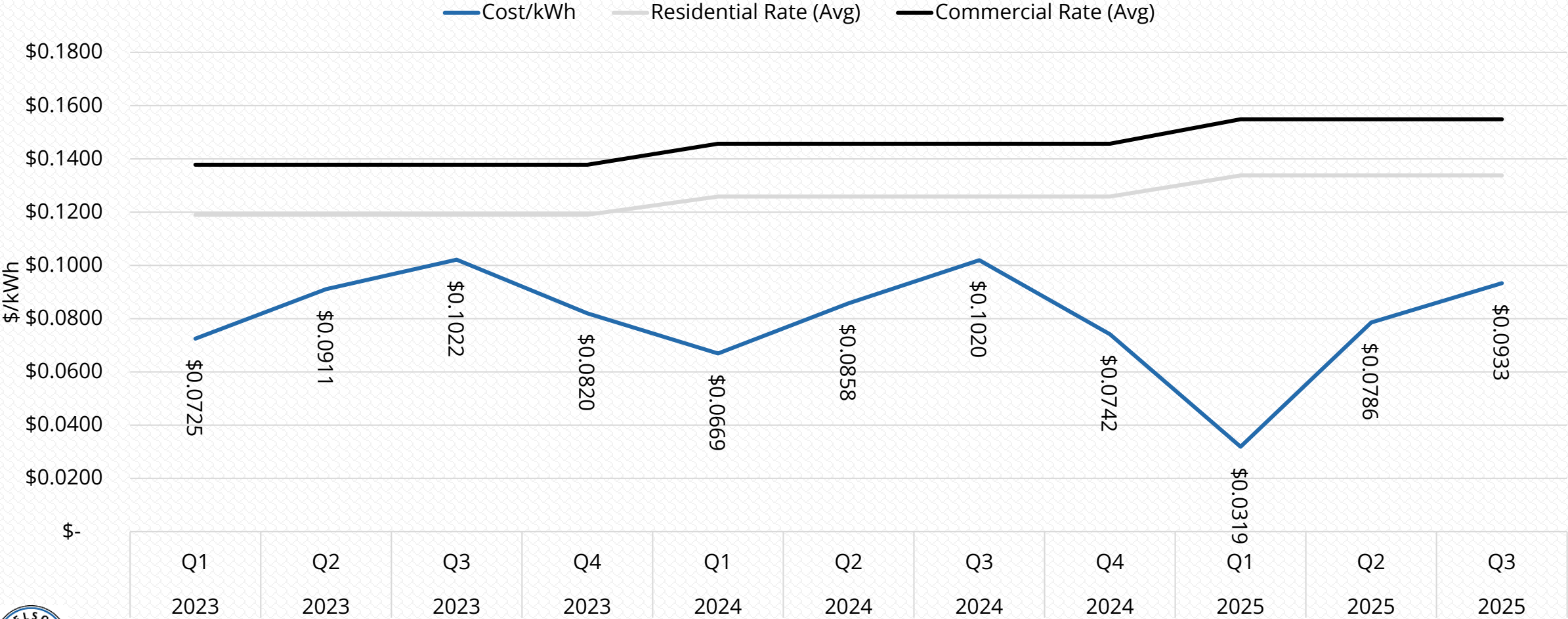
Key Performance Indicators



FINANCIAL PERSPECTIVE

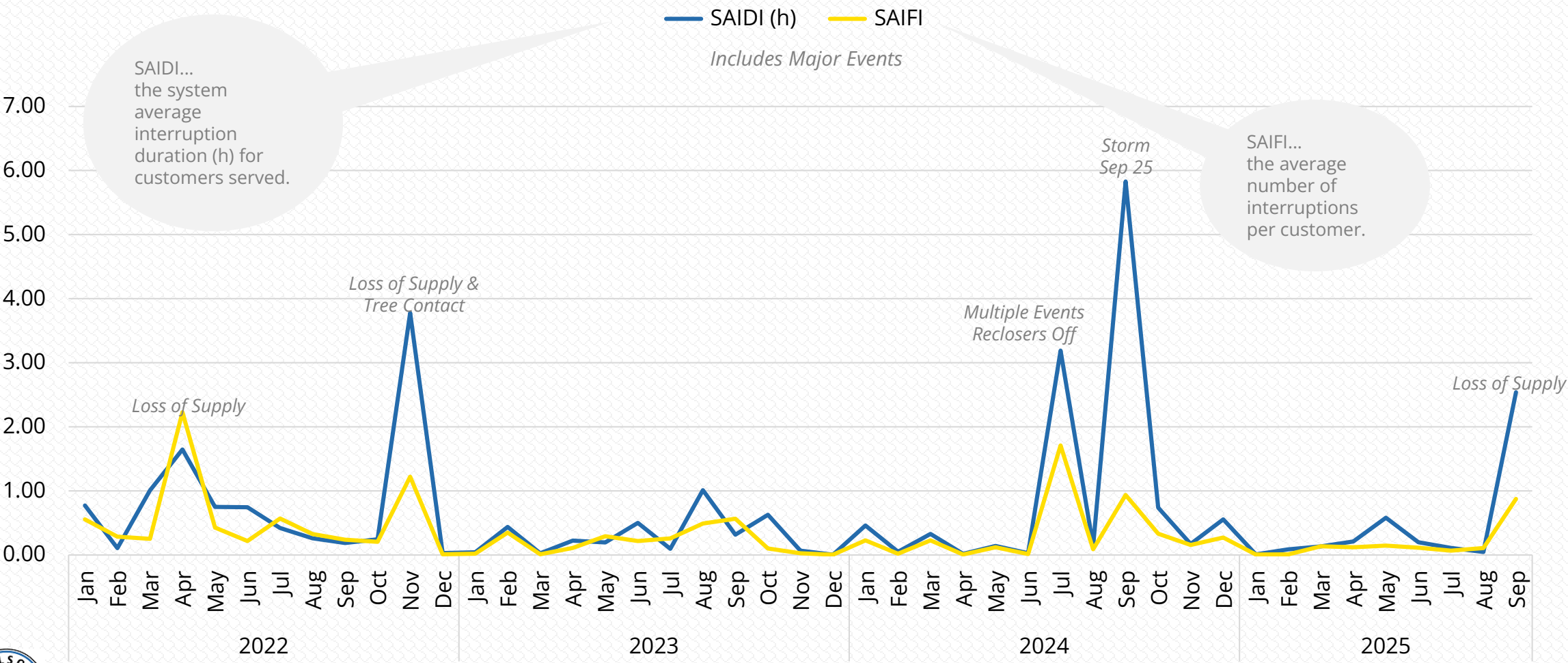
Operating & Maintenance Cost per kWh Electricity Sold

Utility Expenditures (\$)
Energy Sold (kWh)

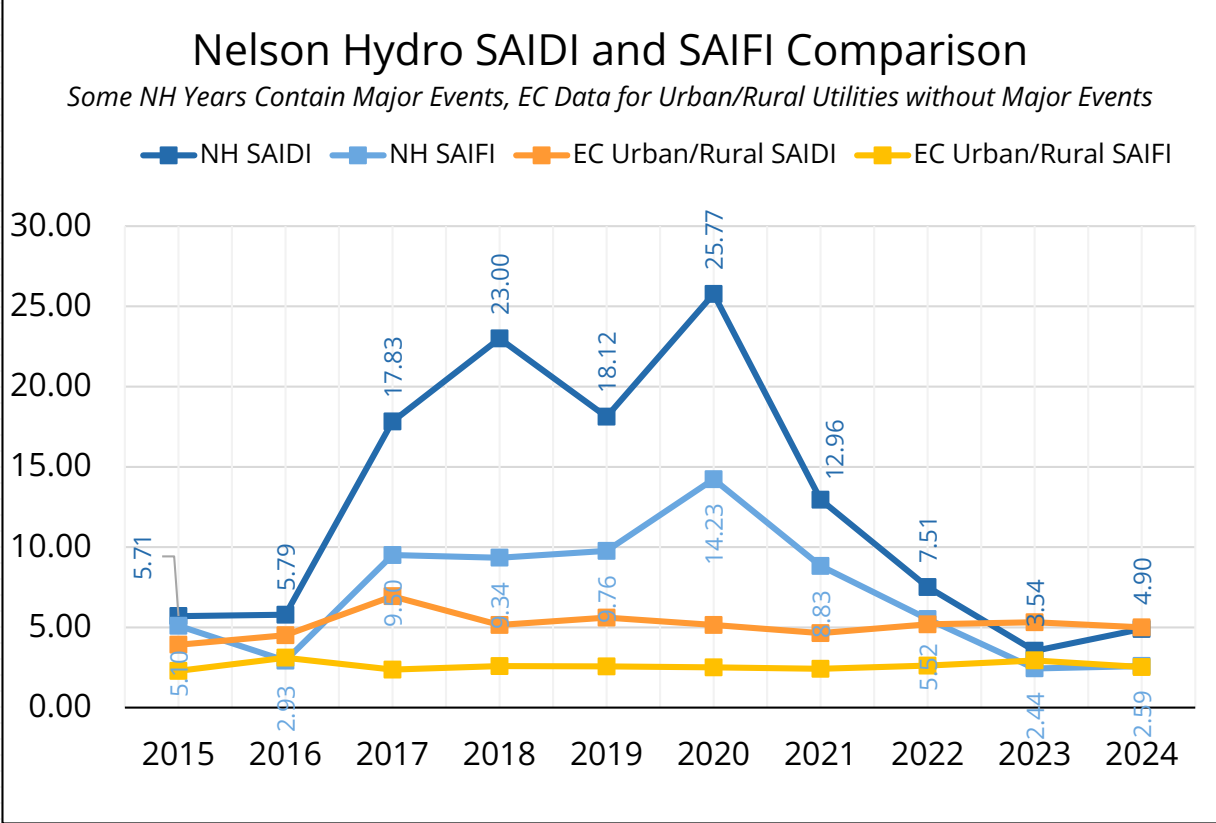
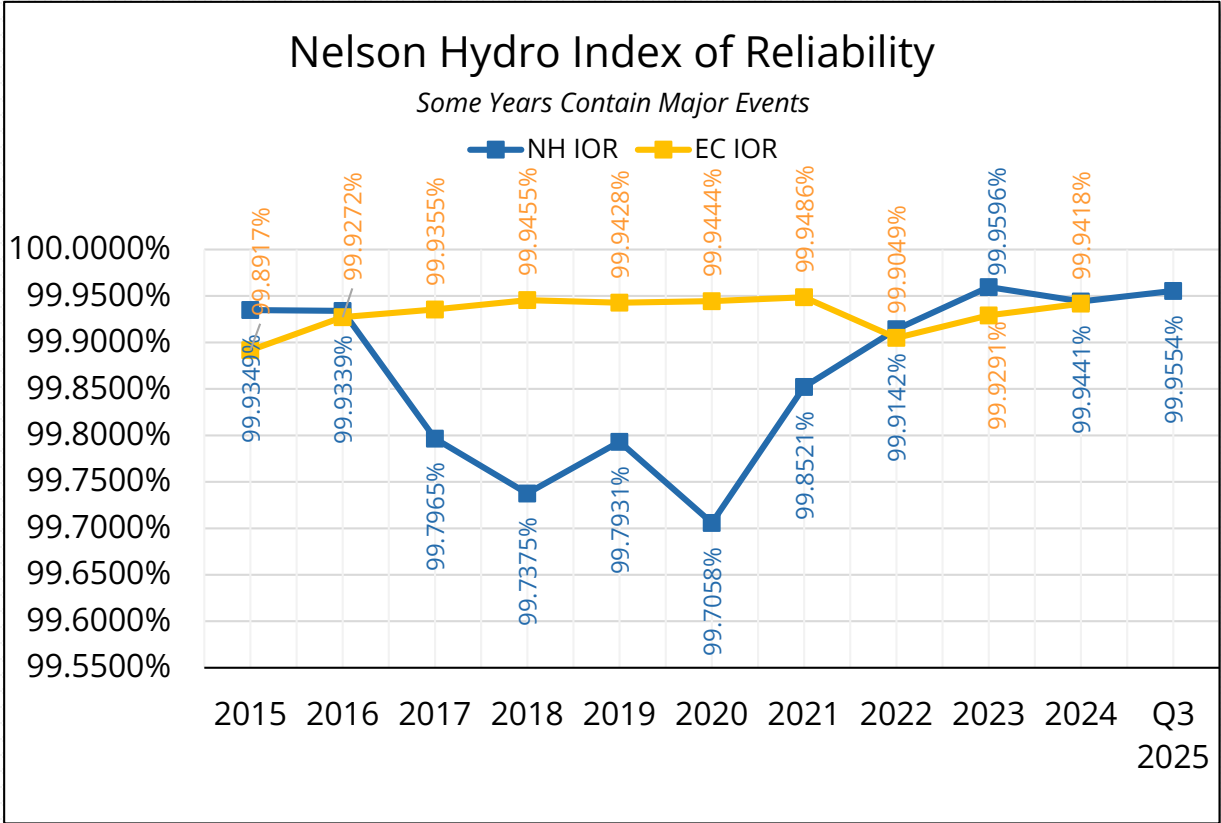


OPERATIONS PERSPECTIVE

SAIDI and SAIFI are Reliability Indicators used by Electric Power Utilities across North America.



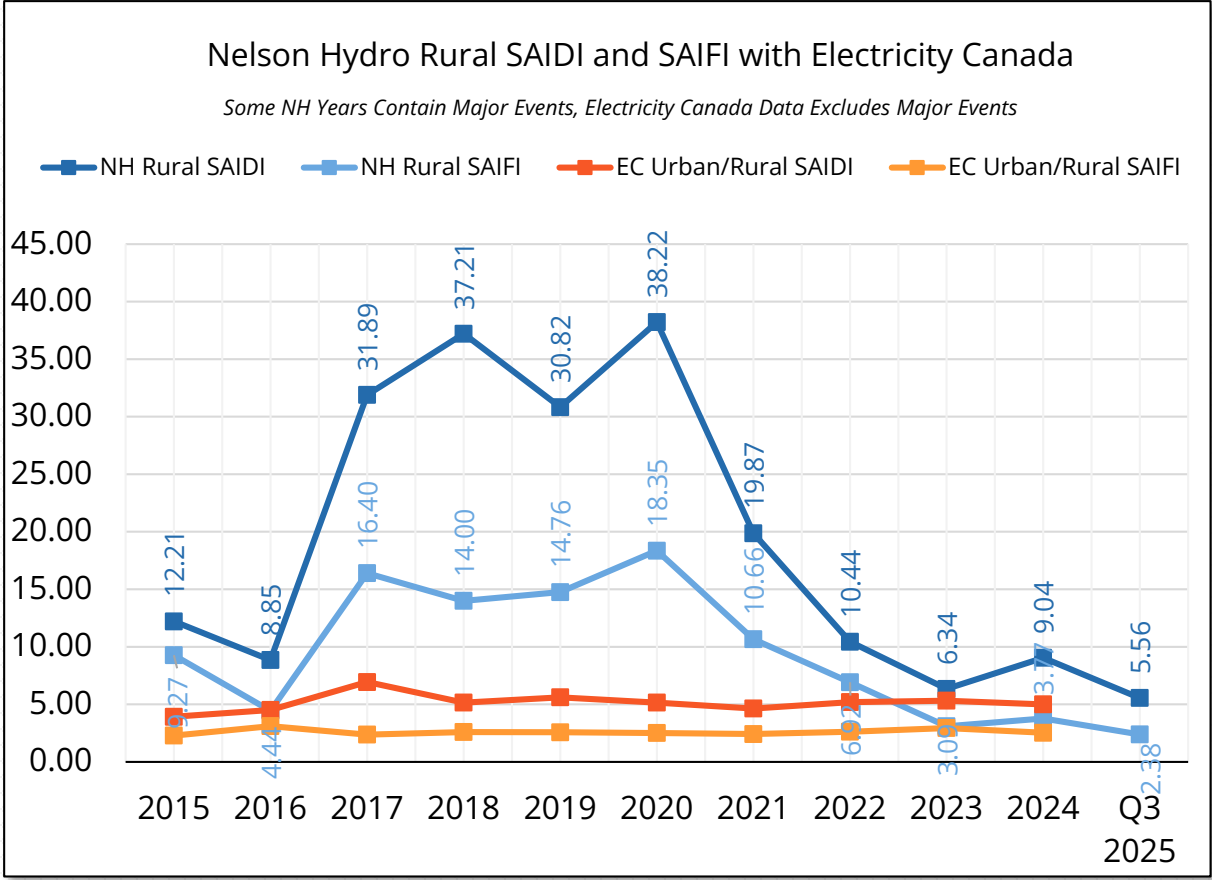
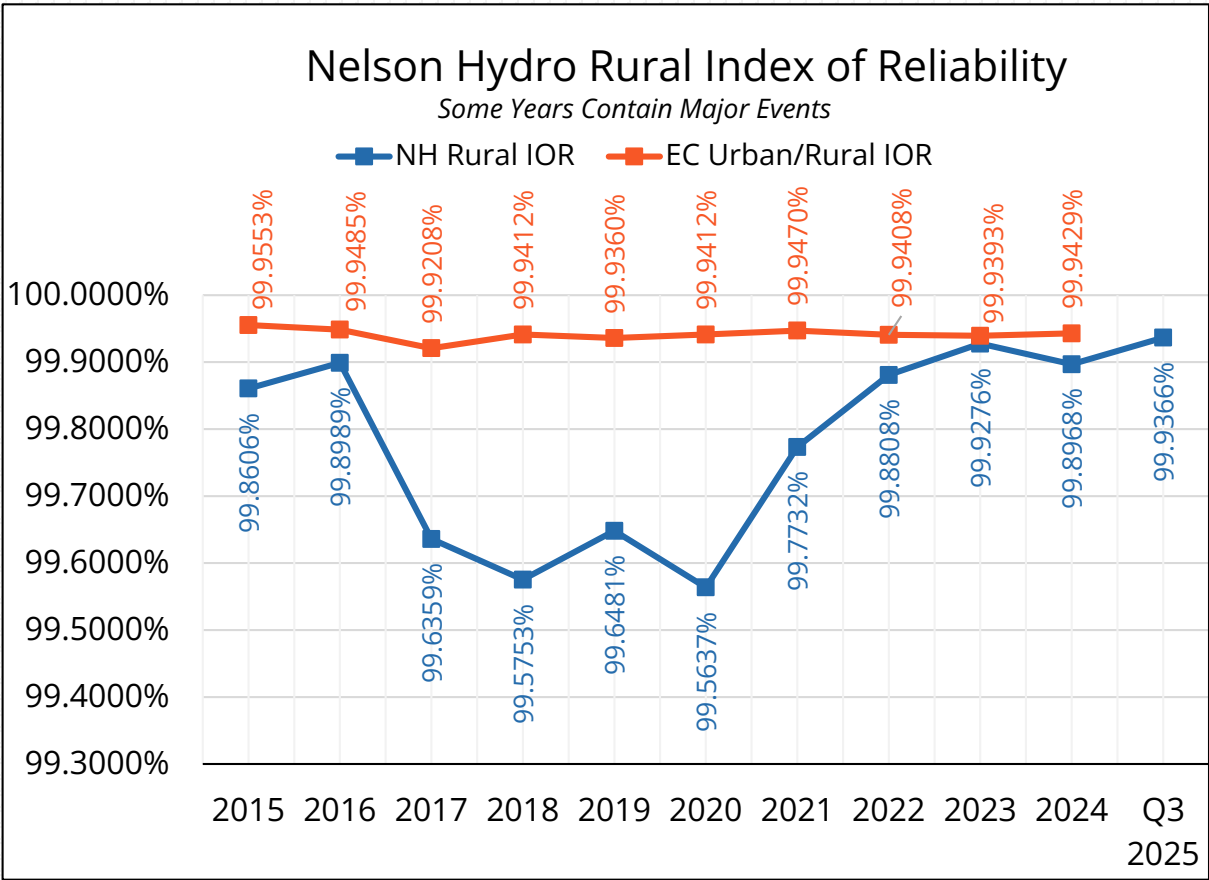
INDEX OF RELIABILITY & SAIDI/SAIFI – ALL UTILITY



Data is to September 30th



INDEX OF RELIABILITY & SAIDI/SAIFI – RURAL ONLY



Data is to September 30th



ELECTRICITY CANADA DEFINITIONS

Adverse Environment

Customer interruptions due to equipment being subjected to abnormal environment such as salt spray, industrial contamination, humidity, corrosion, vibration, fire or flooding.

Adverse Weather

Customer interruptions resulting from rain, ice storms, snow, winds, extreme ambient temperatures, freezing fog, or frost and other extreme conditions.

Equipment Failure

Customer interruptions resulting from equipment failures due to deterioration from age, incorrect maintenance, or imminent failures detected by maintenance.

Foreign Interference

Customer interruptions beyond the control of the utility such as birds, animals, vehicles, dig-ins, vandalism, sabotage and foreign objects.

Human Element

Customer interruptions due to the interface of the utility staff with the system such as incorrect records, incorrect use of equipment, incorrect construction or installation, incorrect protection settings, switching errors, commissioning errors, deliberate damage, or sabotage.

Lightning

Customer interruptions due to lightning striking the Distribution System, resulting in an insulation breakdown and/or flash-overs.

Loss of Supply

Customer interruptions due to problems in the bulk electricity supply system such as under frequency, load shedding, transmission system transients, or system frequency excursions.

Scheduled Outage

Customer interruptions due to the disconnection at a selected time for the purpose of construction or preventive maintenance.

Tree Contacts

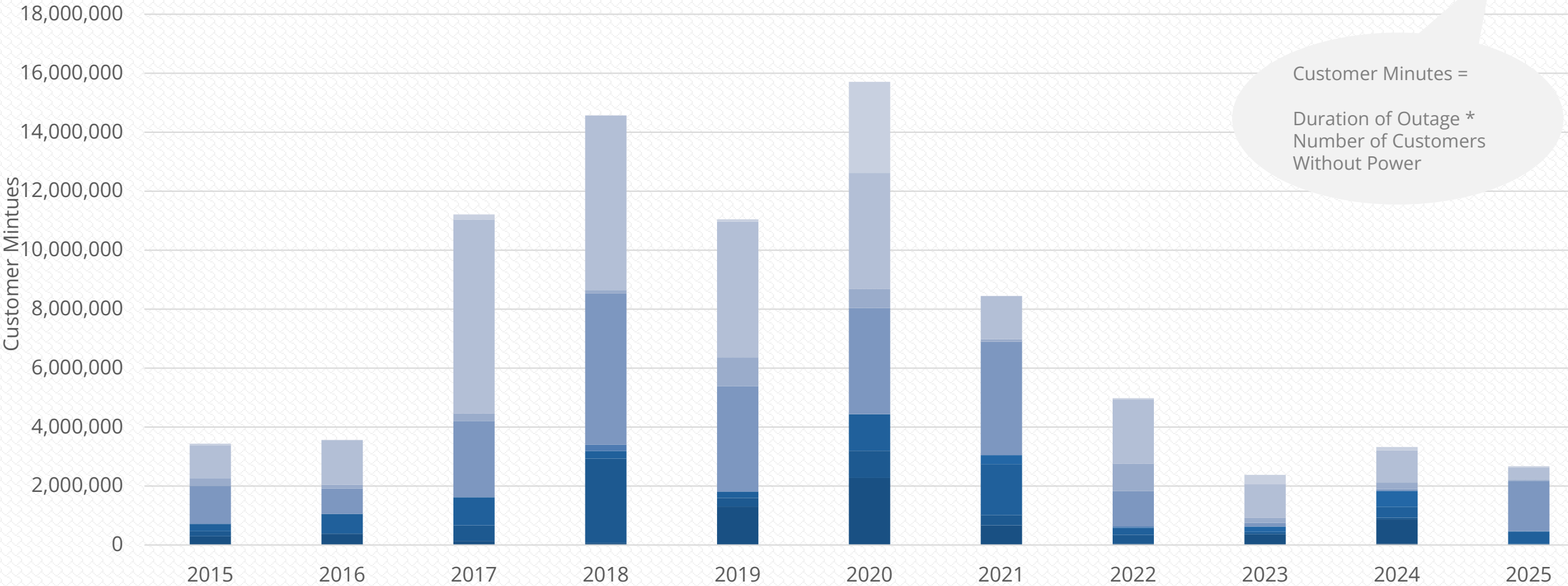
Customer interruptions caused by faults due to trees or tree limbs contacting energized circuits.

Unknown

Customer interruptions with no apparent cause or reason could have contributed to the outage. Only to be used when all other reasons do not apply or the cause is legitimately unknown.

OUTAGES BY YEAR AND CAUSE WITH CUSTOMER MINUTES

- Adverse Environment
- Adverse Weather
- Equipment Failure
- Foreign Interference
- Human Element
- Lightning
- Loss of Supply
- Scheduled Outage
- Tree Contacts
- Unknown

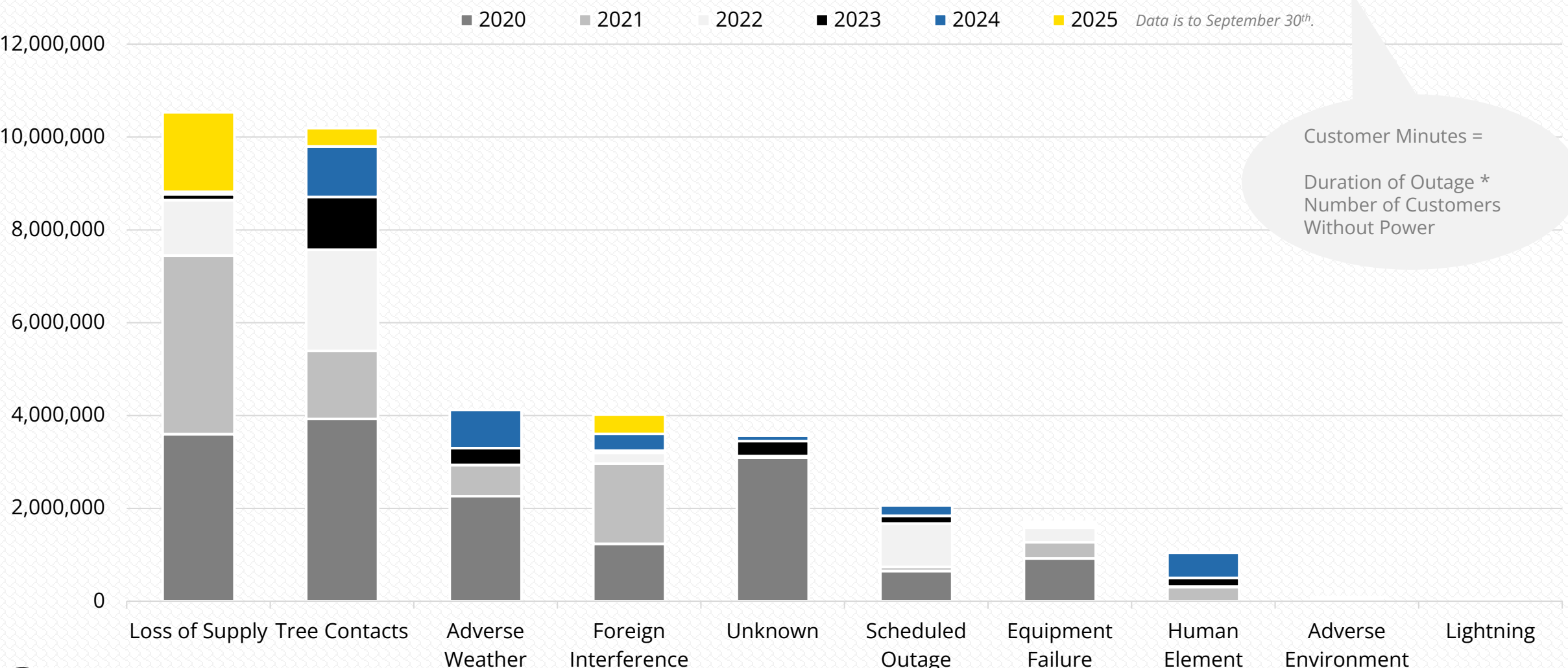


Customer Minutes =
Duration of Outage *
Number of Customers
Without Power

Some Years Contain Major Events

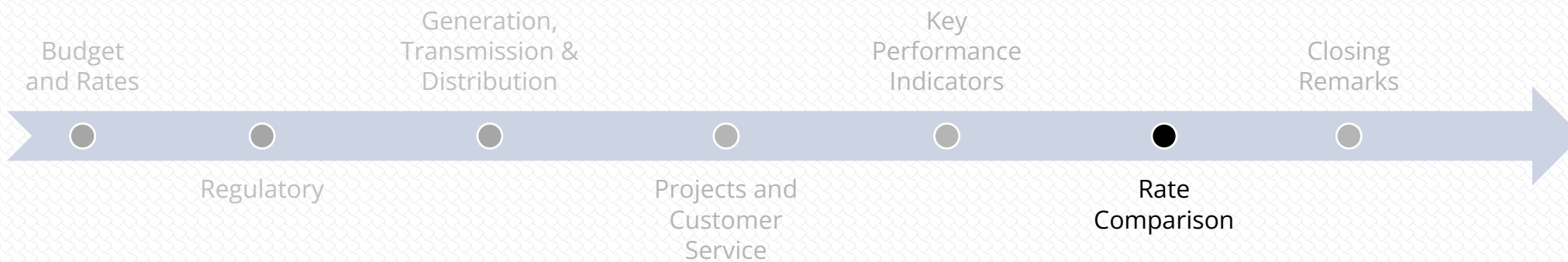


OUTAGES BY CAUSE AND YEAR WITH CUSTOMER MINUTES

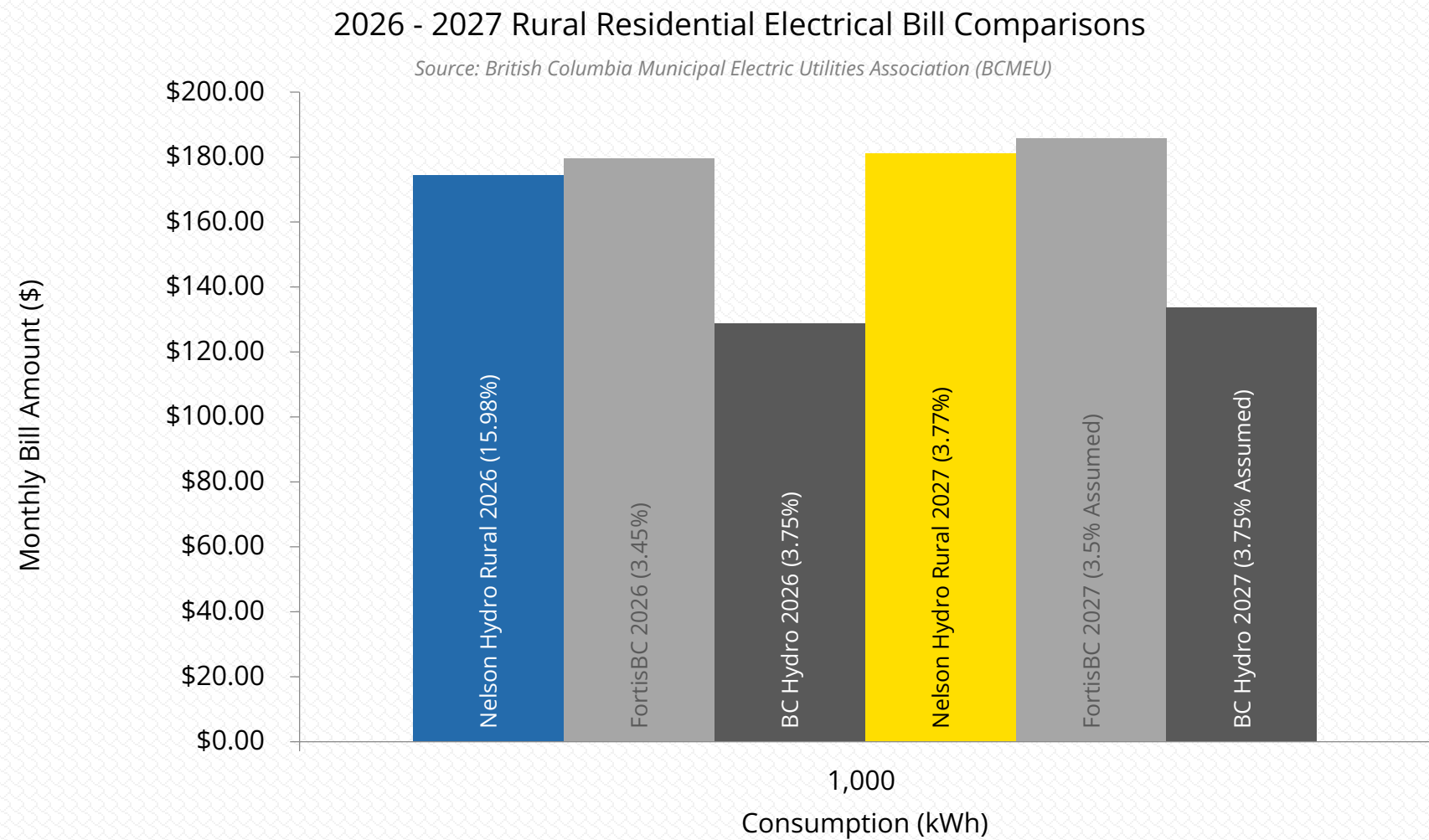




Rate Comparison



RESIDENTIAL RATE COMPARISON



CLOSING REMARKS

- Open House at Nelson City Hall
 - Wednesday, November 19th
 - 1:30 – 3:30 pm
 - Hybrid option available
- Let's Talk 2026-27 Electrical Rates



QUESTIONS?

Scott Spencer
General Manager, Nelson Hydro

sspencer@nelson.ca
Phone: (250) 352-8212
Cell: (250) 551-4512

