

2025, 2026-27 OVERVIEW



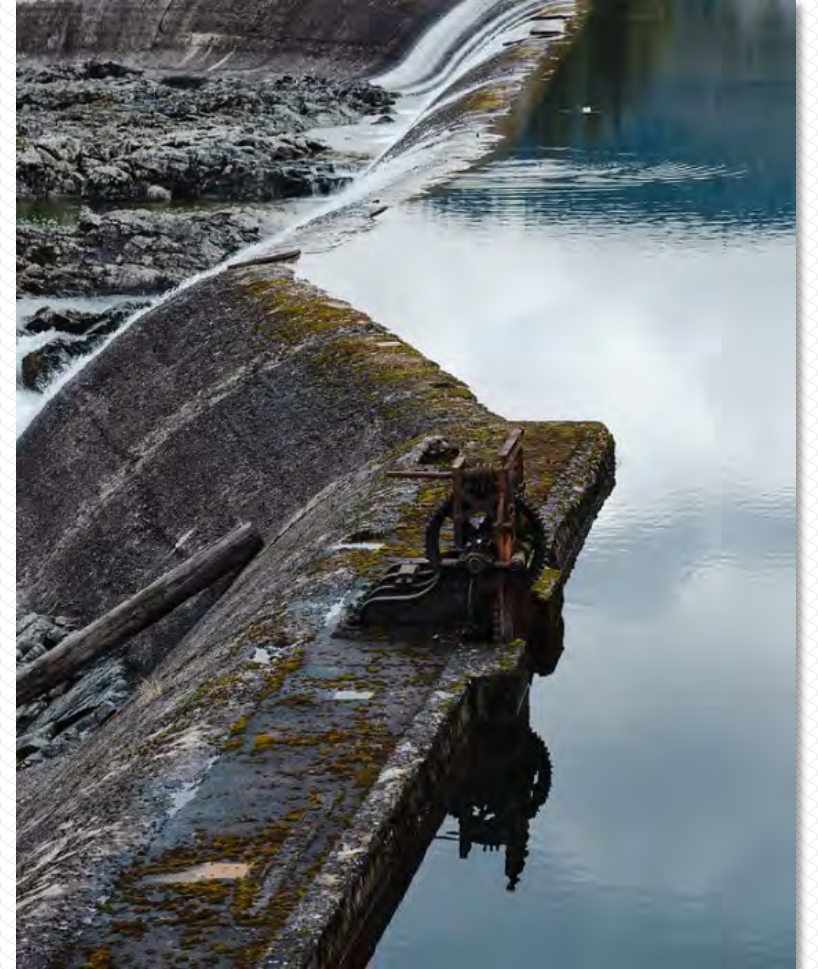
Accomplishments & Business Plan

City of
NELSON

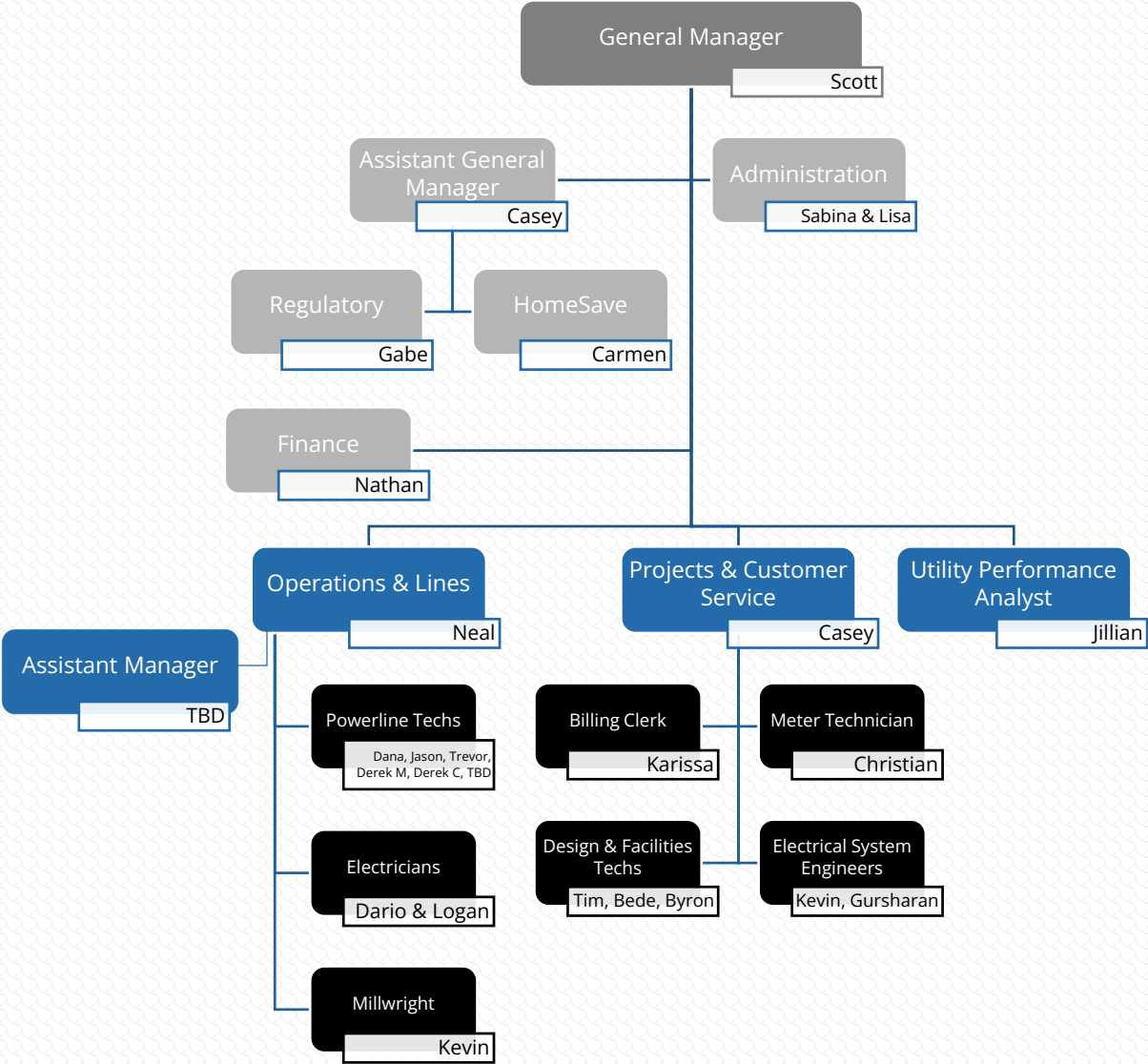
October 24, 2025

AGENDA

- | | |
|---|---------|
| 1. Introduction | Scott |
| 2. Budget and Rates | Scott |
| 3. Regulatory | Gabe |
| 4. Generation, Transmission, Distribution | Neal |
| 5. Projects and Customer Service | Casey |
| 6. Key Performance Indicators | Jillian |
| 7. General Management | Scott |
| 8. Closing Remarks | Scott |



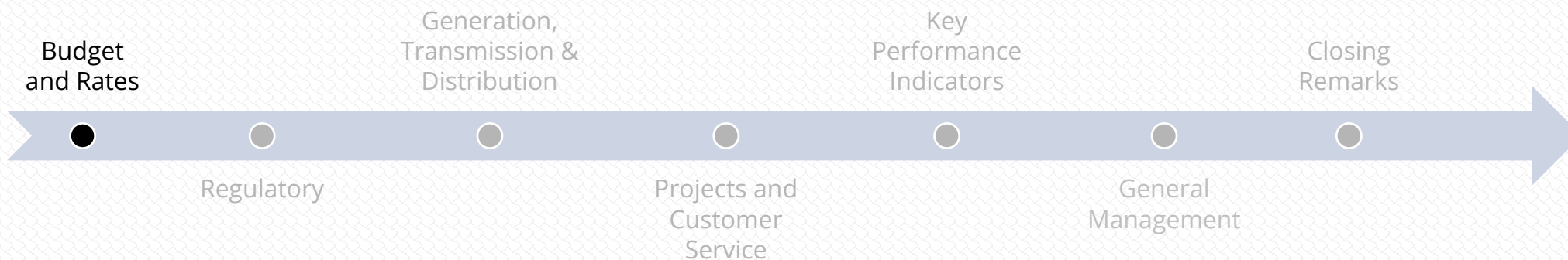
ORGANIZATION





Budget and Rates

Nathan Russ



2025 OPERATING BUDGET HIGHLIGHTS

Revenue

- Residential customer consumption less than budgeted.

Power Purchases

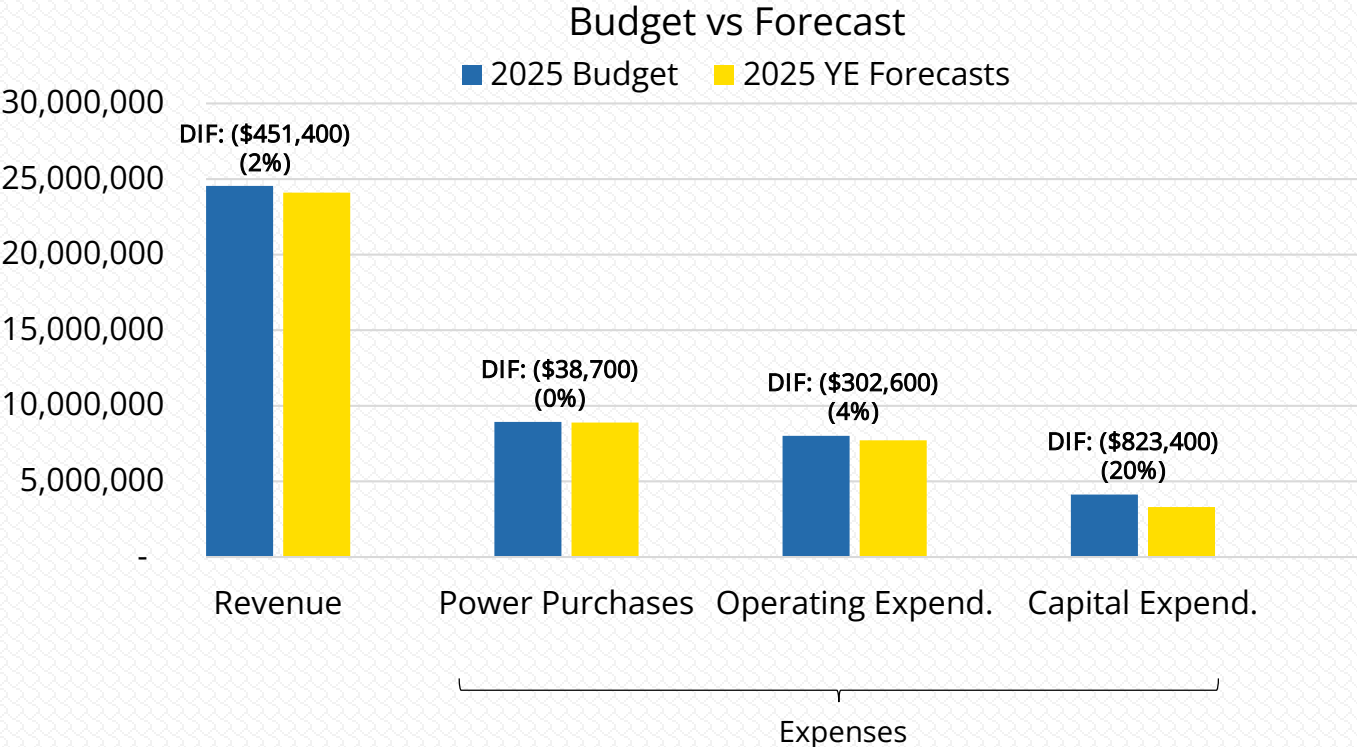
- Forecasted to end on budget

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)



	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)
- Support City dividend
- Ensure capital reserve health

Power Purchases

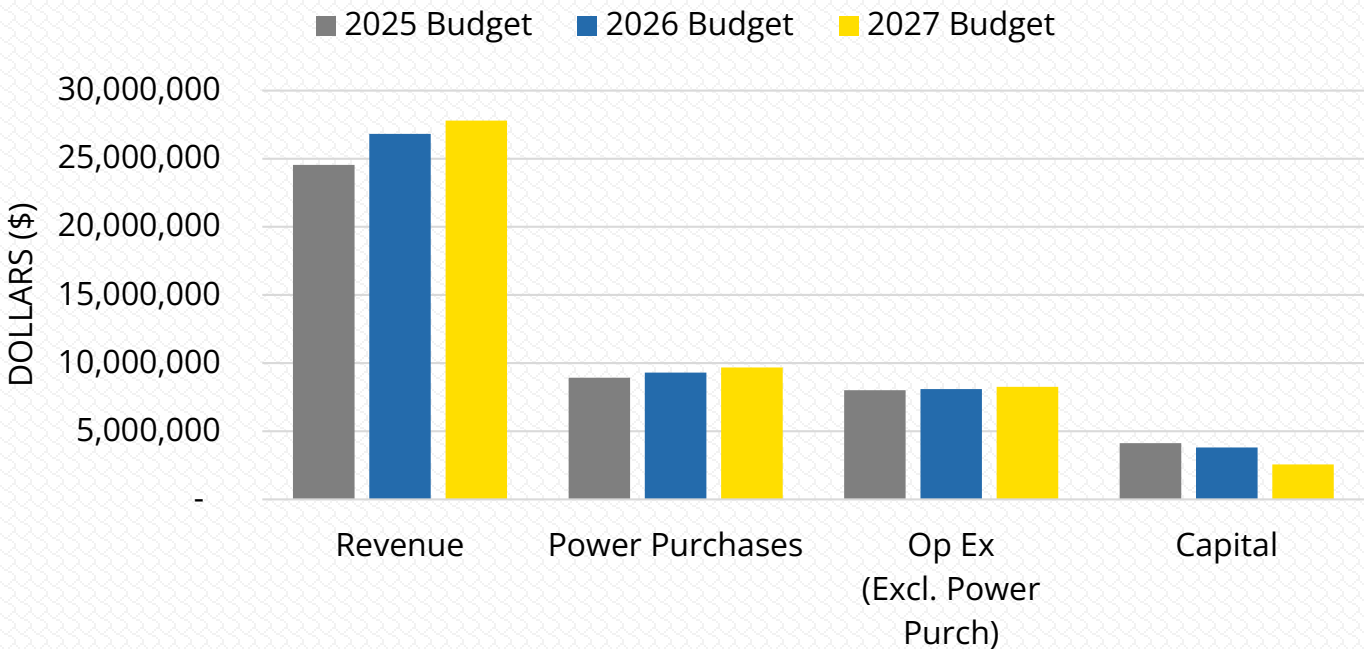
- 3.69% rate increase from FortisBC for 2026
- 3.50% rate increase estimate for 2027

O&M

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

Capital

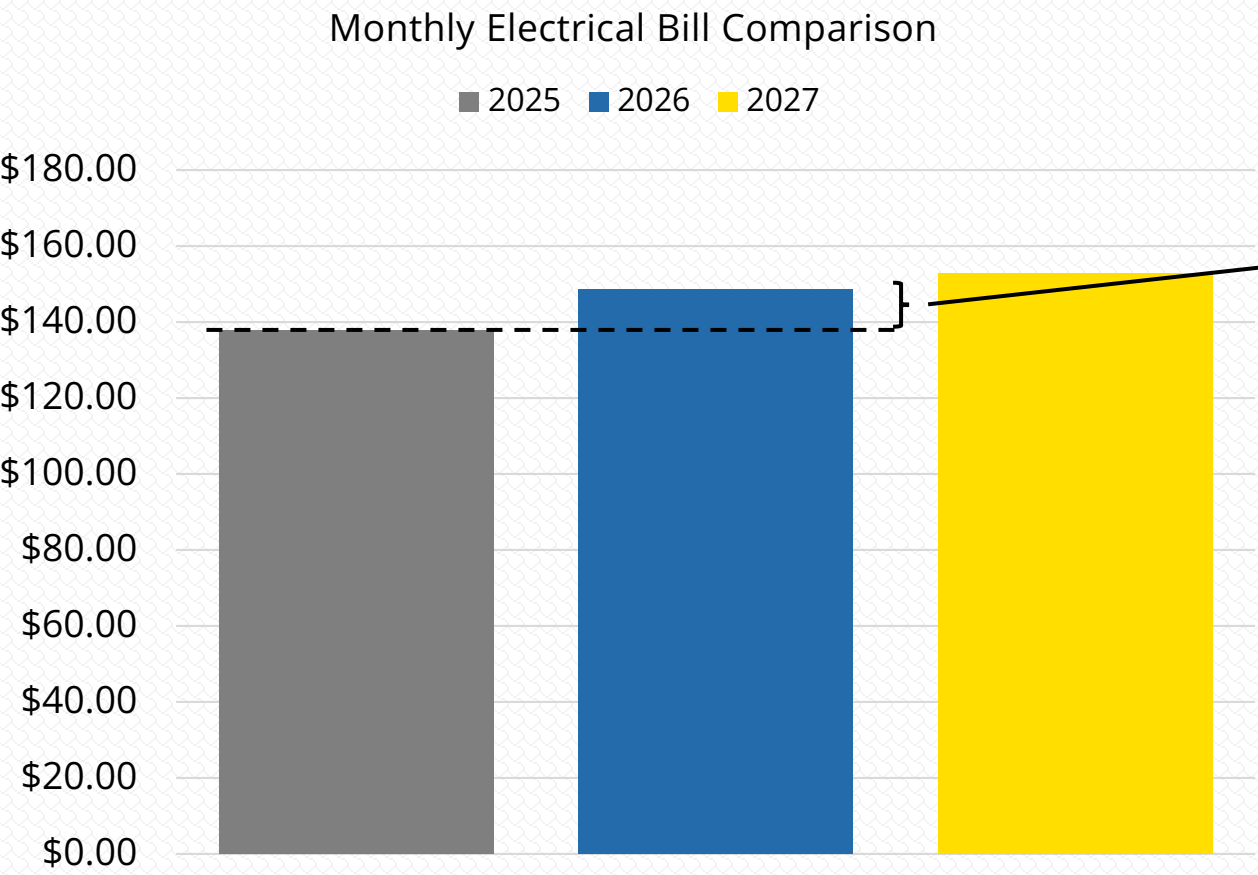
- Fewer high-cost capital project costs anticipated for 2026 and 2027



	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 - URBAN



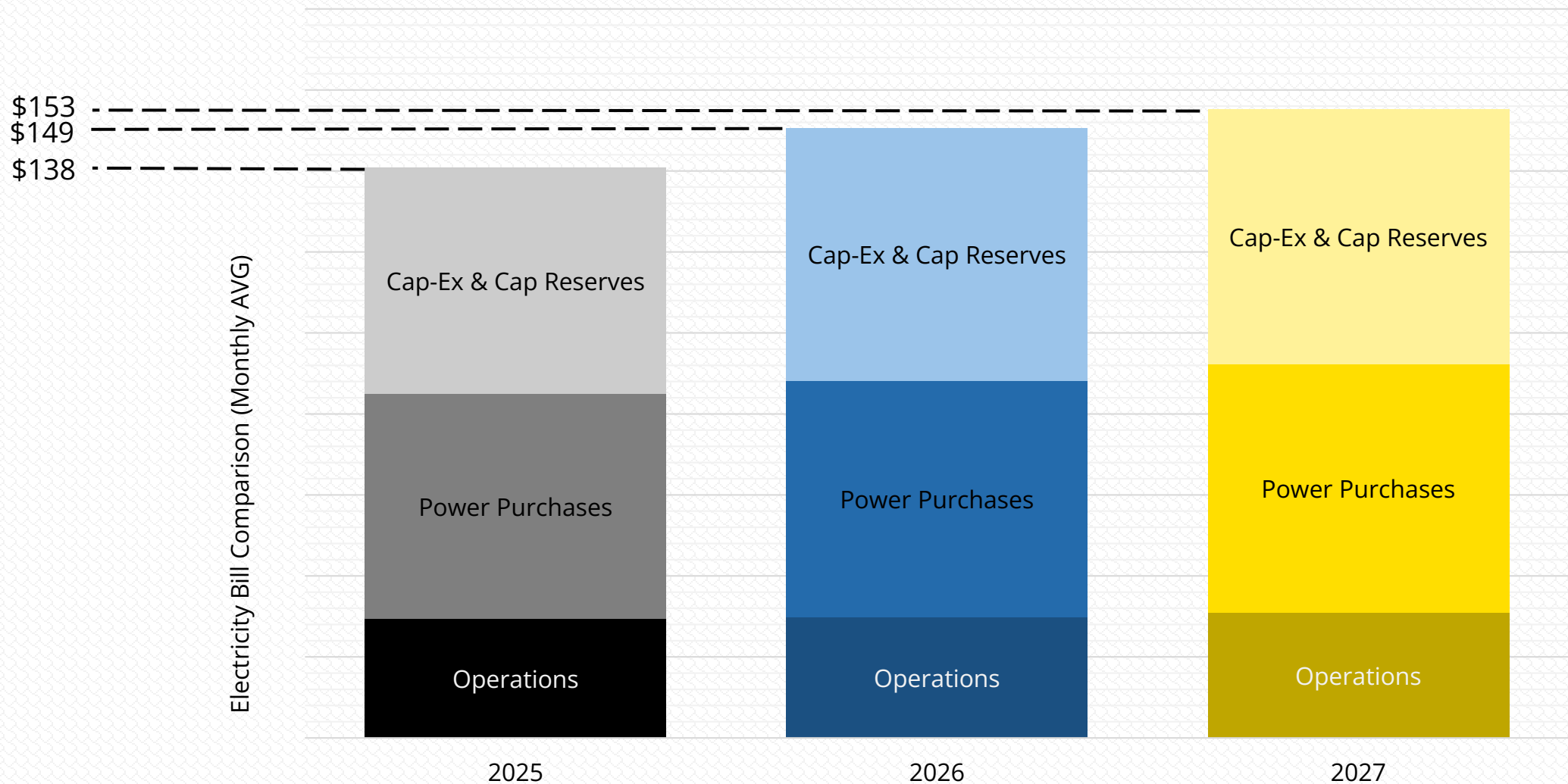
Rate Change Drivers (2026)

Operating Changes		
Op-ex, Capital Return, Power Purchases	4.60%	\$6.33
Reserve Contributions Changes		
	3.23%	\$4.44
Urban Rate Increase (2026)		
	7.83%	\$10.78

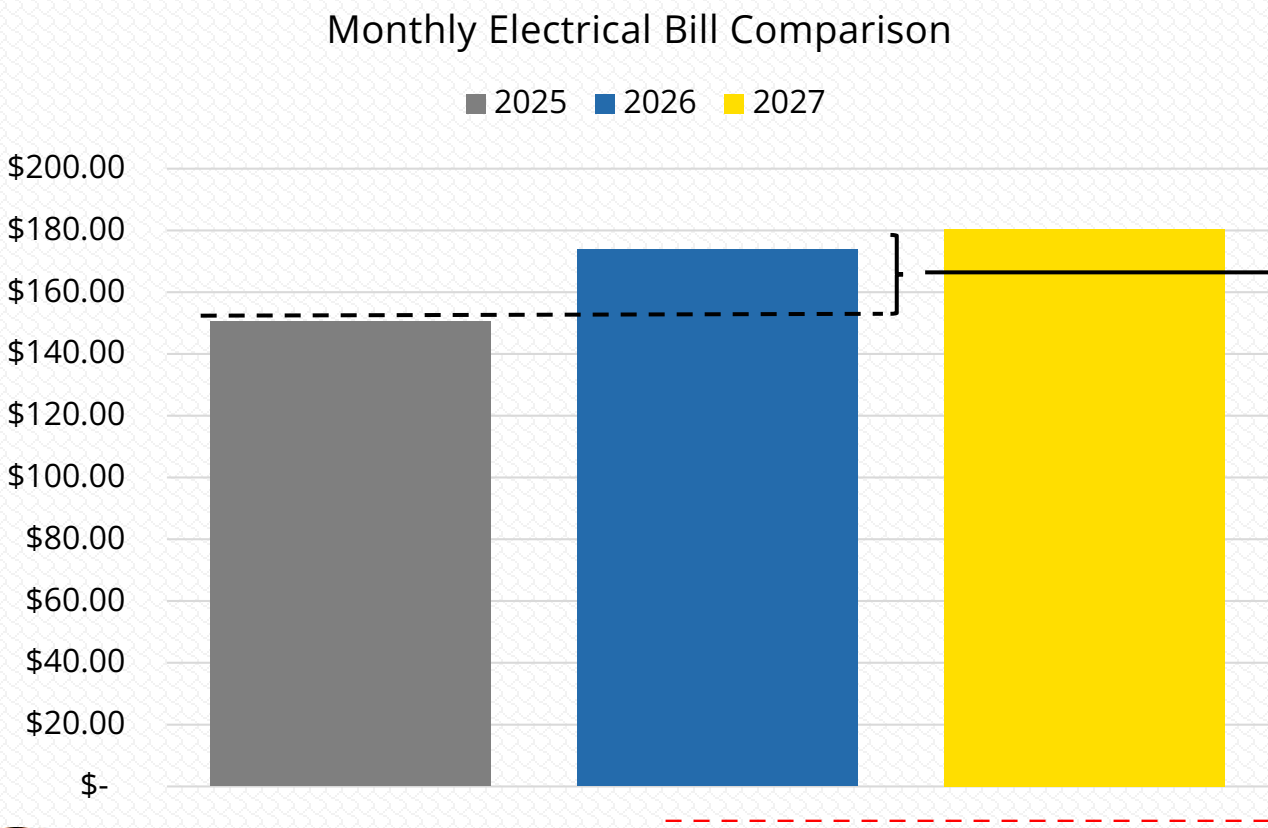
Rate Change Drivers (2027)

Operating Changes		
Op-ex, Capital Return, Power Purchases	2.89%	\$4.30
Reserve Contributions Changes		
	0%	
Urban Rate Increase (2027)		
	2.89%	\$4.30

2026 & 2027 RATE INCREASE BREAKDOWN - URBAN



2026 & 2027 RATE INCREASE BREAKDOWN - RURAL



Rate Change Drivers (2026)

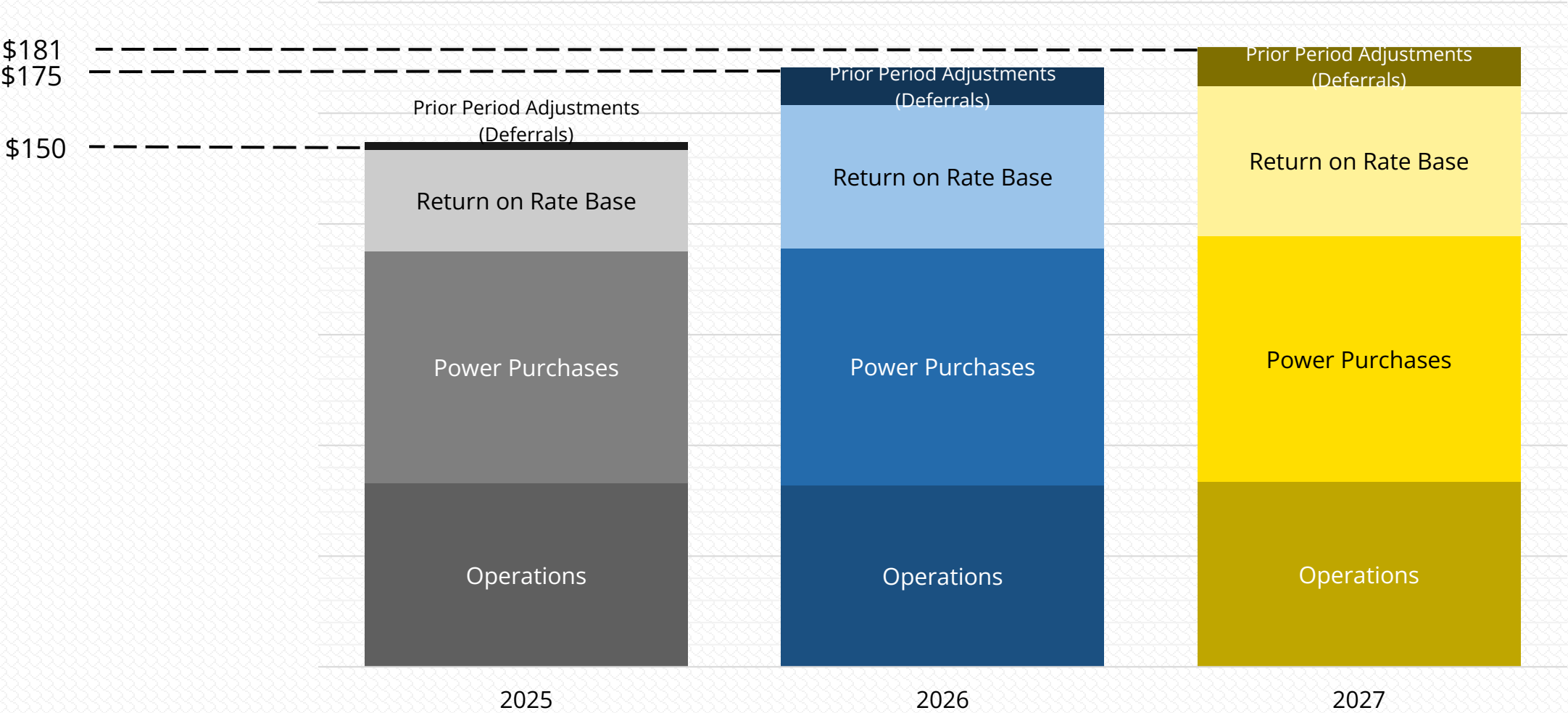
Operating Changes		
Op-ex, Capital Return, Power Purchases	4.76%	\$7.16
Deferral Accounts		
	6.63%	\$9.98
GCOC Change in ROE		
	4.59%	\$6.91
Rural Rate Increase (2026)		
	15.98%	\$24.05

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

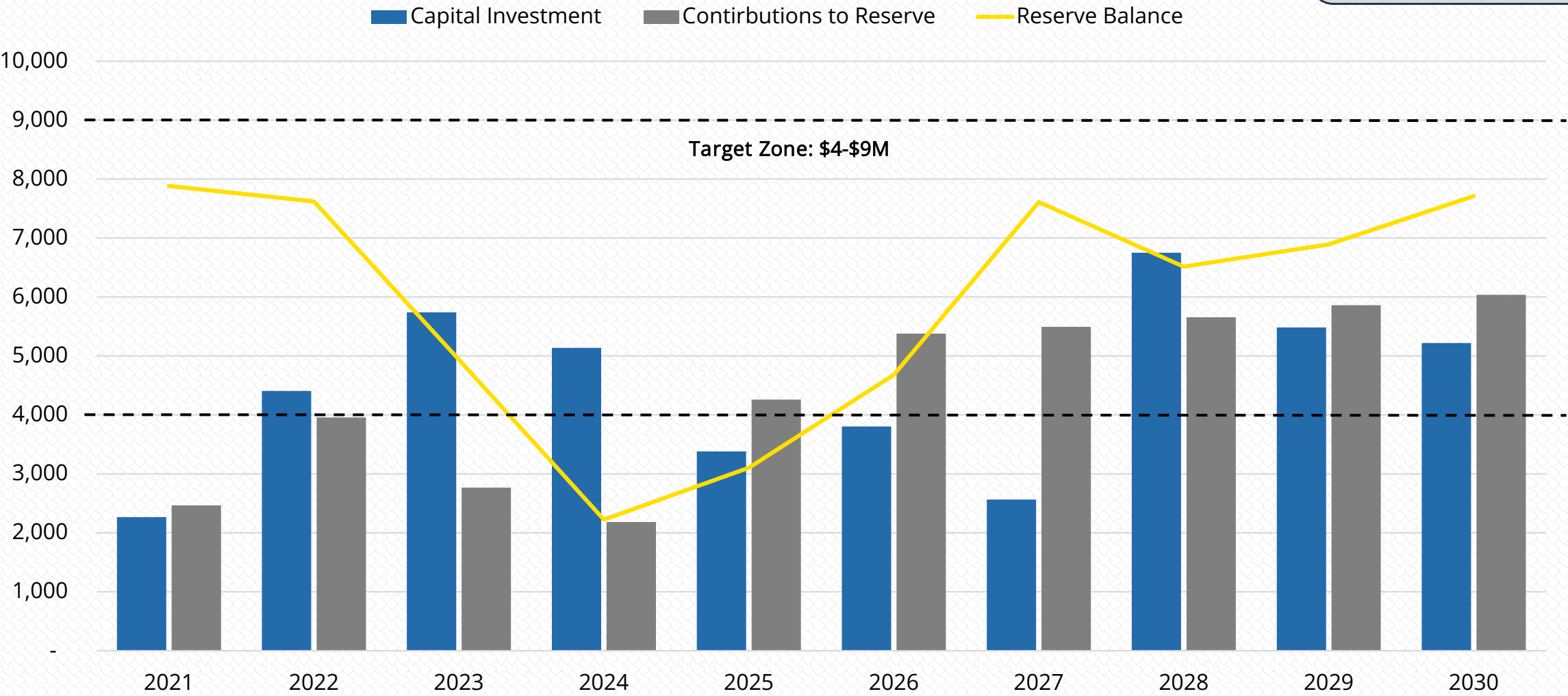


2026 & 2027 RATE INCREASE BREAKDOWN - RURAL



HYDRO CAPITAL RESERVE

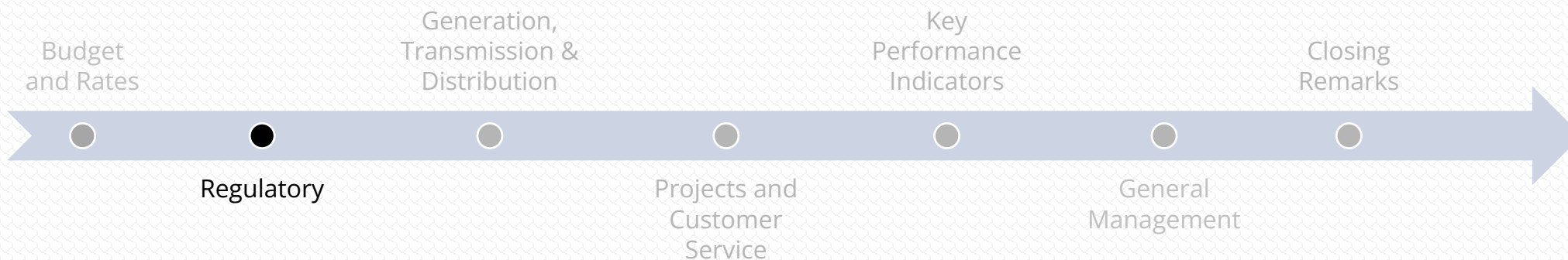
Includes contributions to
City of Nelson (dividends)
2026: \$4.79M
2027: \$5.00M





Regulatory

Gabe Bouvet-Boisclair



BCUC APPLICATIONS & PROCEEDINGS – CURRENT/COMPLETED

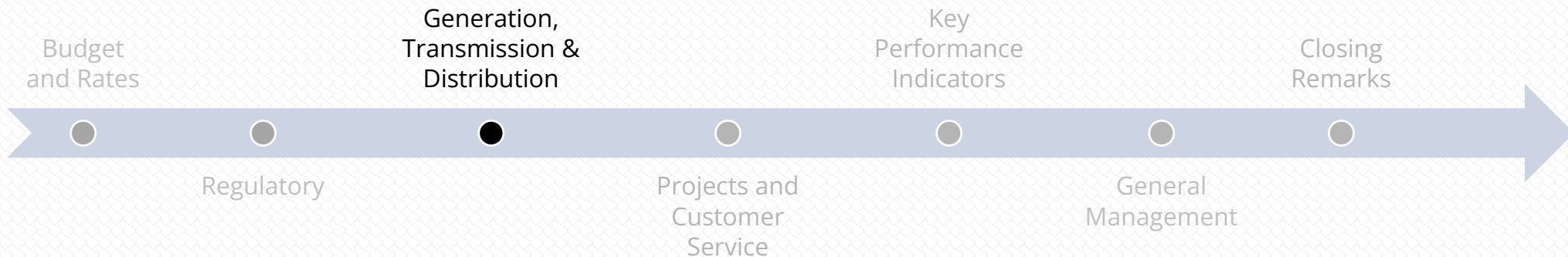
- Terms and Conditions of Service – Completed
- Generic Cost of Capital (GCOC) Phase 2 – Completed
- 2025 Revenue Requirements Application - Completed
- FortisBC 2025-27 Rate Setting Framework – Completed
- FortisBC COSA & Revenue Rebalancing – In Progress
- FortisBC 2025-26 Annual Review of Rates –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



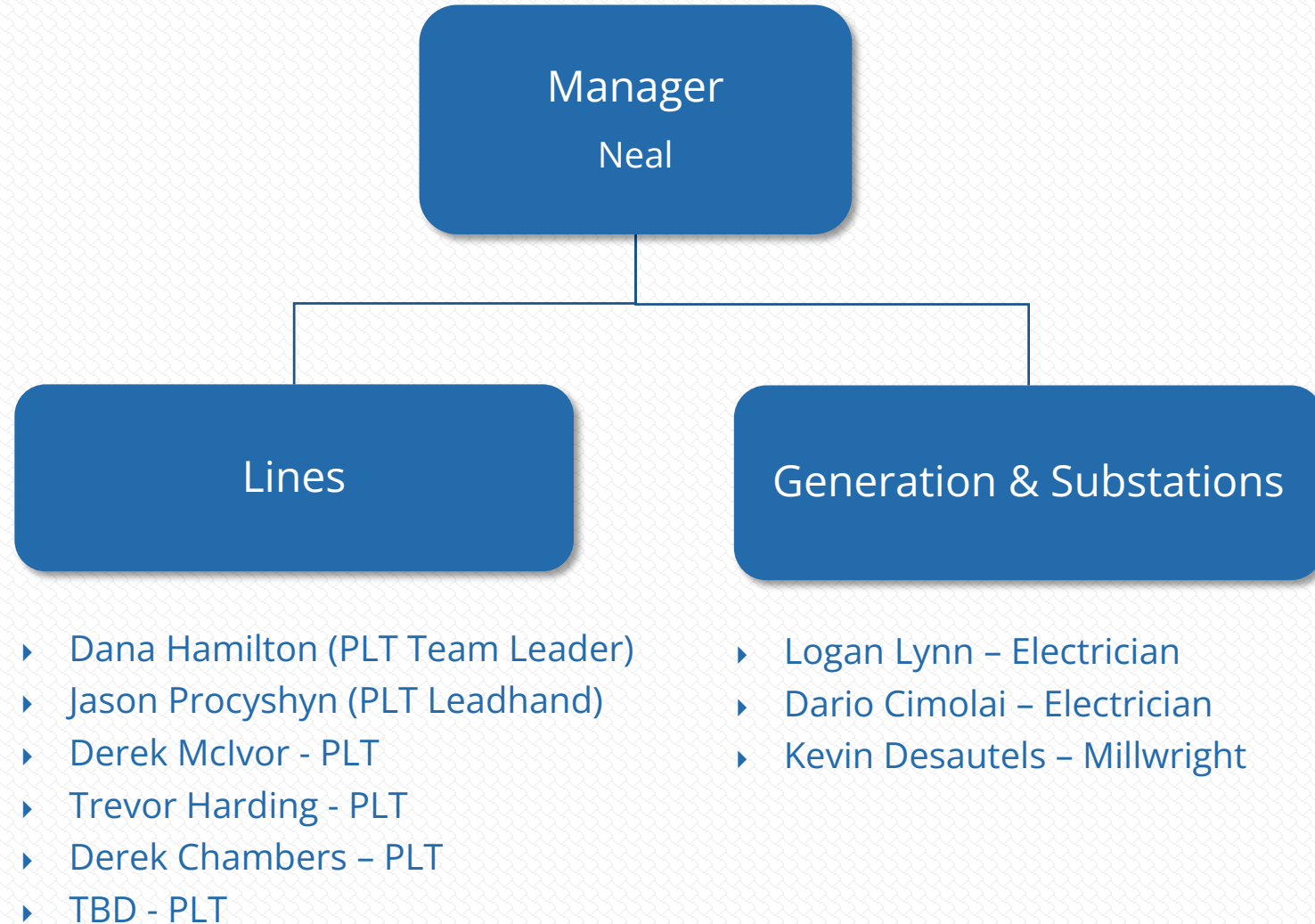


Generation, Transmission and Distribution

Neal Dermody

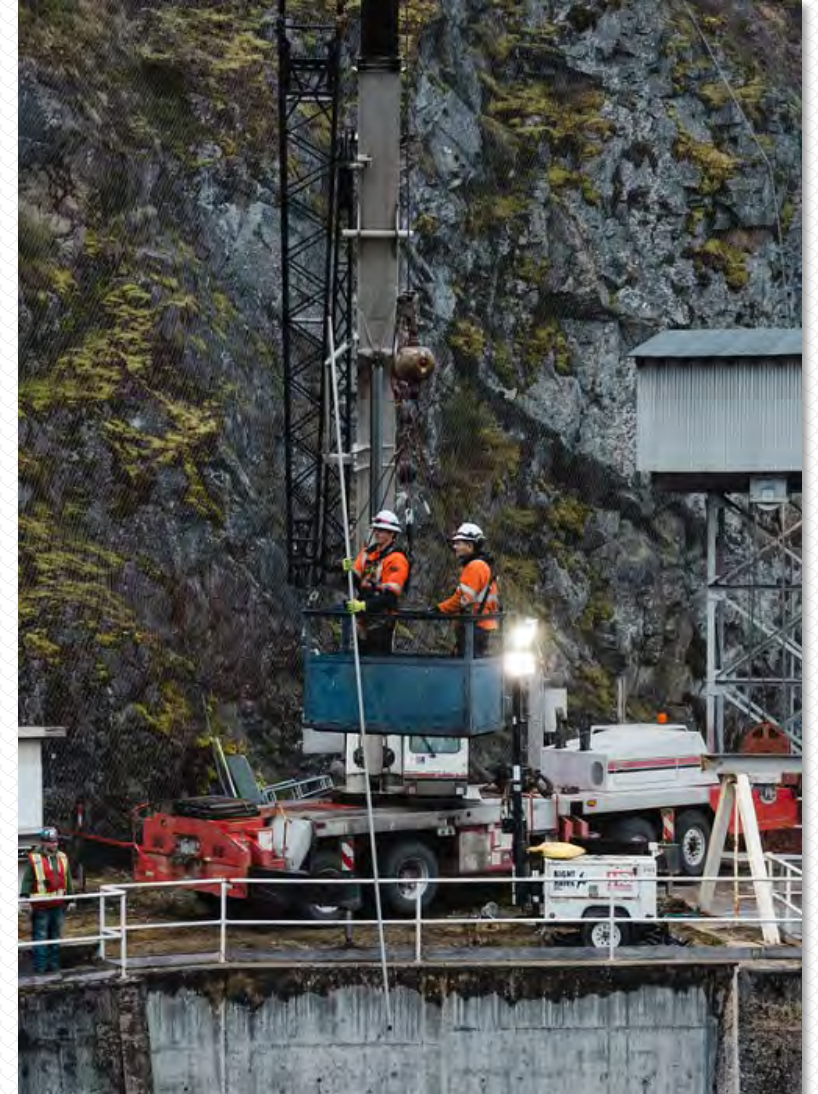


ORGANIZATION



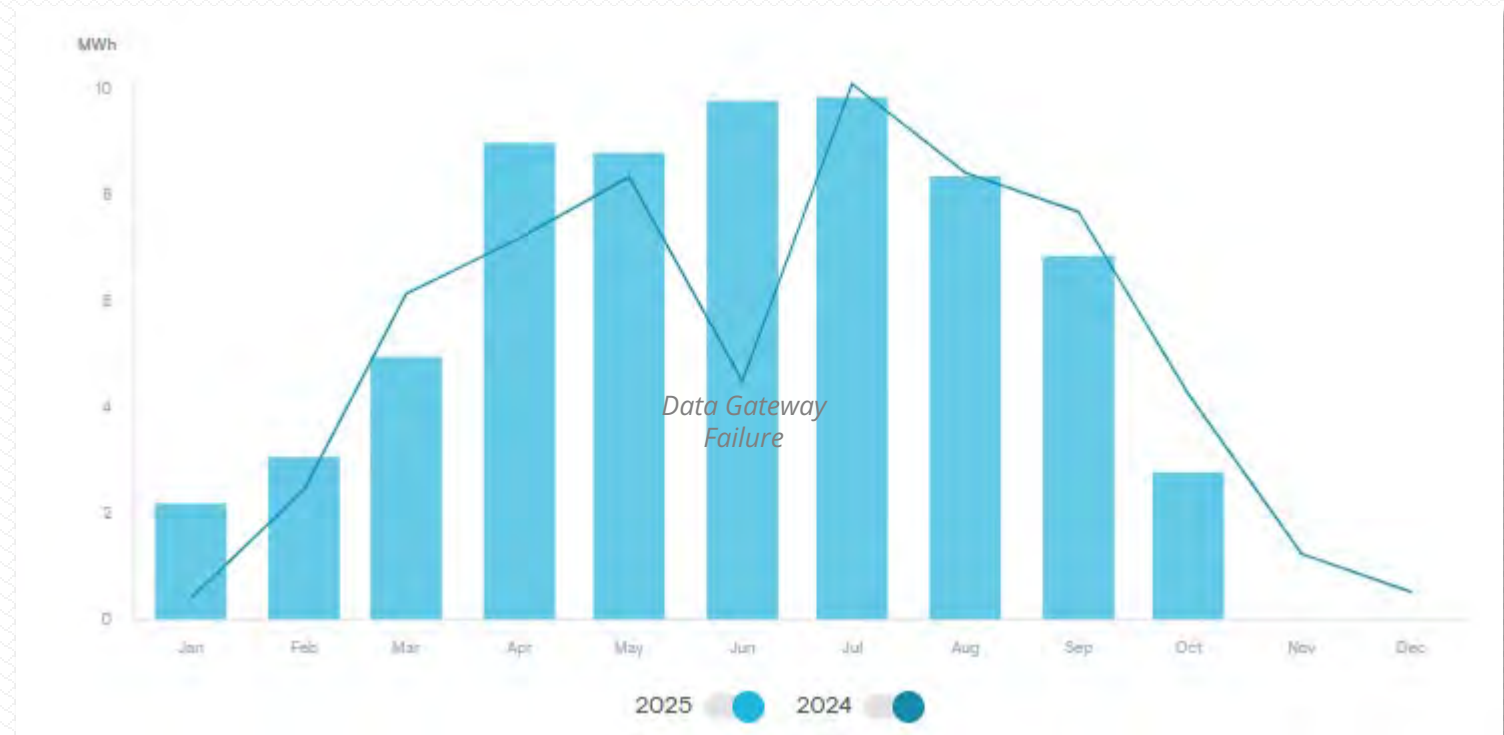
SAFETY

- Zero Lost Time Incidents
- Dam Safety Review - completed and re-submitted to the province
- Dam Safety Management Plan – capital projects started
- Safety Audit Deficiencies – ongoing work
- Electrical Safety Program – implementation
- System Safety and Lock-out (SSL) – completed and rolled out to staff

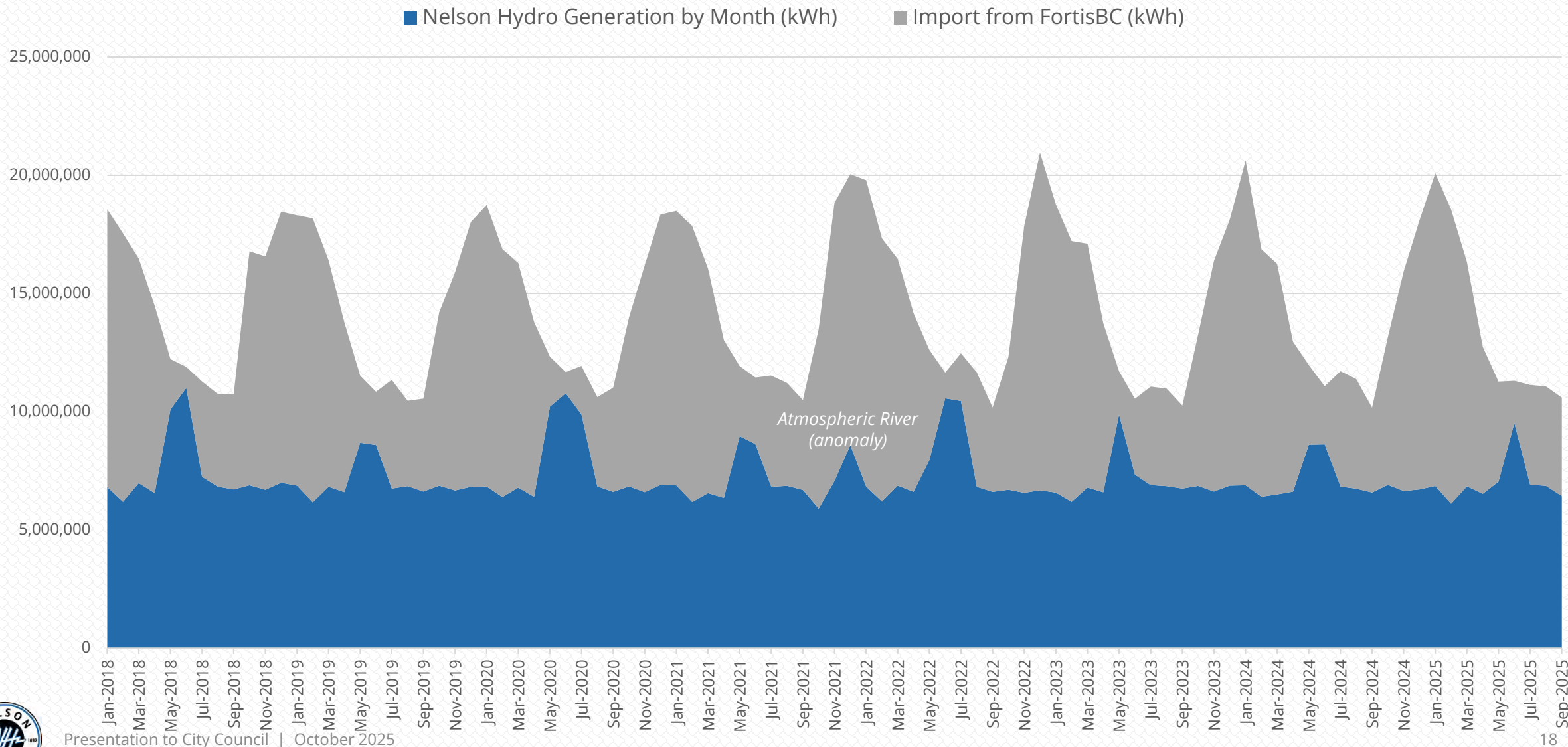


SOLAR GENERATION

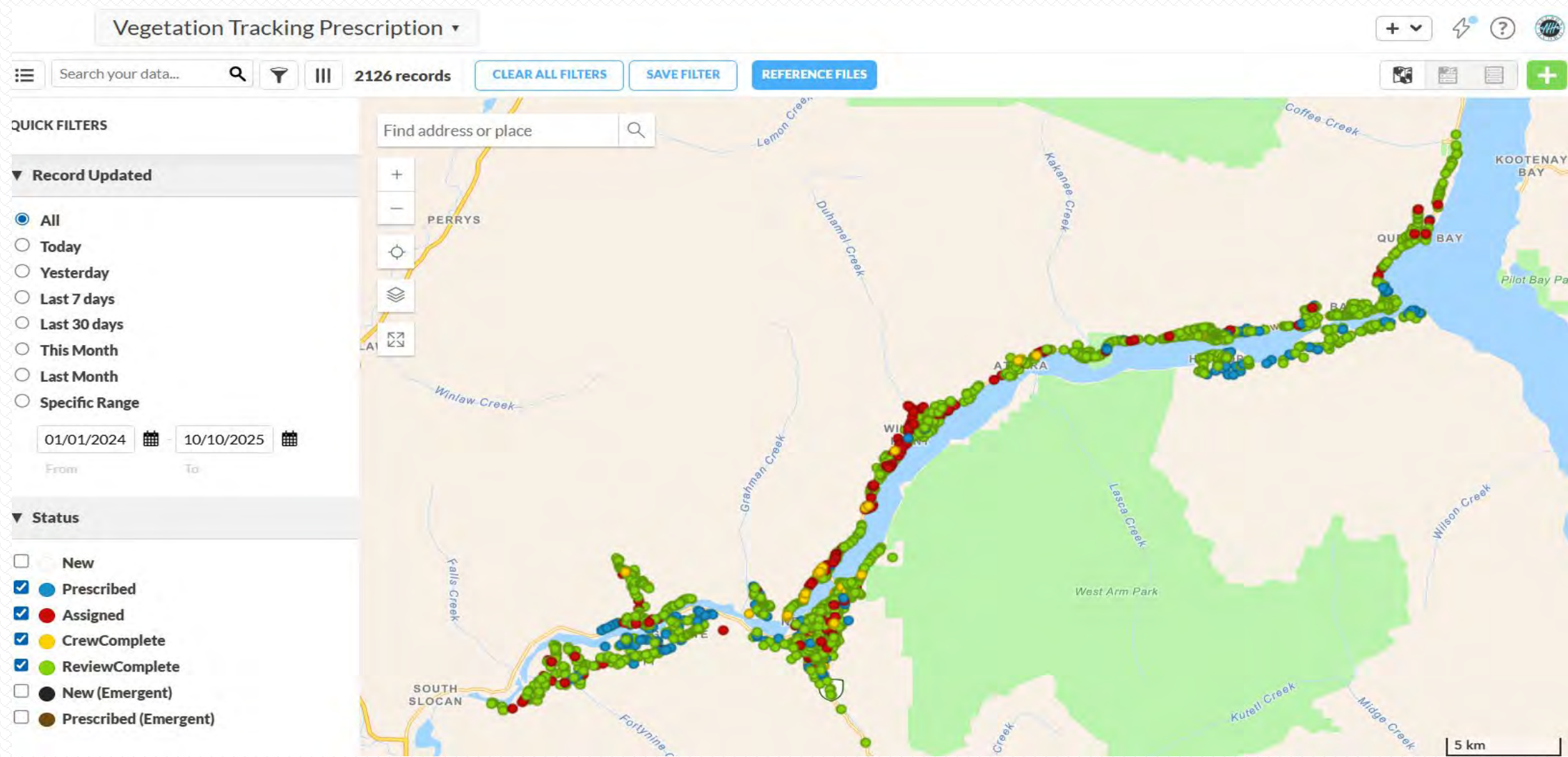
- Solar energy production in 2025 typical.
- Required maintenance is increasing.
- Structural frames holding panels will require attention due to wood deformation.



HYDRO GENERATION & IMPORT



VEGETATION MANAGEMENT – 2024-2025 WORK COMPLETED

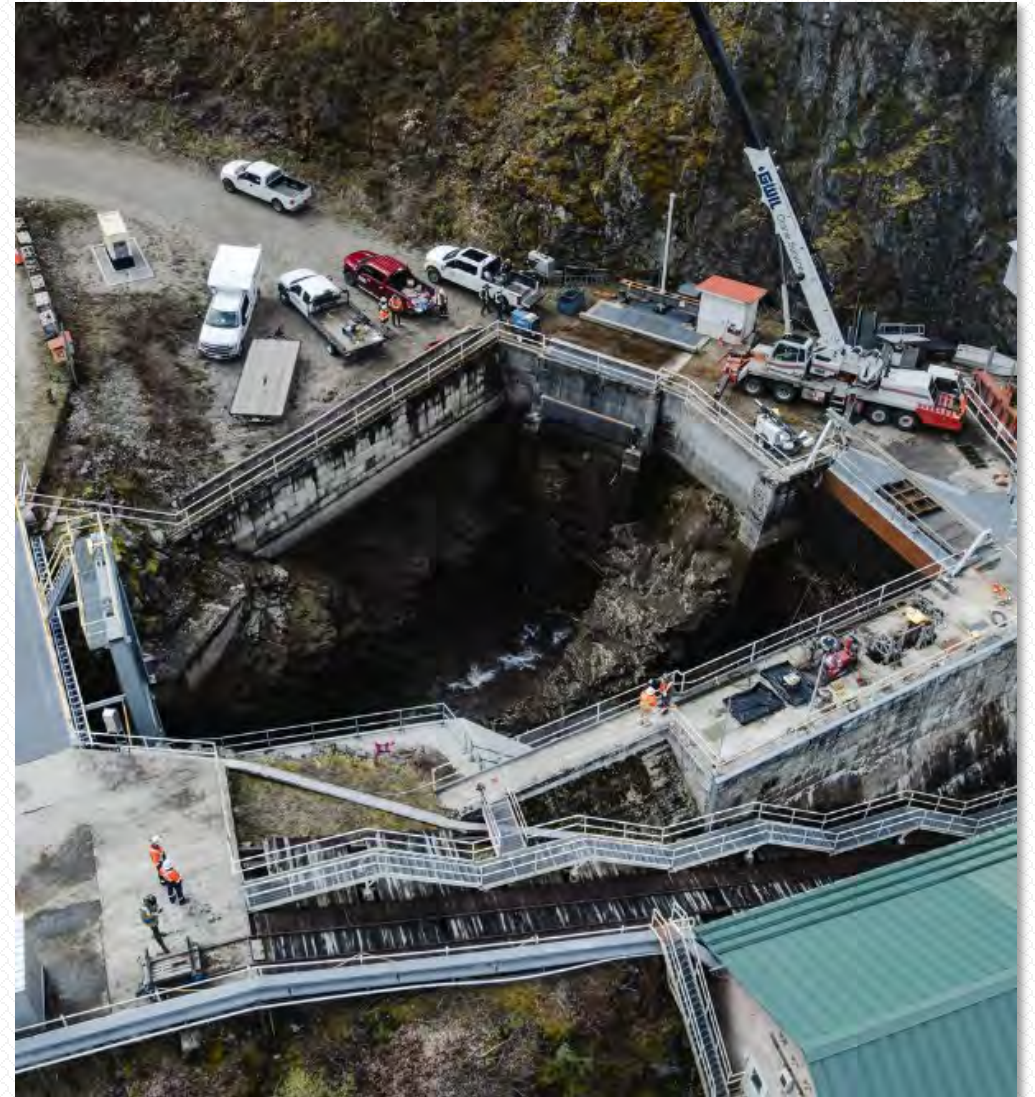


5 YEAR VEGETATION MANAGEMENT PLAN (2026-2030)

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 upcoming in October 2025.
- Fabricating machine guards and railings to meet WSBC requirements. Ongoing.
- Power plant rock slope stabilization completed October 2025.



LINES & SUBSTATION

- 912 poles tested for Test & Treat
- 42 poles replacement completed October 15th 2025.
- 1 vacant PLT position. Resumes being reviewed currently.
- Planned Maintenance ongoing 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

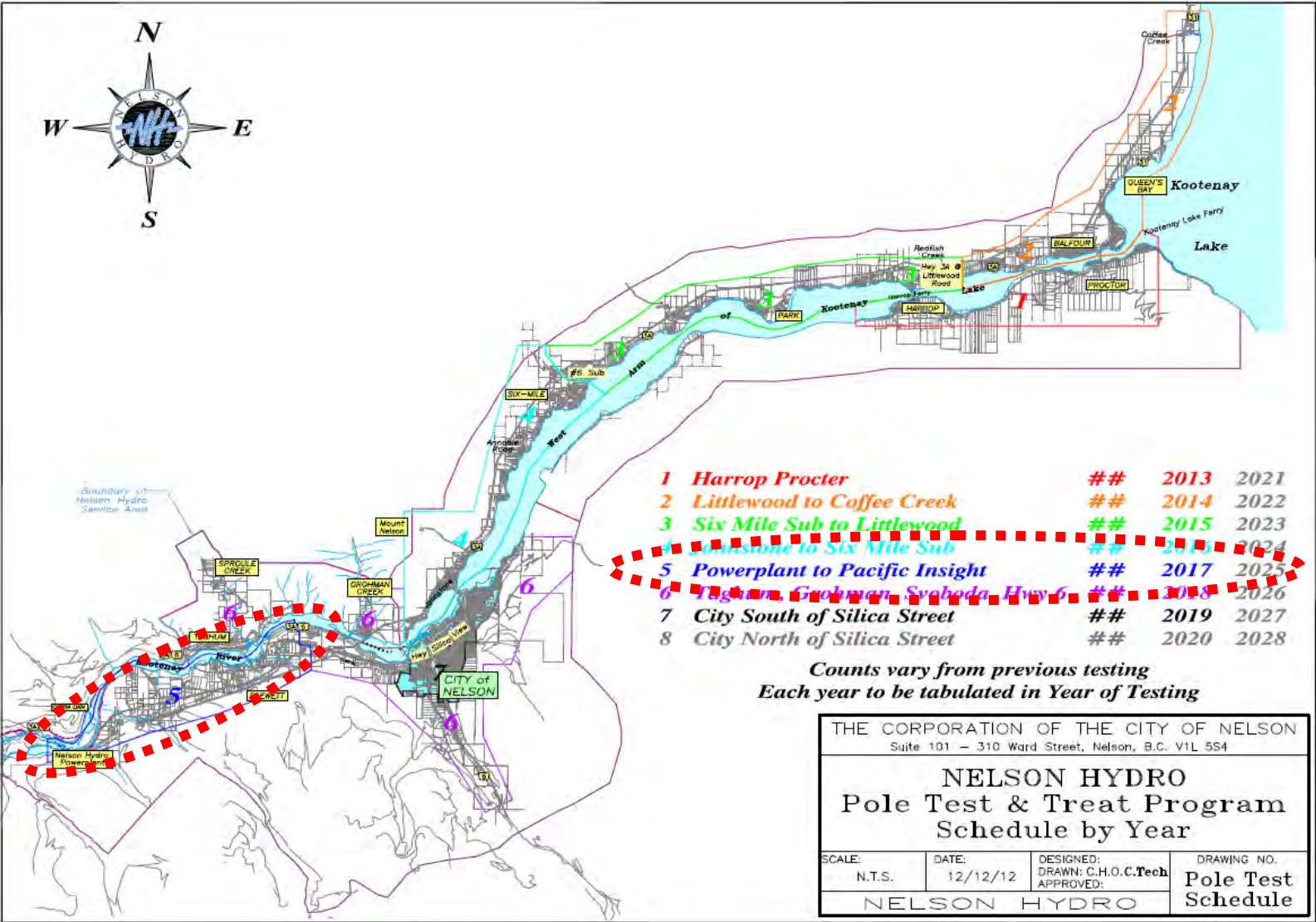
City of
NELSON



TEST & TREAT ⇒ POLE REPLACEMENT (2025)

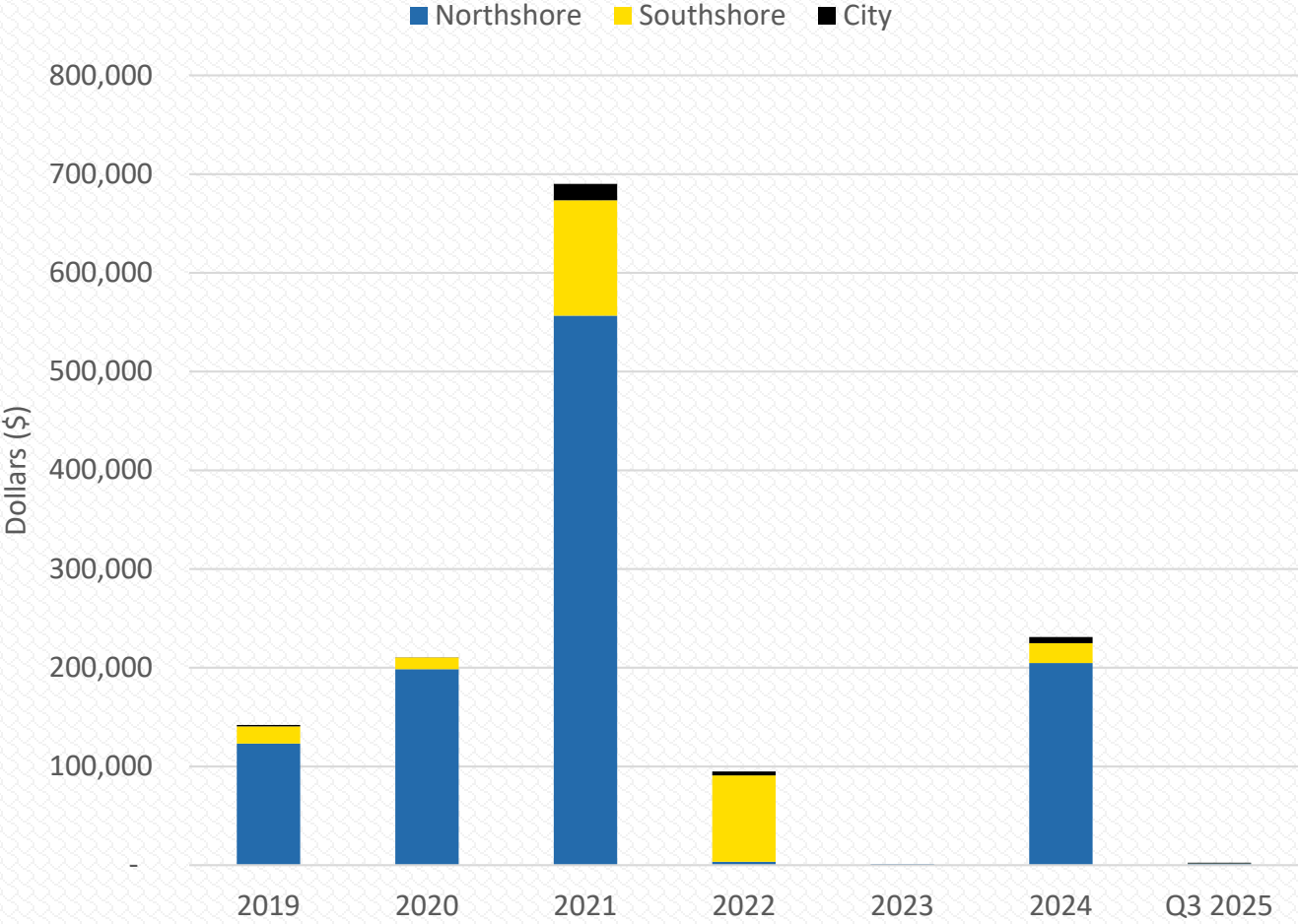


Nelson Hydro Pole Count - Feb. 8 2023			
Region	Test Area	Poles by Area	Poles by Region
NS	Area 1	709	
NS	Area 2	883	
NS	Area 3	852	
NS	Area 4	873	3317
SS	Area 5	941	
SS	Area 6	1012	1953
CITY	Area 7	999	
CITY	Area 8	969	1968
		TOTAL	7238



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

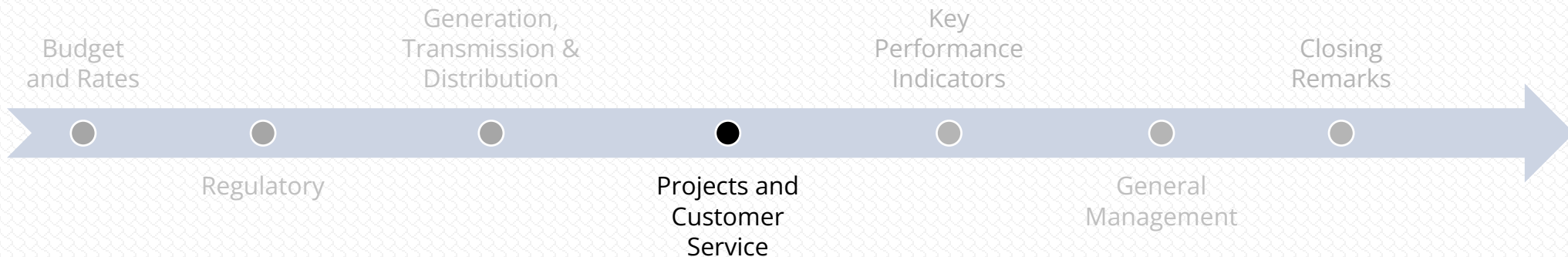
- Asset Management Program:
 - Develop preventive and predictive maintenance work orders
 - Develop inspection and test plans
 - Develop long term plan for the powerplant
- Continue reliability focused maintenance
- Continued focus on safety



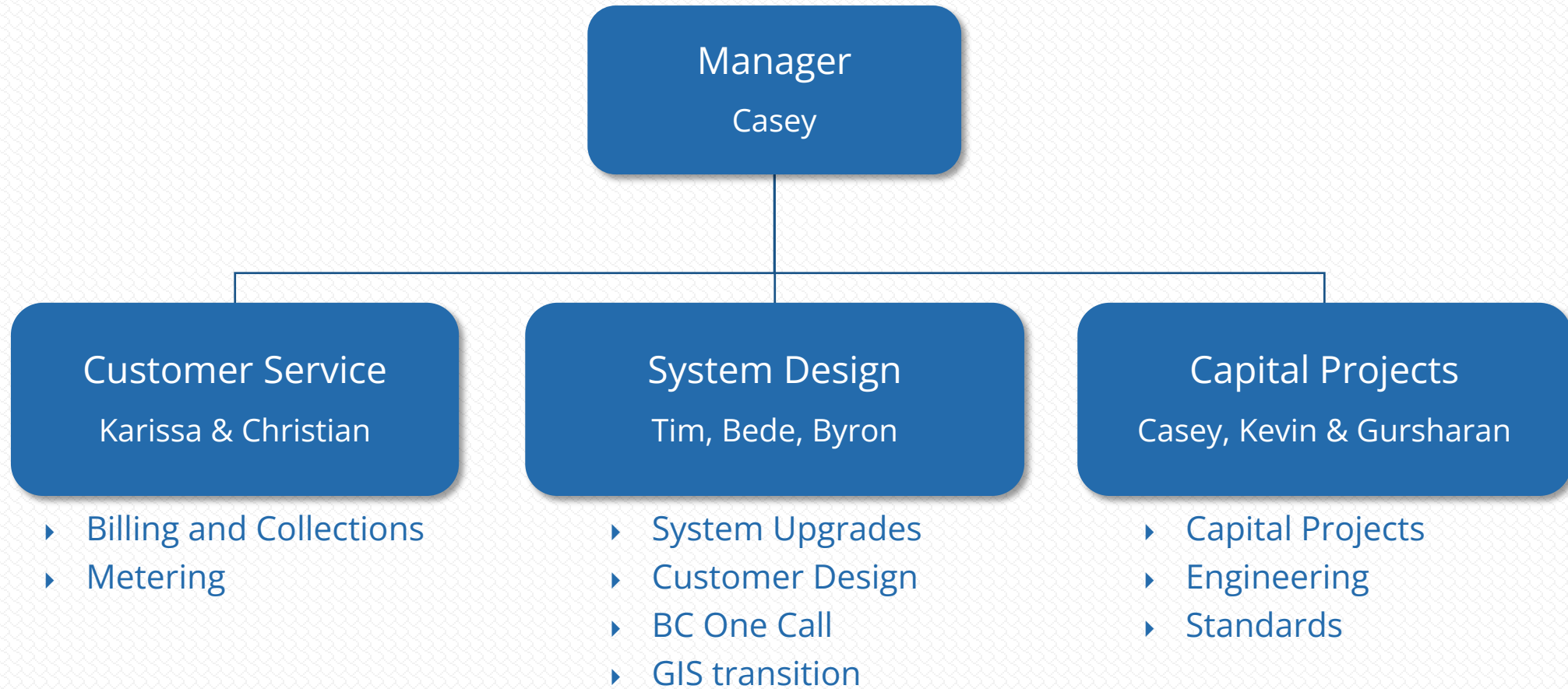


Projects and Customer Service

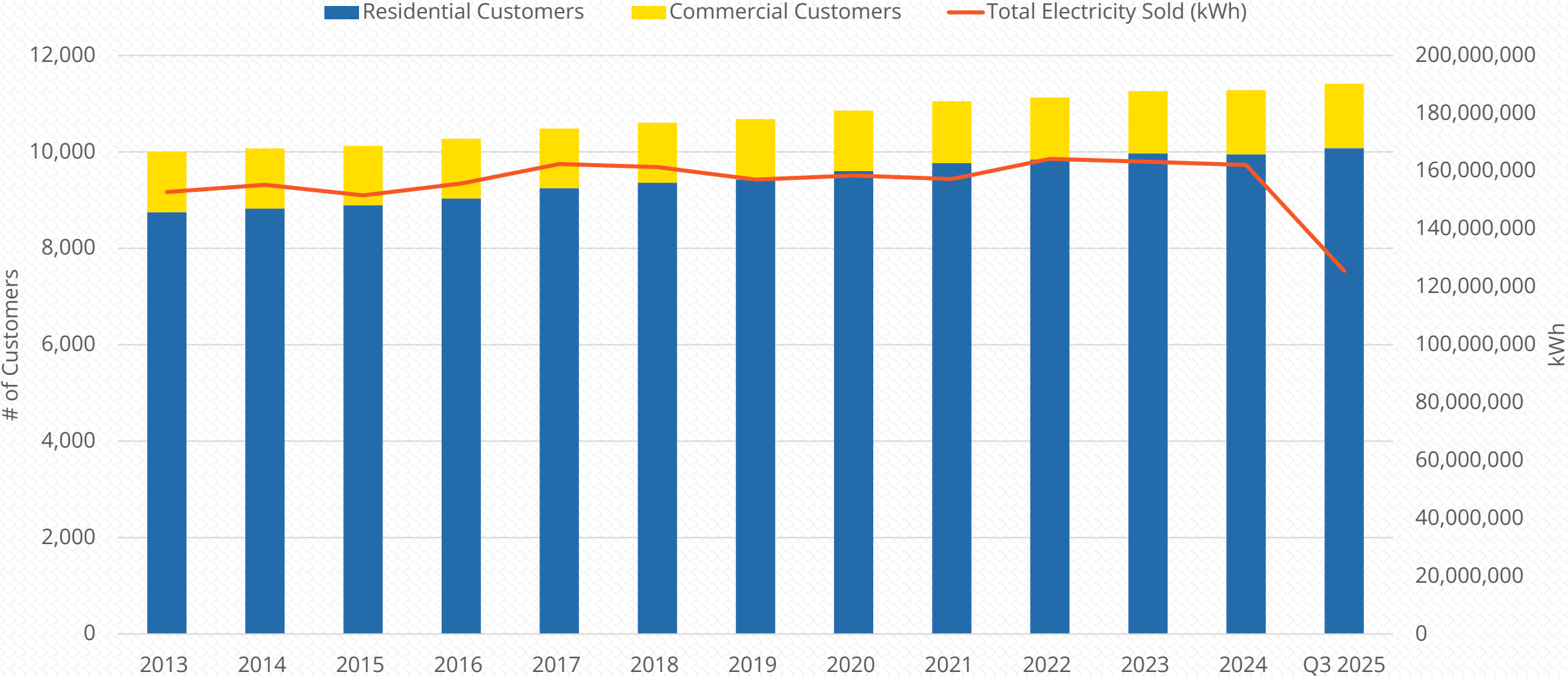
Casey Smit, P.Eng., PMP, MBA



ORGANIZATION



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
- CIS build 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 fee
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 service 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, 'venmo' is an online payment, and 'paymentst' 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/mef-meter

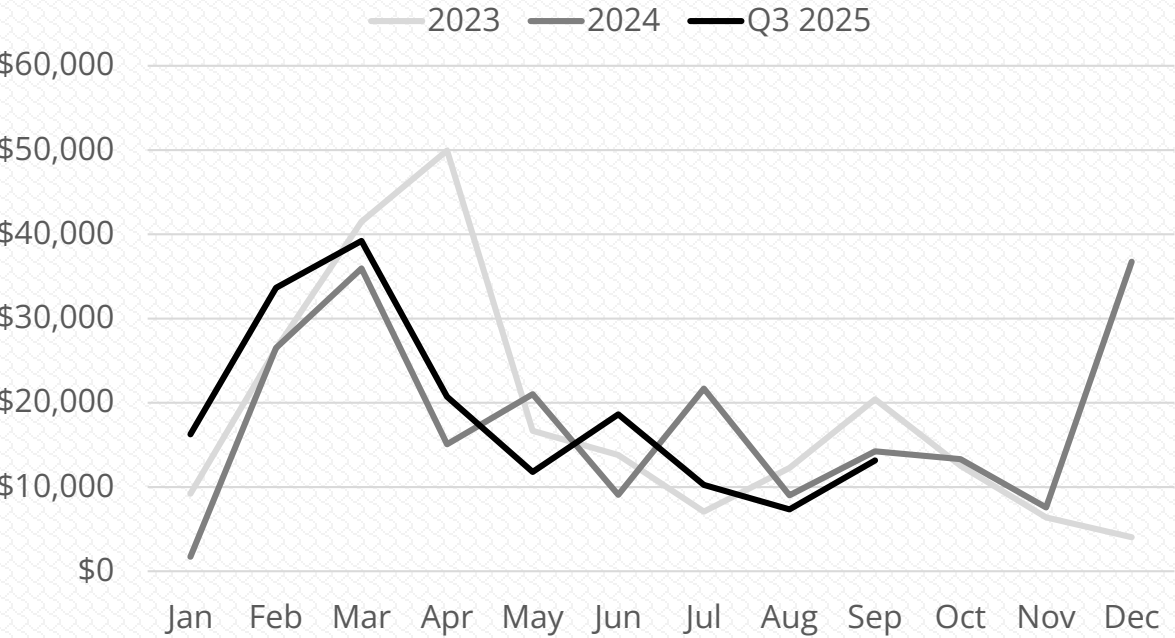
GOT QUESTIONS?

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

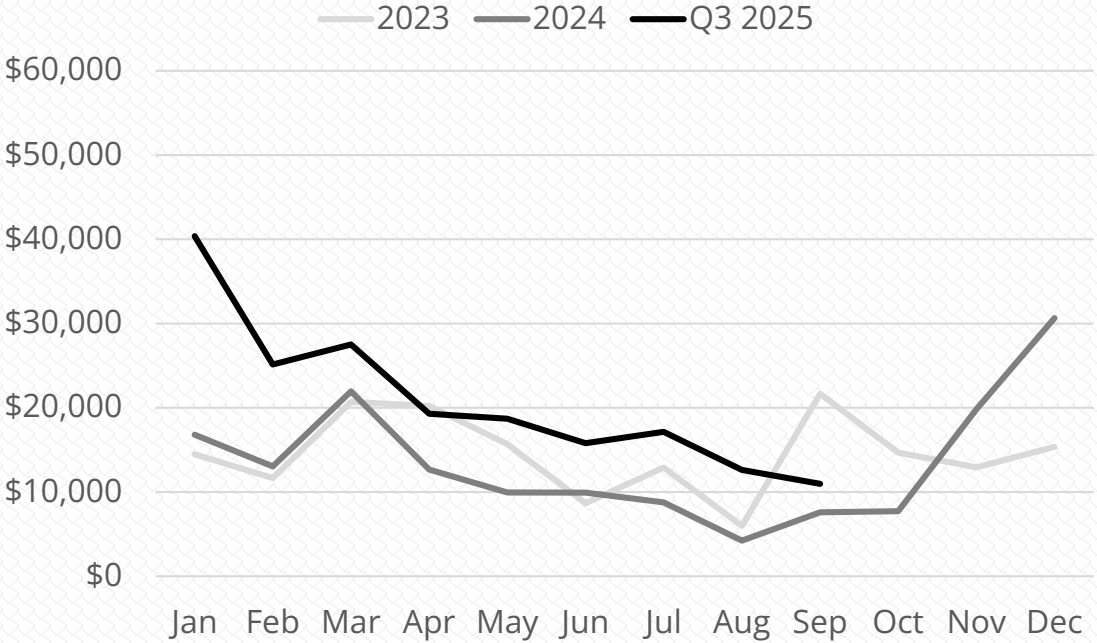
Use of Personal Information: Nelson Hydro is collecting your personal information in accordance with Section 26 of the Freedom of Information and Protection of Privacy Act. Nelson Hydro collects your information for the purposes of administering Nelson Hydro and City of Nelson programs and services. 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.

BILLING

Total Amount Overdue on Active Accounts
for Rural Customers



Total Amount Overdue on Active Accounts
for Urban Customers



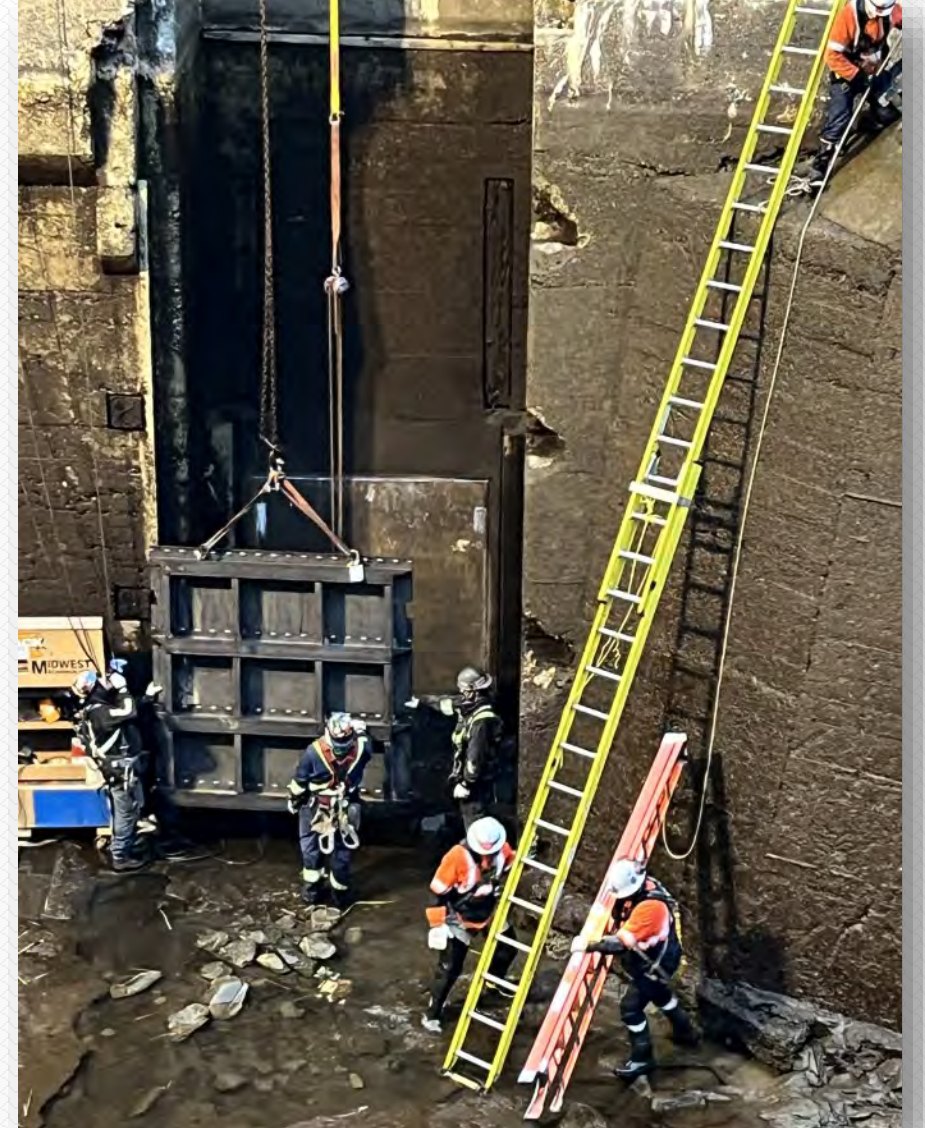
CUSTOMER PROJECTS

- 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

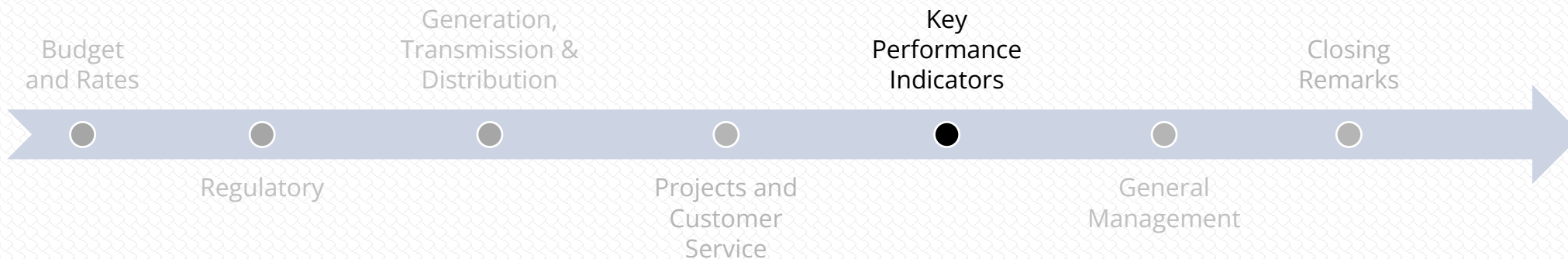
- Geographic Information System (GIS)
- SCADA
- Dam safety projects
- Mt. Nelson line replacement
- Pole Replacements on South Shore





Key Performance Indicators

Jillian MacKay



BALANCED SCORECARD

Key Performance Indicators (KPIs) measure business performance. All data is to the end of Q3 2024.

FINANCIAL

Measures our financial performance comparing actual spend to budget.



CUSTOMERS

Measures new job inquiries and our response time.



Measures our outage duration and frequencies and availability factor for each of the generating units.



OPERATIONS

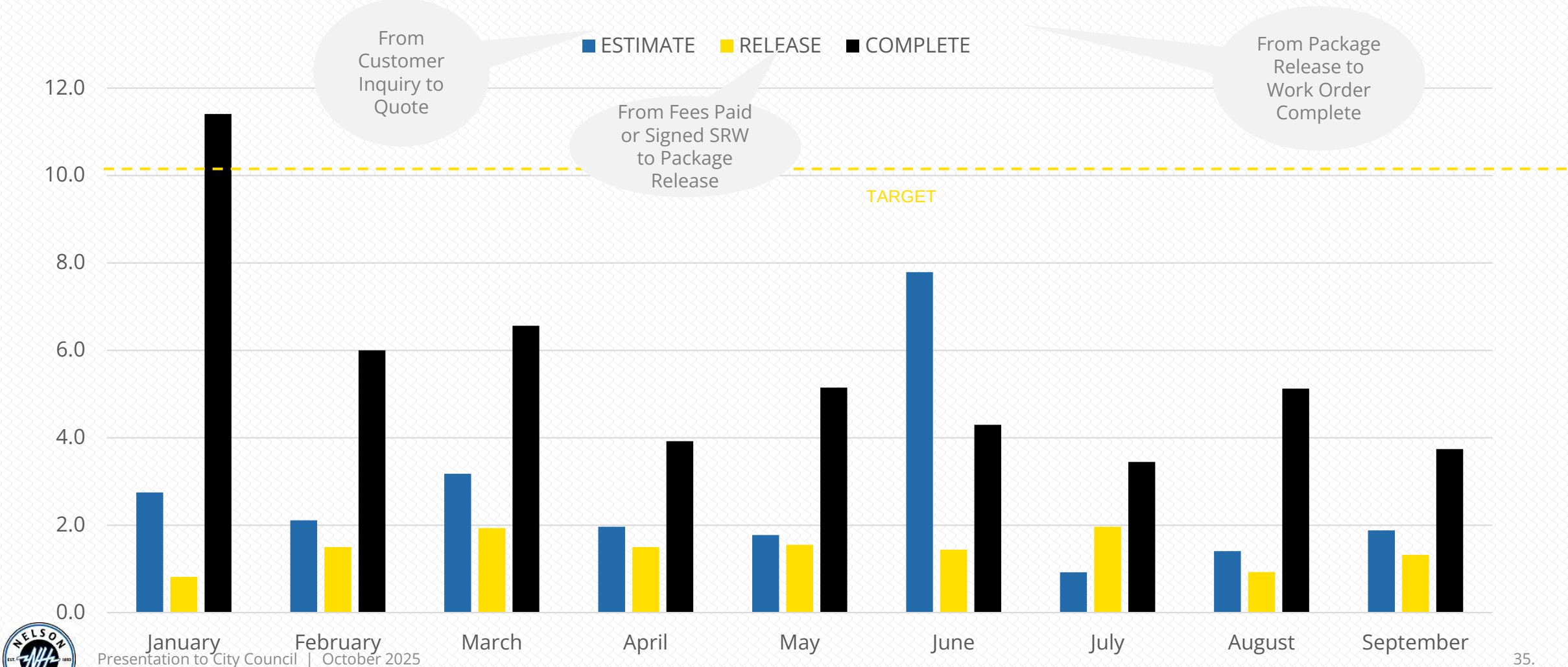
Measures our number of incidents, near misses, and compliance to regulations.

SAFETY & COMPLIANCE



CUSTOMER PERSPECTIVE

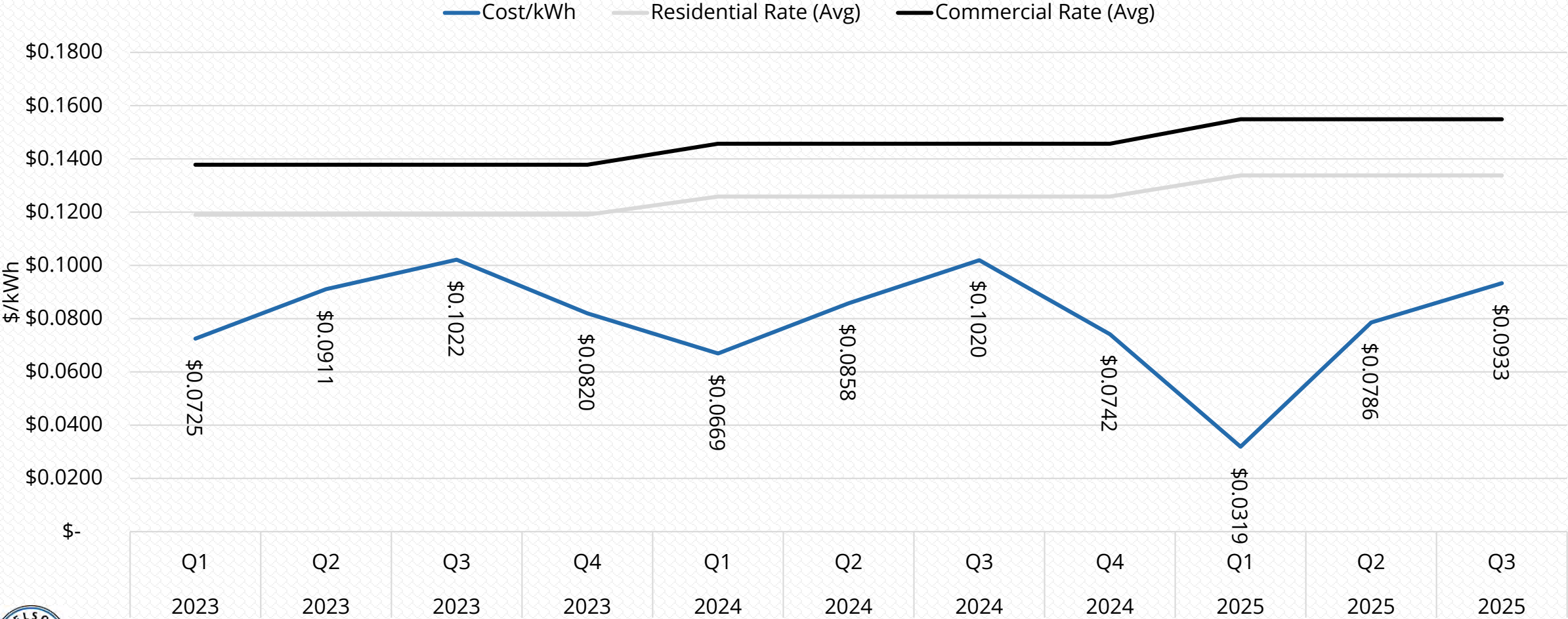
Nelson Hydro assists customers with new or changes to existing electrical services within its service territory.



FINANCIAL PERSPECTIVE

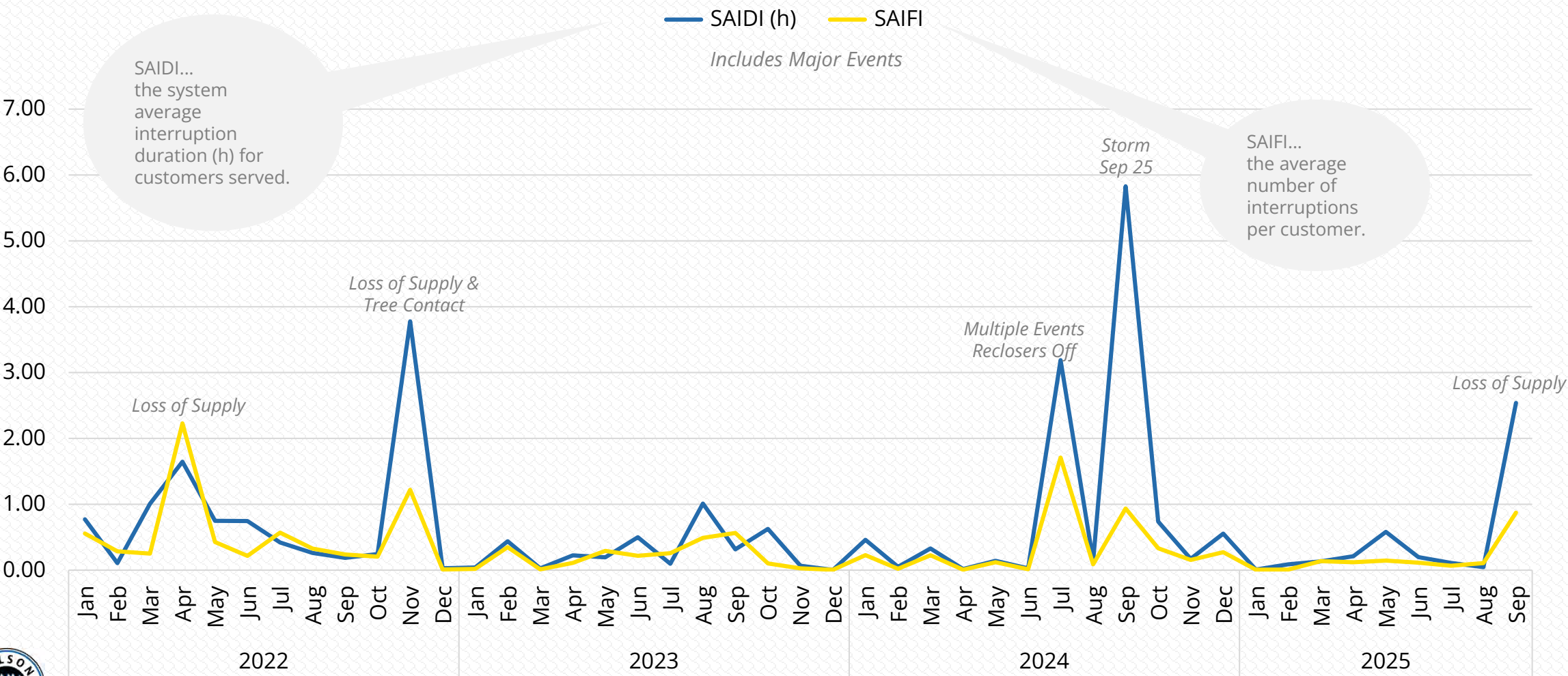
Operating & Maintenance Cost per kWh Electricity Sold

Utility Expenditures (\$)
Energy Sold (kWh)



OPERATIONS PERSPECTIVE

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

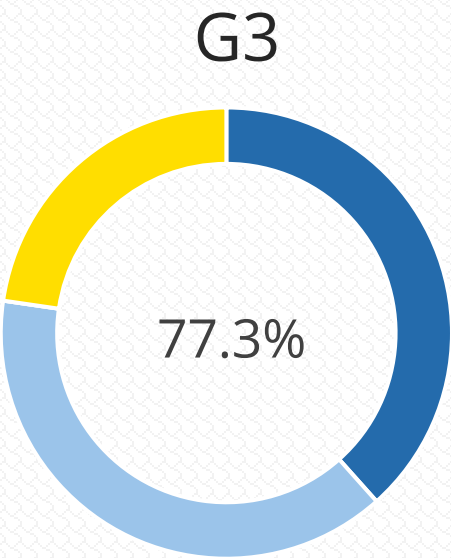


OPERATIONS PERSPECTIVE

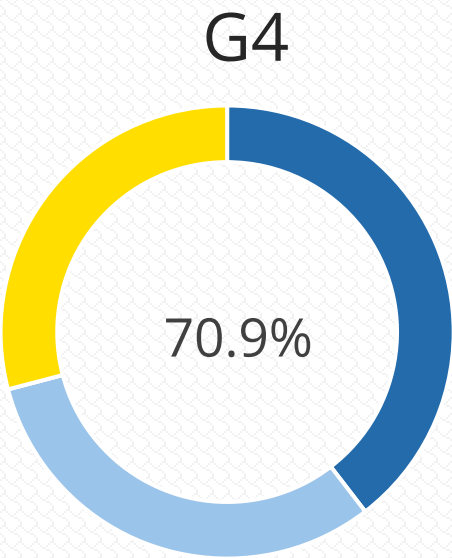
Generating Station Availability Factor helps us monitor the health of our generating assets.

Availability Factor (%) =
Total Available Hours /
Total Number of Hours
in Period

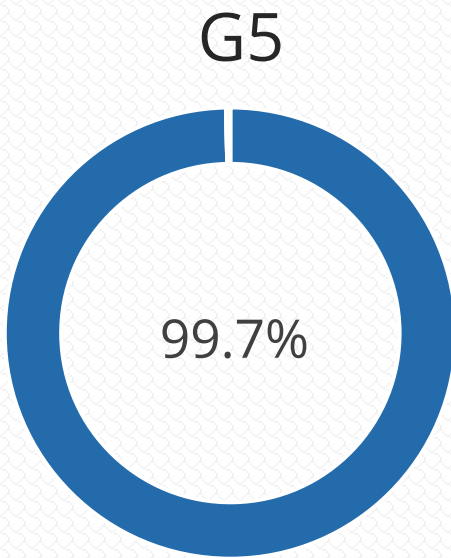
Available (Running) Available (Not Running) Scheduled Out Forced Out



Turbine Bearing Adjustment

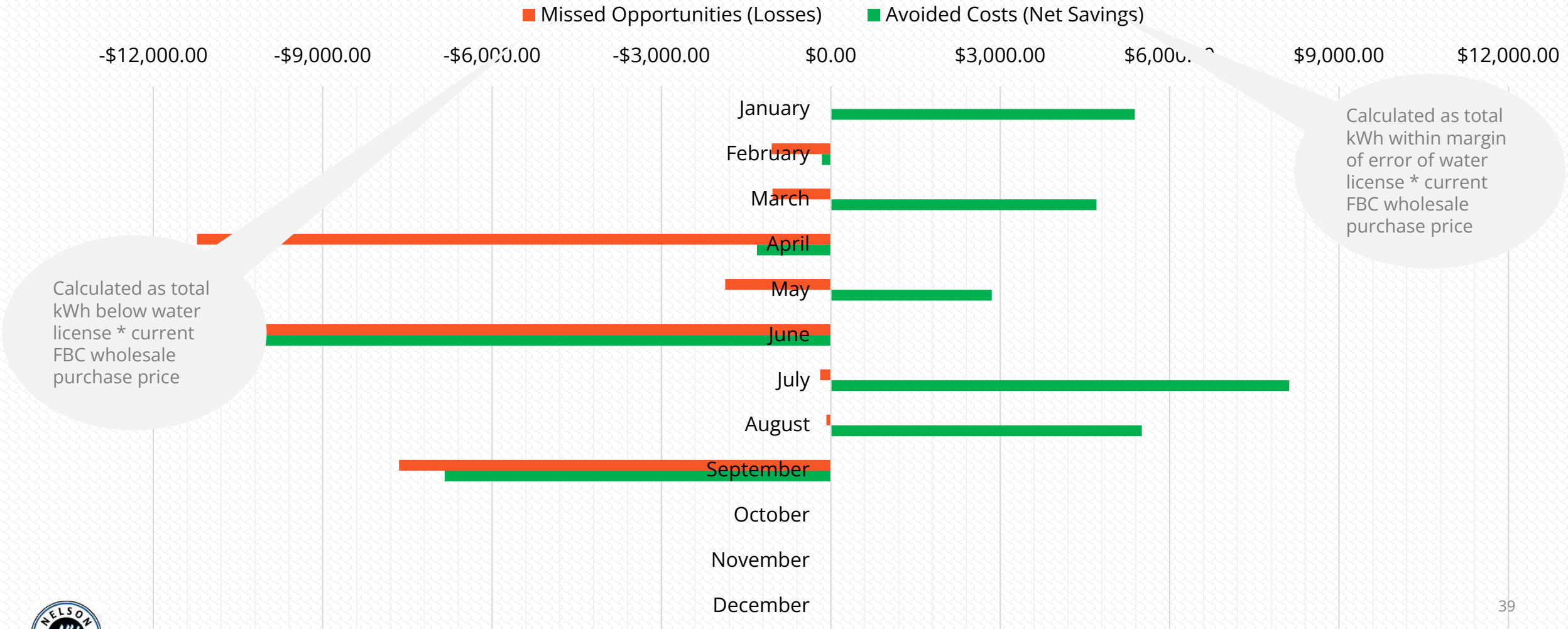


Intake Gate Maintenance



OPERATIONS PERSPECTIVE

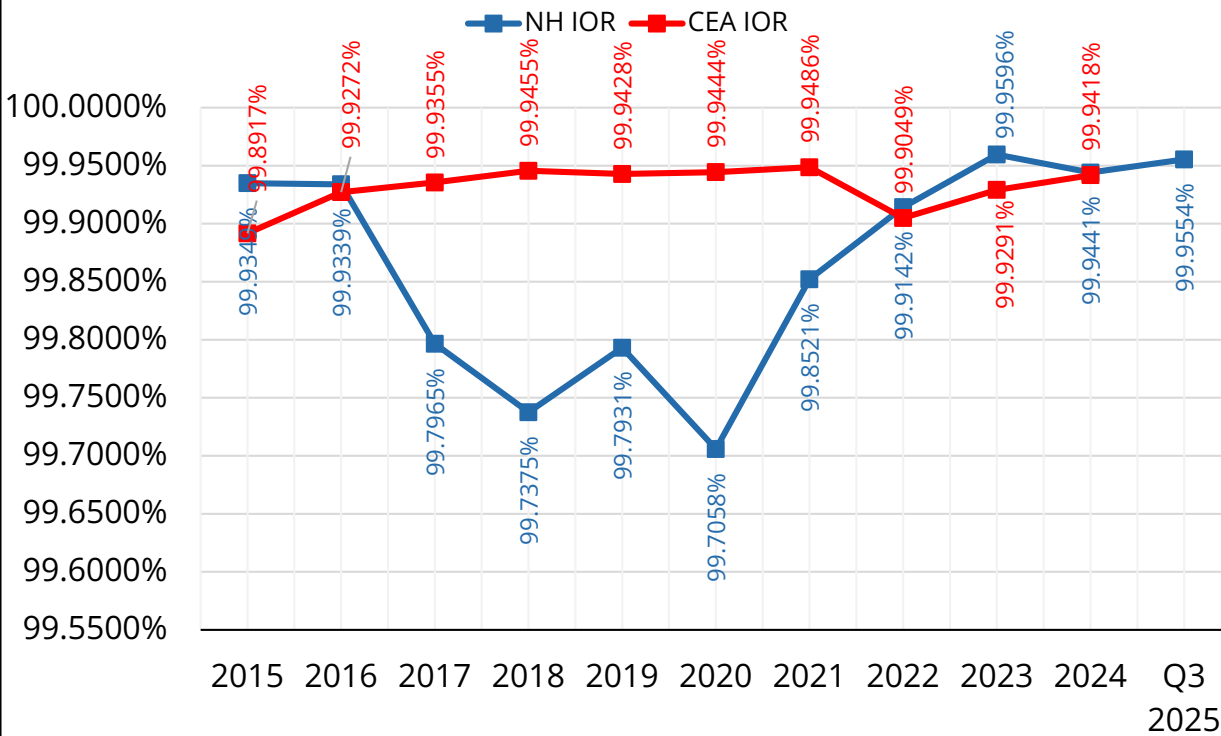
Water License Performance: Maximizing Generation Within Fixed Water Volumes



INDEX OF RELIABILITY & SAIDI/SAIFI

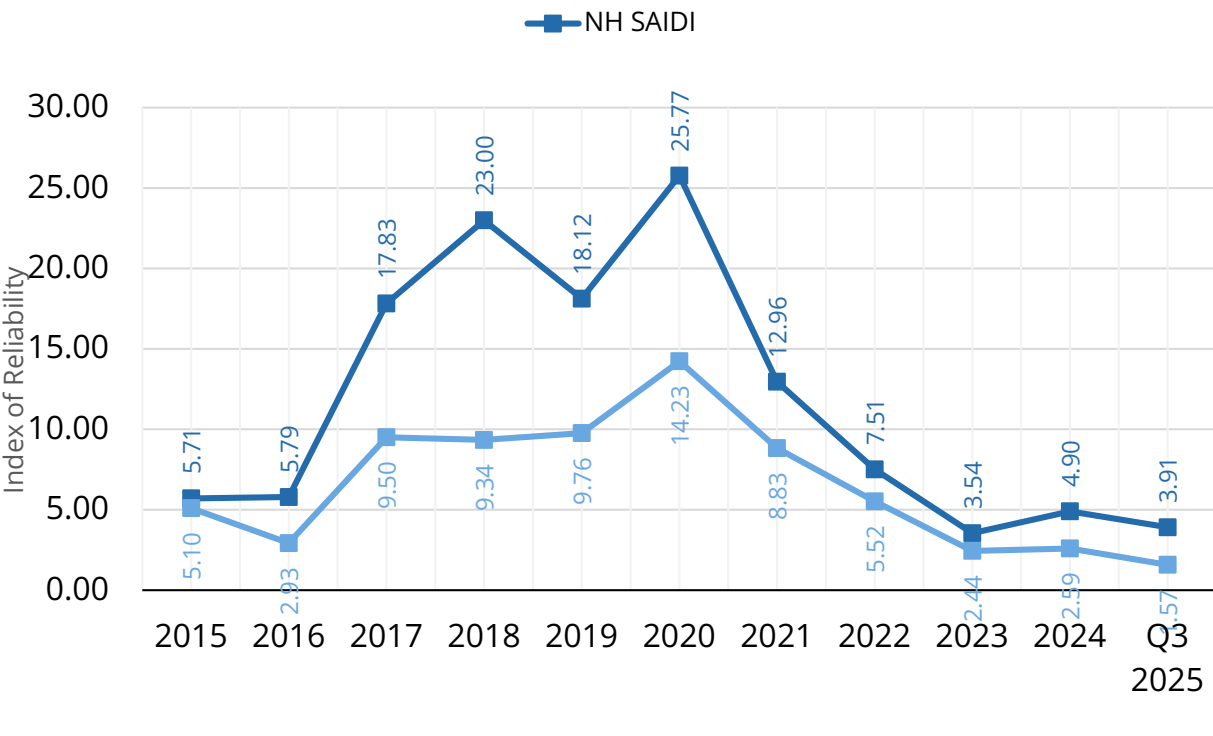
Nelson Hydro Index of Reliability

Some Years Contain Major Events



Nelson Hydro SAIDI and SAIFI

Some Years Contain Major Events



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

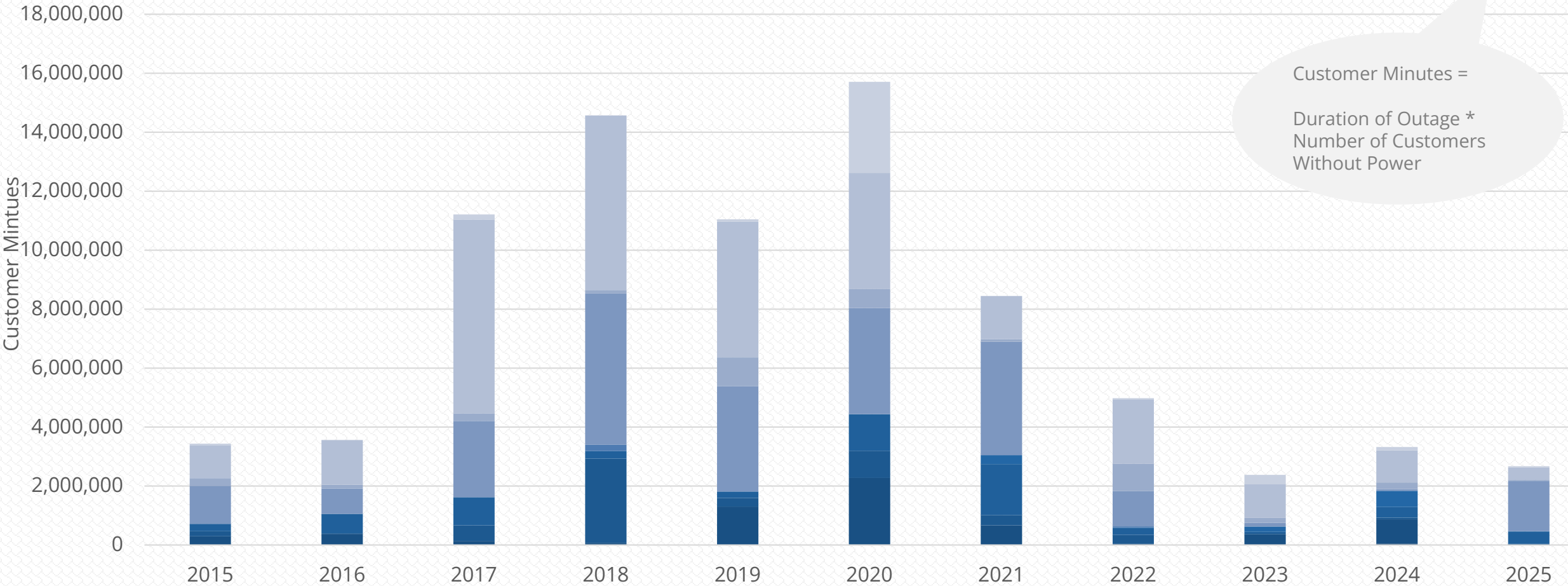
Customer interruptions caused by faults due to trees or tree limbs contacting energized circuits.

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

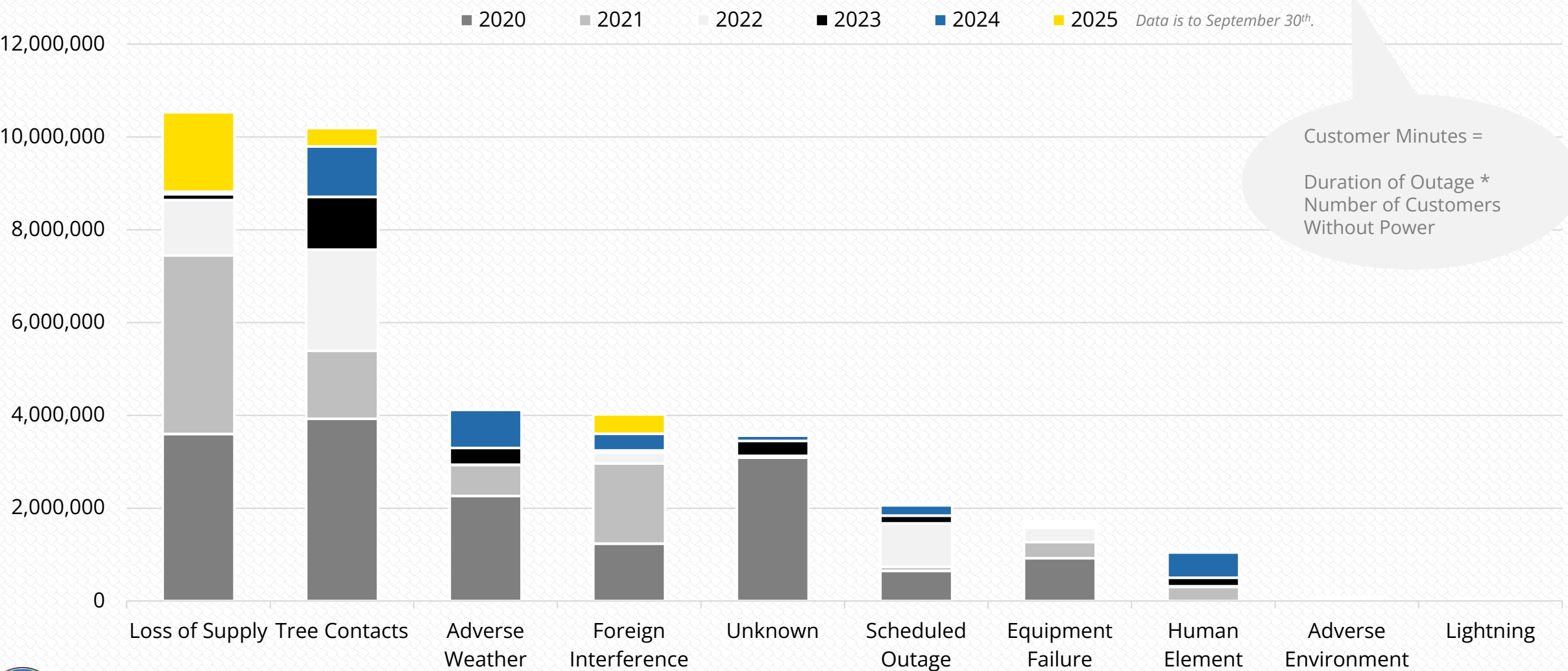


Customer Minutes =
Duration of Outage *
Number of Customers
Without Power

Some Years Contain Major Events



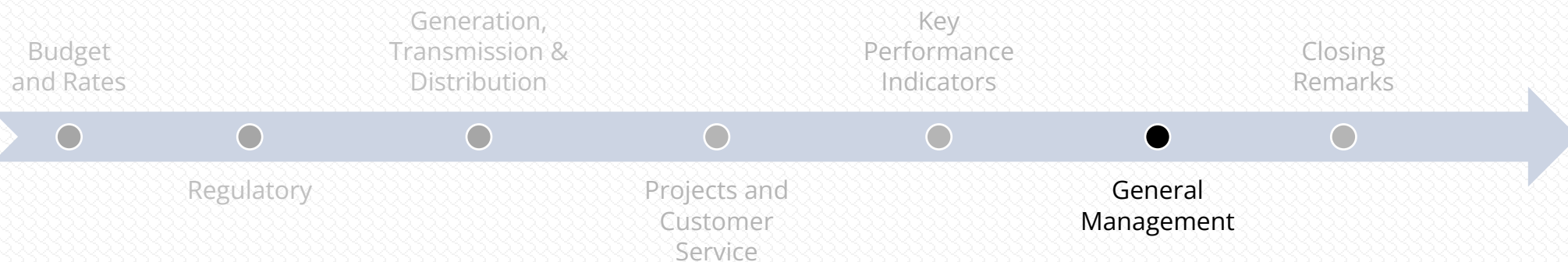
OUTAGES BY CAUSE AND YEAR WITH CUSTOMER MINUTES





General Management

Scott Spencer

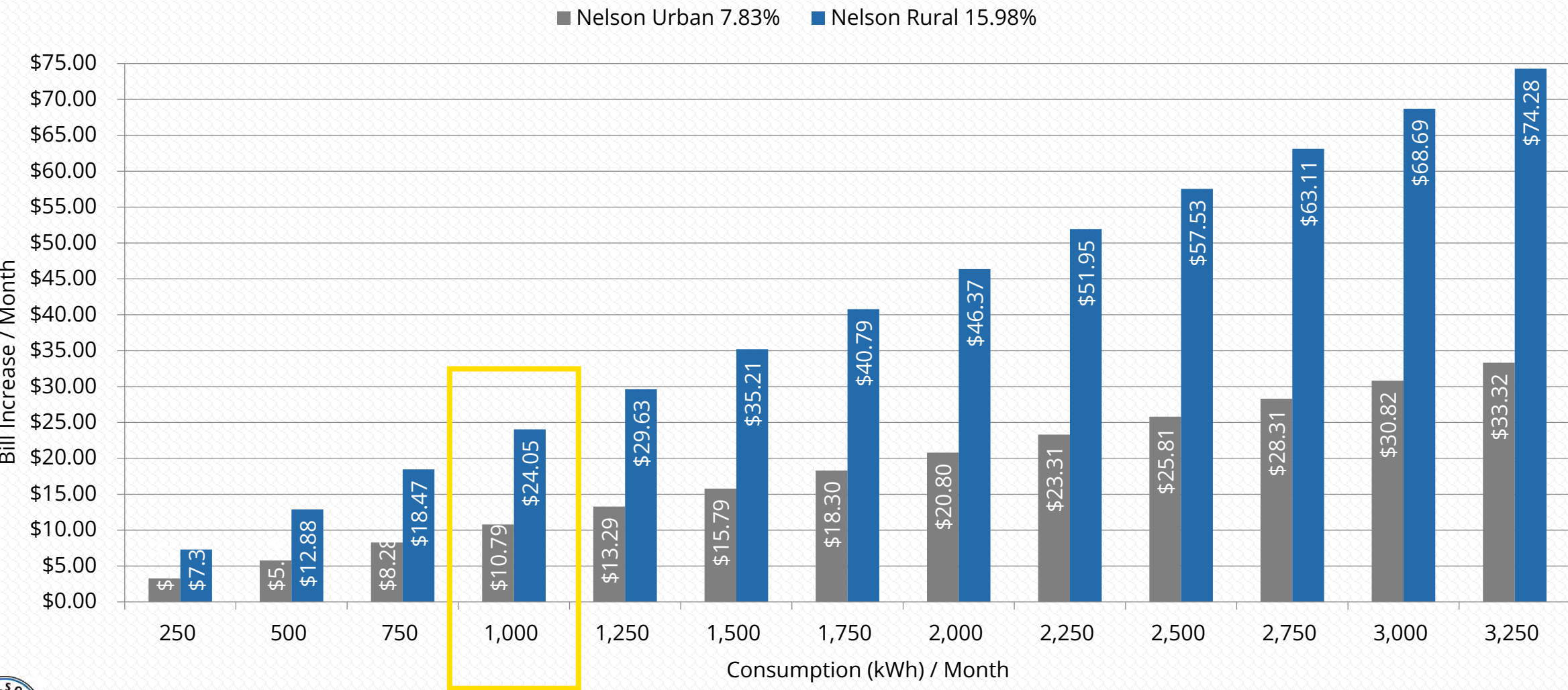


MANAGEMENT HIGHLIGHTS

- Dam Safety Projects progressing
- Advanced Metering Infrastructure Business Case
- BC Municipal Electric Utilities Collaboration
 - FortisBC COSA & Rate Rebalancing
 - AMI support from BC Hydro
 - FortisBC Power Purchase Agreements
- Nelson Hydro Office Expansion and Breakroom
- 2025 Strategy on a Page



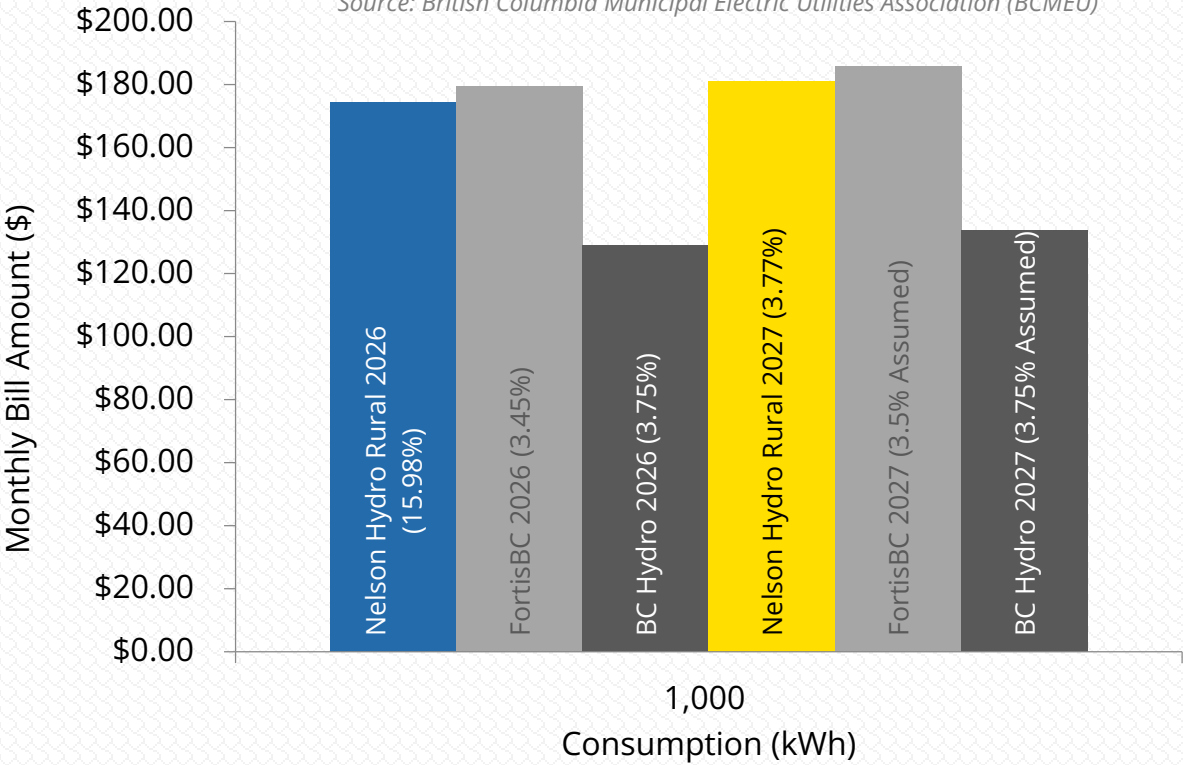
2027 RESIDENTIAL INCREASE COMPARISON



RESIDENTIAL RATE COMPARISON

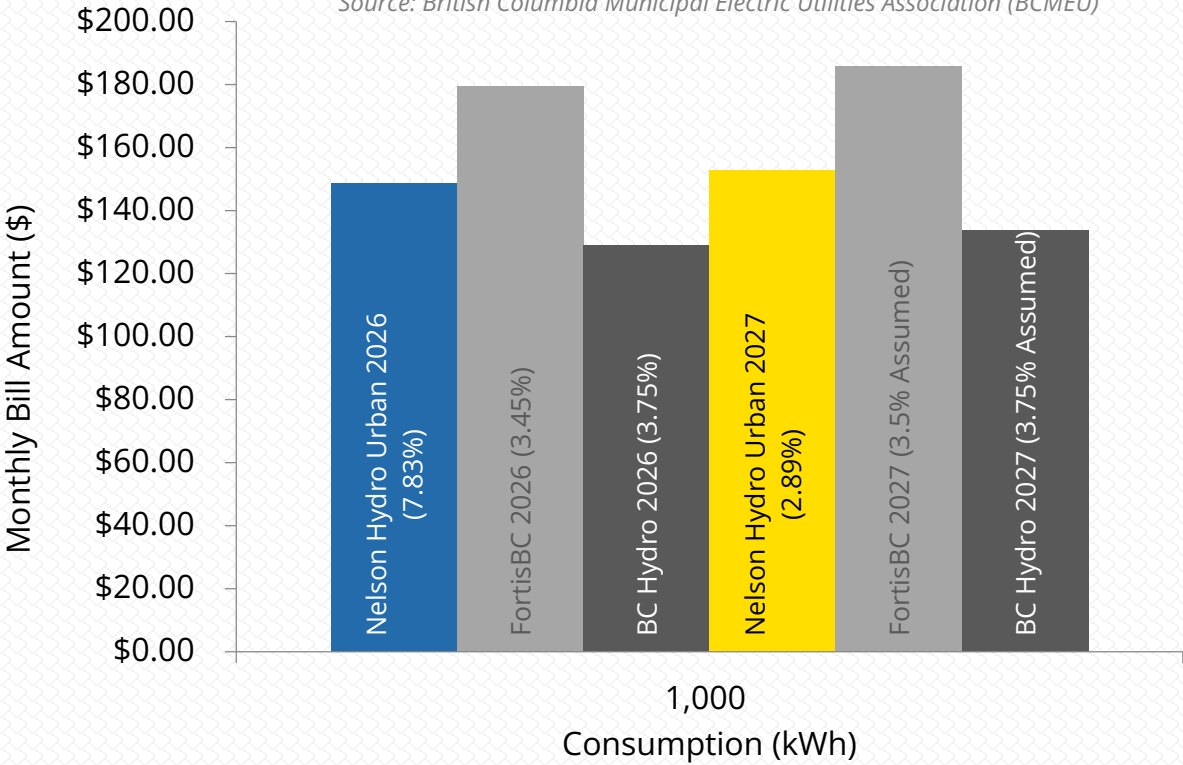
2026 - 2027 Rural Residential Electrical Bill Comparisons

Source: British Columbia Municipal Electric Utilities Association (BCMEU)



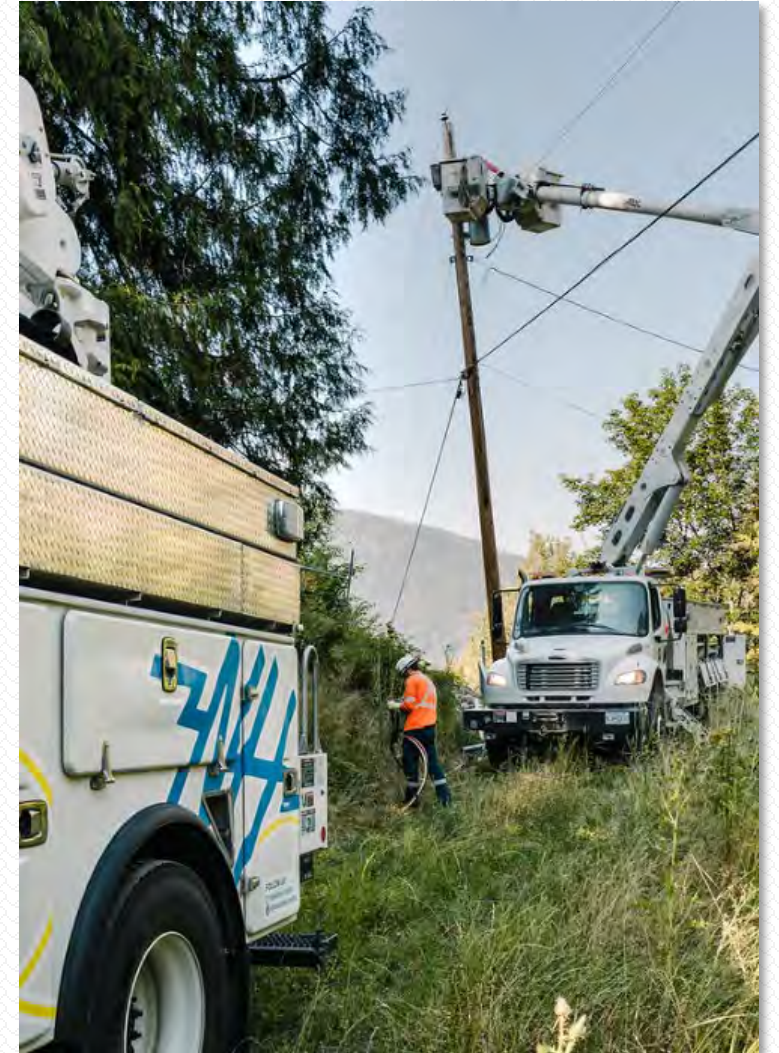
2026 - 2027 Urban Residential Electrical Bill Comparison

Source: British Columbia Municipal Electric Utilities Association (BCMEU)



RECOMMENDATIONS

- Approve the 2026 & 2027 Operations and Capital Budgets as presented
- Support the BCUC Revenue Requirements Application for the following general rural rate increases:
 - 2026 – 15.98%
 - 2027 – 3.77%
- Support the following Urban general rate increases:
 - 2026 – 7.83%
 - 2027 – 2.89%



CLOSING REMARKS

- Great Team
- Customer Service Focus
- Good Communications
- Great Reliability
- Process Efficiency Improving

