



THE CORPORATION OF THE CITY OF NELSON

Special Council Meeting **AGENDA**

Tuesday, June 23, 2026 at 8:00 PM
in Council Chambers, 2nd Floor, 310 Ward Street, Nelson, BC

CITY OF NELSON

Page

1 Call to Order

2 Land Acknowledgement

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.

3 Introduction of Late Items

4 Adoption of Agenda

(a) Adopt Agenda as Presented

5 Adoption of Minutes of Previous Meetings

6 Requests

7 Delegations

8 Bylaws

9 Recommendations from Staff

(a) Nelson Hydro Automated Metering Infrastructure (AMI) 3 - 182

(b) Annual Report 183 - 248

(c) Statement of Financial Information (SOFI) Report 249 - 297

10 Notice of Motion

11 Late Items

12 Resolution Closing the Meeting to the Public

(a) That it is the opinion of the Council that the public interest requires that persons, other than members of Council and staff (and any approved

audiences) be excluded from this meeting and that the Special Closed meeting of Council continue under Section 90 (2)(b)(ii) and 2(b)(iii) of the Community Charter to deal with matters relating to the consideration of information received and held in confidence relating to negotiations:

(ii) between the municipality and another local government or between another local government and a third party, or

(iii) between the municipality and a first nation or a prescribed Indigenous entity, or between a first nation or a prescribed Indigenous entity and a third party.

13 Resolution to Adjourn

THE CORPORATION OF THE CITY OF NELSON REQUEST FOR COUNCIL DECISION

DATE: June 23, 2026 Special
TOPIC: Automated Metering Infrastructure (AMI)
PROPOSAL: Nelson Hydro proposes approving the AMI project to proceed to the next stage and submitting the CPCN application to BCUC
PROPOSED BY: Staff

ANALYSIS SUMMARY:

Nelson Hydro is requesting approval to advance the AMI Project to the next stage and submit the application for a Certificate of Public Convenience and Necessity (CPCN) for Automated Metering Infrastructure (AMI) to the British Columbia Utility Commission (BCUC).

BACKGROUND:

The current automated meter reading (AMR) meters are nearing the end of their practical service life requiring an increasing frequency and quantity of meters to be recertified annually under Metering Canada regulations. Going forward, key components will become unsupported by vendors, replacement meters are expected to become increasingly difficult and expensive to purchase, and system limitations will constrain operational effectiveness. Replacement of this metering infrastructure is required to maintain regulatory compliance, reliable operations, accurate billing, and acceptable risk levels. AMI has been selected as the replacement technology as it is the prevailing industry standard and the natural evolution from the current automated meter reading (AMR) meters.

The attached CPCN application for the AMI Project in the Rural service area details the pros, cons, costs and risks of four viable options:

1. Continue with AMR and replace expired meters with new AMR meters
2. Deploy AMI without data management to eliminate drive-by meter reading
3. Fully deploy AMI 2.0 with all features and benefits
4. Partner with BCMEU members to share common costs and components of AMI

Other options were explored but eliminated due to unviability. A financial summary of the alternatives considered and the project impacts on the utility as a whole (Urban and Rural) is also attached.

A significant portion of Nelson Hydro AMR meters have been in service since the mid-2000s. While these meters are regularly retested to comply with Measurement Canada regulations, they do have a limited operational lifespan. As a result, thousands of meters are scheduled for replacement in the coming years. This replacement requirement creates an opportunity for AMI.

In 2022, Nelson Hydro commissioned a pre-feasibility study to explore the costs and benefits of moving to AMI, which allows for real-time meter readings and improved outage response. While the initial cost was estimated at \$9 million, it was seen as a long-term investment that aligned with the direction of the utility and would bring benefits to both customers and Nelson Hydro. City Council reviewed these results in September 2022 and asked Nelson Hydro to re-examine the benefits and reduce costs.

In June 2025, Nelson Hydro initiated a procurement process to fully define the scope and determine accurate costs for implementing an AMI Project. A preferred vendor has been selected whose proposal scored highest of six received through the request for proposal process. The business case outlined in the CPCN application is based upon the information provided by the vendor and industry best practices.

BENEFITS OR DISADVANTAGES AND NEGATIVE IMPACTS:

Benefits:

- enables automated two-way communication between meters and the utility, eliminating the need for drive-by meter reading
- interval data provides detailed insight into consumption patterns, enabling more effective demand-side management, time-of-day rate options, and energy-efficiency programs tailored to local needs
- enhances outage detection and restoration through last-gasp alerts and real-time power-status reporting, allowing crews to respond more quickly and efficiently.
- strengthens system monitoring and asset management, giving the utility better visibility into voltage quality, equipment performance, and emerging system issues.
- supports more proactive asset maintenance and more informed capital asset planning for a small utility with limited resources.
- enables remote disconnection and reconnection, reducing truck rolls and improving worker safety
- The municipal electric utilities in Penticton, Summerland and Grand Forks have all expressed interest in partnering with Nelson Hydro to share costs, resources and expertise for an AMI deployment. The evaluation of this alternative indicates a significant upside through the reduction of operational costs.

Potential Disadvantages or Risks of AMI or AMR:

- AMR is at risk of obsolescence and the current AMR meters are at end-of-life
- Potential for a small minority of customers to resist deployment of AMI meters. This will be mitigated through automated reading opt-out programs, public engagement and transparent communication.
- Potential for technical integration complications between AMI and the billing system. This will be mitigated through early engagement, analysis and testing programs.
- Business process changes and training will be required for office and meter staff for successful AMI adoption and uptake into operations.

LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:

There are no legislative impacts, precedents or policies impacted by this request. The BC Utilities Commission has requested an application for a Certificate of Public Convenience and Necessity be submitted and approved by them for this project to be implemented in the Rural service areas.

COSTS AND BUDGET IMPACT - REVENUE GENERATION:

There are no immediate cost or budget impacts associated with the request to submit the CPCN to BCUC. Capital and operating budgets have been established and approved for 2026 and 2027 which includes project costs for AMI if approved by the BCUC. The Council approved 5-year budget forecast includes \$7.1 million for meter replacement.

The initial total capital project budget has been estimated at \$7.4 million to be spent over three years from 2027 to 2029. The CPCN application for the Rural portion of the utility is for \$3.1 million. This translates to a rate increase of 2.2% over three years or 0.7% per year during meter deployment. Net operational costs, after full implementation, over the current budget amount to maintain AMR meters have been estimated at \$23,000 per year. For Rural ratepayers, this is \$10,000 or a 0.1% incremental rate increase for a total expected rate impact of 2.3%. The Rural rate impact of replacing the meters with the new AMR meters is forecast to be 1.9% so the incremental impact of AMI on ratepayers over the base case is 0.4%. If an agreement to partner with the other BCMEU member utilities is reached, it would potentially reduce this rate impact to 0.1% below the AMR base case.

The Nelson Hydro capital reserve forecast includes funding meter replacement between 2027 to 2030 so no Urban customer rate impact due to AMI over currently forecast increases is anticipated. The modest increase in Urban operating costs resulting from the project also falls within the level of accuracy of current forecasts.

Nelson Hydro is not anticipating additional revenues to be generated through AMI. Long-term operational impacts will be monitored through existing budgeting processes.

IMPACT ON SUSTAINABILITY, COUNCIL PRIORITIES AND STAFF RESOURCES:

The automated meter project is named within the City of Nelson's strategic goal of City Services and Infrastructure are Future-Ready.

Nelson Hydro estimates GHG emissions reductions of approximately 180 tonnes of CO₂e through fewer truck rolls to respond to outages and reduction of kilometers driven to manually read meters. Customers will also have the ability to better manage their energy use through AMI technology, which may lead to consumption reductions.

Additional staff and contract resources have been budgeted for the implementation period to backfill current staff who will be engaged in the project. Existing staff resources will be reallocated to new duties once the project reaches the sustainment phase. Ongoing IT support will come from the vendor who will host, maintain and operate the AMI software.

COMMUNICATION:

Nelson Hydro has been engaging the public since 2020 when the topic of AMI was first introduced through online and in-person presentations as well as social media. There have been 26 engagements on AMI since 2020.

Nelson Hydro's Let's Talk AMI site was published on June 3, 2025 and has had 1,316 views by 700 visitors as of May 13, 2026. The Let's Talk, Facebook, and Instagram platforms will be central to public communications going forward.

OPTIONS AND ALTERNATIVES:

1. Approve the project to advance to the next stage and submit the CPCN application for the AMI Project to the BCUC.
2. Do not approve the project to advance to the next stage and do not submit the CPCN application for the AMI Project to BCUC.
3. Refer the matter to staff.

ATTACHMENTS:

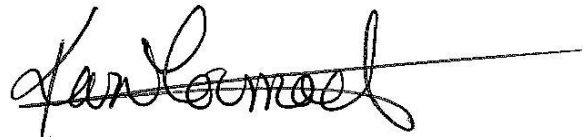
- Financial summary of the AMI Project for the whole utility (Urban and Rural)
- Application for a Certificate of Public Convenience and Necessity (CPCN) for the AMI Project (Rural)

RECOMMENDATION:

THAT Council approve the request to advance the AMI Project to the next stage by directing staff to submit the application for a Certificate of Public Convenience and Necessity for the AMI Project to the British Columbia Utilities Commission.

AUTHOR:

REVIEWED BY:



GENERAL MANAGER

CITY MANAGER



Financial Analysis

AMI Financial Impact to the Utility as a Whole

June 23, 2026

Revision 1.0

Nelson Hydro

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1. Summary

As part of the pre-feasibility study in 2022, Nelson Hydro engaged Util-Assist, a recognized expert in AMI project development and procurement, to provide a business case report for AMI. Util-Assist were re-engaged for the AMI procurement process and options analysis used to create the current capital and O&M estimates. This is a summary of the Util-Assist financial analysis for the utility as a whole.

1.1 Feature Comparison

The alternatives considered as part of the project provide varying levels of features and benefits to customers and the utility. These are compared in the following summary:

Feature / Benefit	Description	Alternative 1 AMR	Alternative 2 AMI-Lite	Alternative 3 AMI 2.0
Remote meter reading	Automated collection of meter reads without drive-by reading.	No	Yes	Yes
Two-way communications	Utility can receive data and send commands to meters.	No	Partial	Yes
Interval usage data	Hourly or 15-minute usage data for billing and analysis.	No	Partial	Yes
Customer usage visibility	More timely customer access to consumption information.	No	No	Yes
Improved billing accuracy	Fewer estimated bills and faster exception resolution.	Partial	Yes	Yes
Outage detection and restoration verification	Automated outage notification and confirmation of restoration.	No	Partial	Yes
Remote connect / disconnect	Remote service changes without a site visit.	No	Yes	Yes
Tamper and theft detection	Alerts for tampering, abnormal conditions, or unaccounted-for energy.	No	Partial	Yes
Voltage / power quality monitoring	Visibility into voltage conditions, events, and distribution issues.	No	No	Yes
Time-of-day / dynamic rates	Supports alternative time-varying pricing structures.	No	No	Yes
Demand response / DSM enablement	Supports peak management and conservation programs.	No	No	Yes

Operational efficiency / reduced truck rolls	Reduces field visits for reads, investigations, and service changes.	No	Partial	Yes
Worker safety improvement	Reduces field exposure for routine metering activities.	No	Yes	Yes
Asset management and planning insights	Supports better maintenance, forecasting, and capital planning.	No	Partial	Yes
Scalability for future grid modernization	Supports future DERs, EVs, advanced analytics, and other smart grid uses.	No	Partial	Yes

1.2 Cost Comparison

The total initial capital investment was compared against the AMR alternative which is considered the base case required to maintain the utilities metering capabilities. Under the current schedule, 2030 is considered the first year of full deployment and the year increases or decreases in operations and maintenance costs, net of benefits, will be realized which consequently impact rates. These too are compared to the AMR base case.

Alternative	Total Capex 2027 – 2030 (\$000)	Incremental Capital (\$000)	Net O&M ¹ (\$000)	Incremental O&M (\$000)
1. AMR	\$6,306	Base Case	\$155	Base Case
2. AMI Lite	\$7,160	\$854	\$100	(\$54)
3. AMI 2.0	\$7,292	\$986	\$177	\$23
3a AMI 2.0 BCMEU	\$7,292	\$986	\$61	(\$94)

1.3 Preferred Alternative

While the AMI 2.0 alternative is more expensive and have a small increase in annual O&M costs it has been selected as the preferred alternative as it provides the greatest long-term opportunities. Under this alternative, if the other BCMEU members agree to a partnership, the O&M costs decrease significantly making this the most attractive alternative. Partnership is not an option for the AMR or AMI-lite alternatives. The initial capital investment for both these two options is the same as it is expected that the shared cost impact of a partnership will be offset by the additional complexity of integrating the other utilities. The initial capital investment is broken down as follows:

Alternative 3 - AMI 2.0	Capital (\$000)
Meters	\$2,014

¹ Net O&M is the total operations and maintenance costs net of benefit offsets.

Network Equipment	\$74
HES Software	\$14
MDM Software	\$126
Professional Services	\$531
Meter Install	\$3,263
Meter Seals & Rings	\$6
Staff	\$882
Customer Education	\$36
Contingency @ 5%	\$352
Total	\$7,292²

1.4 Incremental Rate Impact Over Current Forecast (2030)

Based on the costs outlined above, the incremental rate impact over the AMR base case for Rural has been calculated as described in the CPCN application. The Urban rate impact is less precise as it is based on maintaining a healthy capital reserve within a wide range that is impacted by other capital investments. As the meter replacement is included in the approved 5-year capital plan the variance from the base case is expected to be minor, within the annual variances of rate setting.

Alternative	Rural	Urban
1. AMR	Base Case	None expected
2. AMI Lite	0.1%	Small increase within forecast margin of error
3. AMI 2.0	0.4%	Small increase within forecast margin of error
3.a. AMI 2.0 BCMEU	(0.1%)	Small decrease within forecast margin of error

² Capital expense category amounts are rounded to the nearest thousand and therefore do not sum precisely to the stated total.



Application for a Certificate of Public Convenience and Necessity

Automated Metering Infrastructure Project

June 9, 2026

Revision 1C

Nelson Hydro

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6 **Revision History**

Revision #	Date	Status	Revision Description	Author
Revision 1C	May 25, 2026	Draft	Initial draft for review	Scott Spencer
Revision 1C	June 9, 2026	Draft	Subsequent draft for review, formatting and collating	Scott Spencer
Revision 1C	June 15, 2026	FINAL	Finalizing all content for Council Submission	Jillian MacKay

7

1. Application

1.1 Introduction

1 Nelson Hydro, a department of the City of Nelson (the City), is a public utility providing electrical service
2 within the City of Nelson and the surrounding rural area. A portion of that service area is subject to the
3 jurisdiction of the British Columbia Utilities Commission (BCUC or the Commission) under the Utilities
4 Commission Act (UCA).

5 The Advanced Metering Infrastructure (AMI) Project (Project) will replace Nelson Hydro's existing
6 Automated Meter Reading (AMR) system with modern advanced meters and associated
7 communications, data management, and system integration capabilities.

8 The Certificate of Public and Convenience (CPCN) Application (Application) demonstrates that the
9 Project is required to address the end-of-life of Nelson Hydro's existing AMR meters, mitigate
10 operational and regulatory risks, align the utility with prevailing industry standards, and improve
11 customer service, system reliability, and operational efficiency. The Application further demonstrates
12 that the Project is consistent with British Columbia's energy objectives and the public interest.

13 This Application is structured to provide the Commission with the factual, technical, and policy basis
14 upon which to approve the requested CPCN.

15 1.2 Executive Summary

16 1.2.1 Purpose of the CPCN Application

17 Nelson Hydro hereby applies to the Commission, pursuant to sections 45 and 46 of the UCA, for
18 approval to proceed with the implementation of an AMI Project for customers in Nelson Hydro's rural
19 service area. Nelson Hydro's existing AMR meters are approaching end-of-life and need to be replaced
20 to meet Metering Canada regulations. The Project will replace these meters with advanced meters and
21 supporting infrastructure, enabling two-way communications, automated data collection, and enhanced
22 operational functionality.

23 The CPCN approval is required to authorize the capital investment associated with the Project and to
24 enable Nelson Hydro to proceed with procurement finalization, detailed design, and implementation.
25 Nelson Hydro submits that the Project is necessary, prudent, and in the public interest as the cost is
26 incremental relative to the cost of replacing the meters "in kind"

27 1.2.2 Nelson Hydro Needs to Automate the Meter Reading Process

28 Nelson Hydro's existing AMR meter fleet was installed between 2005 and 2008 and is now at, or
29 approaching, end-of-life. Continued reliance on this technology exposes the utility and its customers to
30 increasing operational, regulatory, and financial risks, including escalating costs of Measurement Canada
31 reverification, growing obsolescence of AMR equipment and vendor support, and continued reliance on
32 manual and drive-by meter reading.

33 The current AMR system provides limited functionality and does not support many of the operational,
34 customer-service, reliability, and safety capabilities that are now standard across the electric utility
35 industry. These limitations constrain Nelson Hydro's ability to respond to outages proactively, reduce

1 truck rolls, improve worker safety, provide timely consumption information to customers, and support
2 future demand-side management and rate design initiatives.

3 Modernizing the meter reading process through AMI is therefore required to maintain regulatory
4 compliance, reduce operational risk, and ensure the continued provision of safe, reliable, and efficient
5 electrical service.

6 **1.2.3 Nelson Hydro Evaluated Alternatives and selected AMI as Providing Best Overall Value**

7 Nelson Hydro evaluated a range of alternatives to address the Project need, including retaining the
8 status quo AMR system, deploying a limited or “AMI-lite” solution, implementing a full AMI 2.0
9 deployment, and pursuing partnership opportunities with other utilities.

10 Each alternative was assessed based on its ability to meet the Project need, lifecycle cost considerations,
11 operational and customer benefits, implementation risks, and alignment with industry standards and
12 customer expectations. Maintaining the status quo was determined to be unsustainable due to meter
13 end-of-life and obsolescence risks. Limited AMI alternatives, while reducing some risks, were found to
14 materially constrain long-term customer and system benefits for limited benefit. Partnership
15 alternatives were explored with the BCMEU partnership substantially reducing ongoing O&M costs. If
16 agreements can be reached with other municipalities, Project costs may be reduced, however it does
17 introduce additional complexity and timing risks.

18 Based on this evaluation, Nelson Hydro determined that a full AMI deployment provides the best overall
19 value to customers when considering long-term reliability, functionality, risk mitigation, and alignment
20 with peer utilities in British Columbia and across North America. It also preserves the opportunity to
21 partner with the BCMEU utilities.

22 **1.2.4 Project Description, Timeline, Costs and Rate Impact**

23 The AMI Project will replace all existing AMR meters with advanced meters capable of two-way
24 communication and automated interval data collection. The Project includes the deployment of
25 communications infrastructure, head-end and meter data management systems, integration with
26 Nelson Hydro’s existing billing and customer information systems and associated operational process
27 changes and training.

28 Subject to council and BCUC Approval by the end of 2026, the Project will start in January 2027 with the
29 first meters installed in early 2028. All meters would be installed by 2030. The initial capital is expected to
30 be \$3.1 million +/- 10%. This would result in a 2.2% rate increase for Rural customers spread out over 3
31 years, or 0.7% per year. The required O&M cost increase following full Project implementation of 0.1% is
32 negligible relative to annual inflation and other Rural rate drivers.

33 **1.2.5 Customer, Public, Stakeholder and Indigenous Communities Consultation**

34 Consultation and engagement have formed an integral part of the development of the AMI Project.
35 Nelson Hydro has undertaken extensive public and stakeholder engagement through open houses,
36 newsletters, social media, customer inquiries, and its dedicated “Let’s Talk AMI” engagement platform.

37 Nelson Hydro has also communicated with Indigenous groups whose traditional territories overlap the
38 service area, consistent with established practices for capital projects of this nature. Given that the

1 Project involves replacement of existing infrastructure and installation of equipment on existing utility
2 assets, no adverse impacts to Indigenous or treaty rights are anticipated.

3 Consultation activities have informed Project development, communications planning, and risk
4 mitigation strategies and will continue throughout Project implementation.

5 **1.2.6 Conclusion**

6 The AMI Project is proposed to address the urgent need to replace Nelson Hydro's end-of-life AMR
7 meter fleet, reduce operational and obsolescence risks, improve customer service, enhance system
8 reliability and safety, and align Nelson Hydro with modern utility practice.

9 Based on the evidence presented in this Application, Nelson Hydro submits that the Project is necessary,
10 reasonable, and in the public interest. Nelson Hydro respectfully requests that the British Columbia
11 Utilities Commission approve the issuance of a Certificate of Public Convenience and Necessity for the
12 AMI Project, subject to any orders or determinations the Commission considers appropriate.

13 **1.3 Summary of Approvals Sought**

14 Nelson Hydro is seeking the necessary approvals to implement the Project as proposed and ensure the
15 appropriate financial treatment of costs for regulatory purposes. The approvals sought are summarized
16 below. Certificate of Public Convenience and Necessity

17 Pursuant to sections 45 and 46 of the UCA, Nelson Hydro is applying to the BCUC for a CPCN for its AMI
18 Project. A detailed description of the Project is contained in Section 5 of the Application. The Project
19 capital cost is estimated to be \$3.1 million with an estimated incremental levelized delivery rate impact
20 of 0.7 percent each year for the three years of implementation.

21 **1.4 Proposed Regulatory Process**

22 With regard to proposed timelines and process, Nelson Hydro recommends the proposed regulatory
23 timeline presented below for adjudication of the Application. Notably, the proposed process generally
24 mirrors the approach applied by the Commission in the utility's 2024, 2025 and 2026/27 RRAs.¹
25 Similarly, with regard to public participation, Nelson Hydro submits that inviting letters of comments but
26 not inviting interveners – as was done in the utility's 2024, 2025 and 2026/27 RRAs – strikes the right
27 balance in ensuring the public can be heard while minimizing additional rate pressure. As Nelson Hydro
28 has experienced in previous applications, intervenor participation results in significant Participant
29 Assistance / Cost Award (PACA) expenses which results in tangible rate pressure for a small utility like
30 Nelson Hydro. When considering these potential costs along with the robust public participation that
31 has already taken place in advance of this filing (as outlined below in Section 7), Nelson Hydro believes
32 that inviting letters of comment is the appropriate method to allow for further public participation in an
33 effective and cost-efficient manner.

34 Nelson Hydro proposes the following regulatory timetable for review of the Application:

¹ See Order G-300-24, November 15, 2024, available at https://docs.bcuc.com/documents/proceedings/2024/doc_79275_a-2-g-300-24-timetable-notice.pdf.

1 **Table 1 - Proposed Regulatory Timeline**

Action	Date
Application filed	June 30, 2026
BCUC issues procedural order	July 15, 2026
Public notice of application by Nelson Hydro	July 22, 2026
Nelson Hydro to provide confirmation to the BCUC re Public Notice	July 29, 2026
BCUC Information Request (IR) No. 1	August 12, 2026
Nelson Hydro responses to BCUC IR No. 1	September 9, 2026
Letters of comment on Nelson Hydro's Application to the BCUC	September 16, 2026
Nelson Hydro final argument and reply comments, if applicable	October 7, 2026

 2 **1.5 Structure of the Application**

3 The application is structured as follows:

 4 **Section 1: Application** - provides the Executive Summary of the Application, a summary of the approvals
 5 sought and the proposed regulatory process.

 6 **Section 2: The Applicant** - provides the financial and technical capacity of the City of Nelson / Nelson
 7 Hydro, contact information for the AMI Project, legal counsel, and background of Nelson Hydro's status
 8 as a public utility.

 9 **Section 3: Project Need** - describes the need for the AMI Project, including that:

- 10 • The current AMR Meters are at end-of-life and must be replaced to comply with measurement
11 Canada regulations.
- 12 • The utility industry is overwhelmingly moving towards an alternative of AMI with most early
13 adopters now migrating to AMI 2.0 leading to changes in both utility modernization and
14 customer expectations.
- 15 • AMI alleviates the obsolescence risks of AMR and provides a long-term cost-effective solution to
16 the Project need.
- 17 • AMI provides customer service benefits as well as operational opportunities that support the
18 safety, resilient and efficient operation of the electrical distribution system.

 19 **Section 4: Project Alternatives** - provides a summary of the alternatives considered for the AMI Project,
 20 specifically comparing the status quo and various alternatives for AMI.

 21 **Section 5: Project Description** - provides a detailed description of the AMI Project including Project
 22 components and Project scope. The section summarizes lessons learned from FortisBC electric and BC
 23 Hydro AMI projects and Nelson Hydro's AMI Radio Frequency pilot Project that have informed the
 24 Nelson Hydro AMI Project. It outlines the procurement process undertaken as part of this Application,
 25 the Project schedule, Project risks and other considerations.

1 **Section 6: Project Costs** - provides details on the Project cost estimate, the assumptions upon which the
2 financial analysis is based, and the estimated delivery rate impacts.

3 **Section 7: Consultation** - discusses Nelson Hydro's indigenous and public consultation efforts regarding
4 the AMI Project.

5 **Section 8: Provincial Government Energy Objectives** - describes how the Project supports British
6 Columbia's energy objectives.

7 **Section 9: Conclusion** - summarizes the application and asserts that the Project is in the public interest
8 and should be approved.

9 2. **The Applicant**

10 2.1 **Name, Address and Nature of Business**

11 The City of Nelson is a municipality incorporated under the laws of the Province of British Columbia.
12 Nelson Hydro is a department of the City of Nelson and is the electrical supply authority for the City of
13 Nelson and surrounding area. The City of Nelson main offices are located at 310 Ward St, Nelson British
14 Columbia, V1L 5S4.

15 Nelson Hydro serves over 11,300 residential and commercial customers, approximately 5,000 of which
16 are in the Rural area outside of the City's municipal boundaries and under the jurisdiction of the BCUC.

17 2.2 **Financial Capacity**

18 The City of Nelson is capable of financing the implementation of the AMI Project through the Nelson
19 Hydro Capital reserve. Alternatively, the City has the option of acquiring debt through the Municipal
20 Finance Authority for all or part of the Project subject to the City's borrowing limits. The operation of
21 the AMI Project will be funded through its annual operating budget approved by Nelson City Council and
22 the BCUC.

23 2.3 **Technical Capacity**

24 Nelson has the technical capacity to oversee the implementation and operation of the AMI Project.
25 Nelson Hydro has 130 years of experience in constructing, operating and maintaining transmission and
26 distribution systems, including metering infrastructure, and in providing safe, secure and reliable
27 electrical service to its customers in the Nelson area. Nelson Hydro has engaged the assistance of Util-
28 Assist, internationally recognized experts in AMI Project development and implementation. Further,
29 Nelson Hydro has a strong relationship with the proposed AMI solution provider, and will rely on their
30 technical expertise extensively, as it finalizes planning and executes the AMI Project.

31 2.4 **Company Contact**

32 Gabriel Bouvet-Boisclair
33 Manager of Regulatory Affairs

34 City of Nelson
35 310 Ward St.,

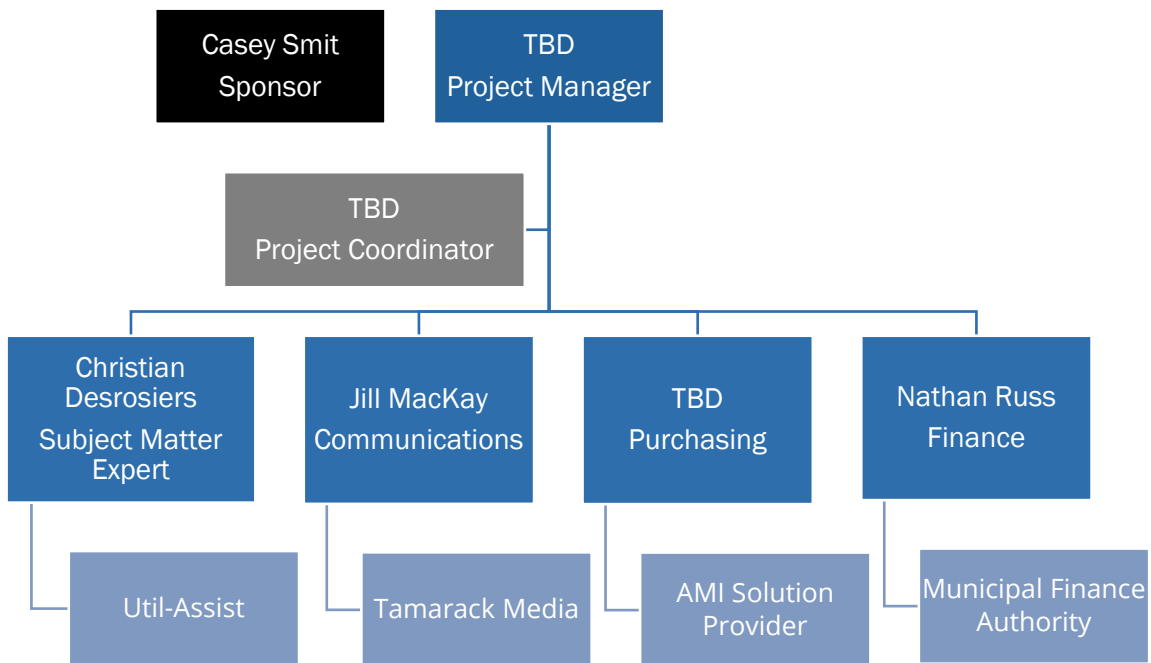
1 Nelson BC, V1L 5S4
 2 Phone: 250-352-8254
 3 Email: gbouvet-boisclair@nelson.ca

4 **2.5 Legal Council**

5 Christopher Weafer
 6 OWEN BIRD LAW CORPORATION
 7 2900 – 733 Seymour St.,
 8 Vancouver, B.C. V6B 0S6
 9 Phone: 604-688-0401
 10 Email: cweafer@owenbird.com

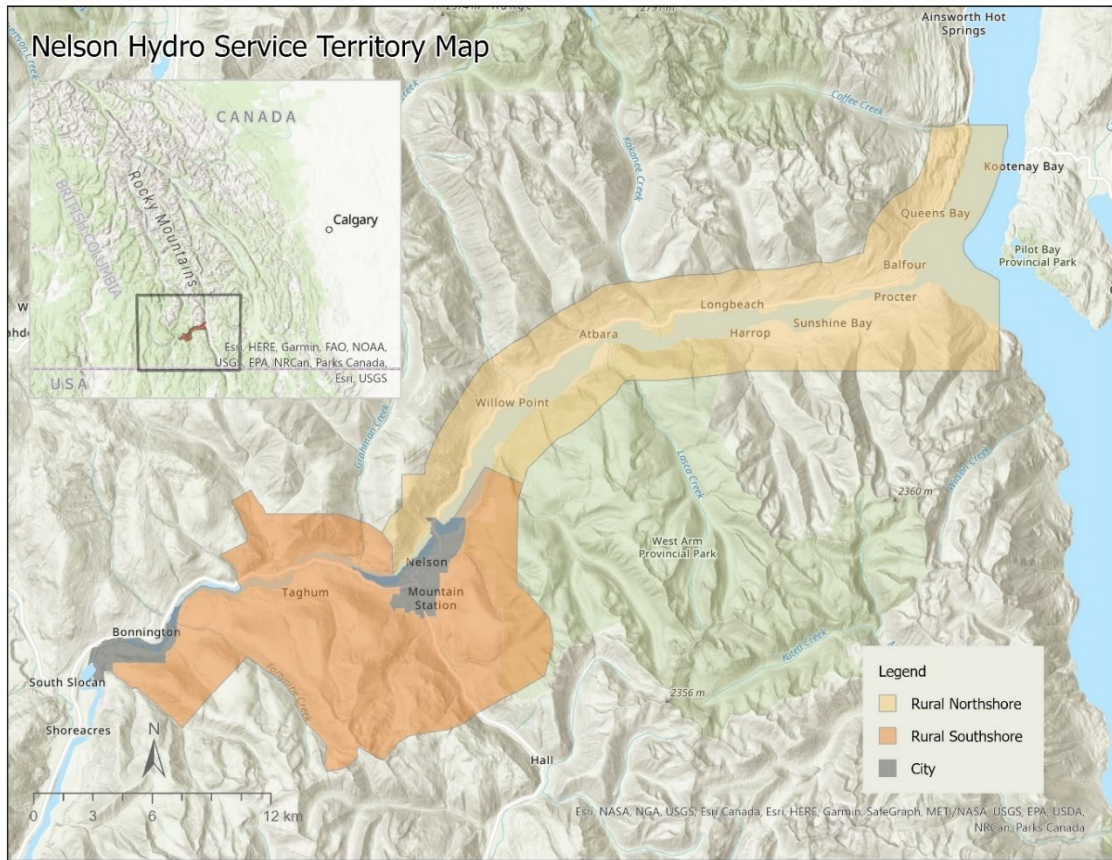
11 **2.6 Project Team**

12 **Figure 1 - Project Team**



1 **2.7 Nelson Hydro Service Area**

2 **Figure 2 - Service Area**



3

4 **3. Project Need**

5 This section demonstrates the need for the Project, which is to replace the current end-of-life AMR
 6 meters and modernize the meter reading process for Nelson Hydro customers. In this context,
 7 modernization refers to the ability to communicate with the meters at customer premises to collect
 8 electricity consumption data, alarms, and other diagnostic information. This modernization will provide
 9 a more convenient process for customers and provide a stable, cost-effective meter reading solution for
 10 the long term. Access to more timely information will also improve safety and system resiliency. Further,
 11 modernization will empower customers to make informed energy decisions, enhance their energy
 12 conservation efforts, and have more control over their energy costs.

13 In the following sections, Nelson Hydro will show that:

- 14 • AMI is the logical replacement for end-of-life AMR meters.
- 15 • AMI is more convenient for customers than Nelson Hydro’s current drive-by meter reading
- 16 technology.

- 1 • AMI is the industry standard, thereby changing both market conditions and customer
2 expectations;
- 3 • AMI alleviates the cost and service risks of drive-by reading and provides a cost-effective, long-
4 term alternative; and
- 5 • AMI provides additional customer benefits and operational opportunities that support the
6 safety, resiliency and efficient operation of the electrical distribution system.

7 The need for modernization is described in further detail below.

8 **3.1 AMI is the Logical Replacement for AMR**

9 Advanced Metering Infrastructure represents the natural progression for utilities seeking long-term
10 reliability, regulatory compliance, and operational efficiency. As AMR systems approach end-of-life, the
11 limitations of one-way communication and manual data collection become increasingly costly and
12 impractical to manage. AMI directly addresses these challenges by providing a scalable, future-ready
13 platform capable of supporting real-time data exchange, modern billing practices, and enhanced
14 visibility into system conditions. This ensures that utilities can maintain accurate measurement,
15 streamline field operations, and adopt emerging technologies without the constraints inherent in legacy
16 AMR systems. By transitioning to AMI, Nelson Hydro positions itself to sustain safe, efficient, and
17 cost-effective service delivery well into the future.

18 **3.2 AMI is More Convenient for Customers**

19 In the following sections, Nelson Hydro broadly describes the current state of metering and then
20 outlines the limitations and challenges associated with AMR meter reading that AMI will resolve. More
21 specifically, that AMI results in quicker power restoration following outages, efficient connection and
22 disconnection with minimal access to customer premises. These work together to improve the customer
23 experience as compared to AMR meter reading.

24 **3.2.1 The Current State of Metering**

25 This section broadly sets out the current state of Nelson Hydro's metering and describes the following:

- 26 • The current meter fleet, including the types of meters in use, the number installed, and how the
27 present meters and communications devices work.
- 28 • The meter testing and exchange process, including Measurement Canada requirements and the
29 impact the process has on residential customers.
- 30 • The process for collecting data from the present meter fleet including the volume of AMR meter
31 reads and the AMR meter reading process; and
- 32 • How that meter data is used for billing and customer information purposes.

33 **Current Meter Fleet**

34 Nelson Hydro currently has approximately 11,300 AMR meters in service. These meters send a radio
35 signal to a vehicle mounted device when polled. The effective range depends upon the geographic
36 features of the area and construction materials of buildings, however they are generally able to transmit

1 when the receiver is within 100 meters of the meter. The majority of these meters have been in service
 2 for more than 20 years and are approaching the end of their service life and require replacement.

3 **Table 2 - Nelson Hydro's Current Meter Fleet**

Meter Type	Notes	Customer Type	Number Installed
Single Phase - 2S 200A 240V	89-Demand/Bidirectional & 10-Non-Radio	Residential	9,830
Single Phase - 3S 20A 240V	46-Demand/Bidirectional	Residential	153
Poly Phase - 12S 200A 120/208V and 600V	778-200A 120V, 87-200A 120-480V	Residential	865
Poly Phase - 8S/9S 20A 120/208V to 347/600V		Commercial	93
Poly Phase - 16S 200A 120/208V to 347/600V	48 - Demand	Commercial	324
Poly Phase - 45A 2 Element 20A 120-480V		Commercial	13
Poly Phase - 45A 2.5 Element 20A 120-480V		Commercial	22
Total			11,300

4 **Meter Testing and Exchanges Significantly Impact Residential and Commercial Customers**

5 Measurement Canada is a federal regulatory agency that establishes the requirements for energy
 6 metering devices and installations in Canada. The Electricity and Gas Inspection Act (EGIA) and
 7 Regulations set the rules for the sale of electricity and define units for energy measurement. The EGIA
 8 requires that:

- 9 • electricity meters be approved for use in Canada;
- 10 • only approved and verified meters are used to determine the amount of electricity consumed;
- 11 and
- 12 • the accuracy of electricity meters be verified in accordance with the time periods stipulated in
- 13 the Regulations.

14 As per section 19 of the EGIA, Nelson Hydro samples and tests its meter fleet in accordance with
 15 Measurement Canada Regulation S-S-06 requirements to ensure that the meters are performing as
 16 expected and are providing accurate measurements. Sampling inspection must be carried out well in
 17 advance of the expiry of the reverification period of the meters so that in the case of nonconformity
 18 with the requirements, all meters forming part of the lot can be removed from service prior to the
 19 expiry of the reverification period.

1 The testing process for meters begins with a meter-sampling phase. This phase is required due to the
2 significant number of meters in place. Every year a portion of Nelson Hydro’s approximately 12,000
3 meters is qualified to undergo Measurement Canada compliance sampling test and resealing
4 requirements.

5 The sampling process involves identifying meters to test, communicating the meter change out with the
6 customer, recording the meter data, taking the meter out of service, installing a new meter in its place,
7 recording the new data and updating the data in our CIS billing system. Once the meter is removed from
8 service, it is shipped to a Measurement Canada accredited meter shop to be tested as part of the sample
9 to determine the meter exchange schedule for similar meters and the new meter that was installed
10 during the sampling process remains in service at the customer’s location.

11 Following a similar process, any meters that do not qualify for a compliance sampling group must be
12 resealed by an accredited meter shop prior to its reverification date to be reused in the field. This is
13 common with small batch meters (<100) purchased after the initial mass meter rollout. Typically,
14 resealing meters is more cost effective than purchasing new meters.

15 In determining the meter exchange schedule, meters are grouped according to when they are due for
16 sampling based on their batch number. When a sample of the batch is tested, the continuation of the
17 use of that batch of meters in the field is based on the results of the test. When a meter or group of
18 meters has reached the expected lifespan (industry standard is 24 years for residential meter), or when
19 there are not enough meters in the batch to form a sample, Measurement Canada requires that the
20 meters be exchanged. The first batch of Nelson Hydro AMR meters will reach this point in 2029.

21 The meter testing and exchange process impacts approximately 100-400 Nelson Hydro customers on
22 average per year. In the context of this Application, and subject to Measurement Canada regulations,
23 the complete replacement of the meter fleet for residential and commercial customers to support AMI
24 will mean that the meter testing and exchange process should not be required for at least 10 years.

25 **Data Collection Process**

26 Nelson Hydro service area is divided into 9 routes, 8 regular for bi-monthly reads and one for demand
27 reads that are billed monthly. Each week a meter technician drives the route(s) to collect AMR meter
28 data via a vehicle mounted collector connected to a laptop. If a meter doesn’t pick up the read, an
29 audible sound alerts the technician who then exits his vehicle and visually inspects the meter if safe to
30 do so.

31 It is almost 70 kms from one end of the Nelson Hydro Rural service area to the other. There are 300 kms
32 of distribution lines and the total service area covers 370 square kilometers. The meter technician
33 averages 18,000 kms annually to collect meter reads, perform disconnects and reconnects and/or
34 trouble shoot metering issues.

35 Once Completed, the data is uploaded from the laptop to the meter technician’s desktop and into the
36 Customer Information System manual meter report.

37 **Billing and Customer Information**

38 Nelson Hydro’s Advanced Utilities Customer Information System (CIS) processes the meter data and
39 produces an exception report that the Billing Clerk reviews and reconciles. These reports typically
40 identify between 50 and 100 issues each week and all need to be resolved. This can require the meter

1 technician going to site to investigate. If a resolution is not possible due to safety or access issues, the
2 bill is estimated. Approximately 50 meter reads are estimated annually.

3 Regular billing occurs on a bi-monthly cycle with demand customers billed monthly. The bills include
4 basic data and a comparison to their bill in the same cycle the previous year if available. E-billing
5 customers can view bills and bi-monthly energy consumption back several years.

6 Customers with overdue bills are sent notices and if remain unpaid are scheduled for disconnection. To
7 disconnect a customer, the meter technician and another staff member who accompanies for safety,
8 attend the customer location, sleeve the meter, and leave information about how to pay their bill with
9 the customer or on their door. Once a customer has paid their bill, the meter technician returns to the
10 customer's premise and reinstalls the meter.

11 **3.2.2 AMI Improves Convenience for Customers**

12 This section broadly sets out the differences between AMR and AMI with respect to customer service
13 and describes the following:

- 14 • Quick, efficient customer move outs and reconnection.
- 15 • Online trouble shooting and problem solving.
- 16 • More detailed and timely usage information.
- 17 • Enhanced support for future customer services.

18 **Customer Move-outs and Reconnection**

19 When a customer is moving out of a premise, they notify Nelson Hydro of their move date and a manual
20 meter read is scheduled as close to the date as possible. Weekend and holiday move-out reads are
21 completed on the next regular workday. This results in over/under charging the customers moving out
22 or the customer moving in. If there is a gap between move-out and move-in, the account is transferred
23 to the property owner, and the manual reading must be completed twice. An AMI system enables
24 remote meter reads accurate to the hour the transfer takes place, eliminating charge inaccuracies and
25 the requirement for the customer to accommodate a manual meter read. In the past three years Nelson
26 Hydro has averaged over 340 move-outs in the Rural area annually.

27 When service has been disconnected for non-payment or other reasons, there is often a delay
28 reconnecting service once the bill has been paid. Reconnection is only done during working hours by the
29 meter technician who must physically attend the site at a time when the customer is present to re-
30 install the meter. This requires scheduling and coordination between the meter tech and the customer.
31 If the bill is paid after 2pm or while the technician is in another part of the service area, the
32 reconnection will occur when it can be completed during regular working hours unless the customer
33 consents to additional charges for overtime. This can often mean that the customer is without power
34 overnight or potentially over a weekend. AMI enables remote disconnection and reconnection. As soon
35 as the customer pays, the customer service representative can initiate a reconnection as long as there is
36 someone in the dwelling to confirm there are no safety hazards present. In the past three years Nelson
37 Hydro has averaged over 175 disconnections in the Rural area annually.

1 **On-line trouble shooting and problem solving**

2 Nelson Hydro is currently alerted to issues with the distribution system when customers call to report a
3 problem. This requires a level of awareness and sophistication of the customers to identify problems
4 and know to contact the utility. Outages are relatively obvious, however there have been instances
5 when customers have gone days without power believing the utility was aware and would resolve the
6 issue as soon as resources were available. More challenging for customers to report are intermittent
7 and/or power quality faults. An AMI system enables pro-active trouble shooting and problem solving
8 through immediate notification and access to detailed data that allows utilities to pro-actively resolve
9 issues, often before customers even know they existed.

10 **More timely usage information**

11 AMI provides frequent, automated data transfers, enabling customers to access more current
12 consumption information, better manage their energy use and identify behind-the-meter issues, like
13 equipment malfunctions, early. This also improves billing transparency, reducing the need for customer
14 follow-up or dispute resolution.

15 **Enhanced support for future customer services**

16 AMI infrastructure supports additional customer-centric programs, such as demand-response initiatives
17 and detailed usage analytics, which are not feasible with AMR's one-way, infrequent communication
18 model

19 **3.3 AMI is the Industry Standard**

20 Utilities serving electric customers across North America, including within Canada and British Columbia
21 itself, have transitioned away from manual or AMR and implemented AMI. Over the last 20 years, the
22 advanced metering technology available to utilities has continued to advance while the cost of the
23 technology has declined. The technology is available for natural gas, electricity, and water, as well as
24 multi-commodity utilities. As a result, advanced metering technology is now commonplace across North
25 America and is no longer considered new or cutting edge. Driven by the reduction of cost, coupled with
26 advances and maturity in the technology that allow greater customer and operational benefits, as well
27 as supporting conservation and customer empowerment efforts, this automated metering trend is
28 expected to continue.

29 This move away from manual processes and toward technological innovations is not unique to the
30 utilities sector. Customers today are increasingly engaged and seek to be informed; they are looking for
31 information to consider in their choices around energy selection and usage. Customers moving to
32 Nelson Hydro's service territory expect the same type of information, services and rate alternatives that
33 their previous electricity providers, like BC Hydro and FortisBC, provide.

34 Maintaining an AMR meter reading process will result in Nelson Hydro lagging behind its peers. This has
35 implications in customer expectations. There is value in remaining aligned with common industry
36 standards and technologies because it allows Nelson Hydro to gain insight and knowledge on best
37 practices that support customer experience and the effective and efficient operation of the system as
38 well as meet evolving customer expectations.

1 The following sections outline the current state and details of the trend toward Automation in North
2 America and Canada, generally and more specifically in British Columbia.

3 **3.3.1 Current State of AMI for Utilities Across North America**

4 Advanced Metering Infrastructure (AMI) is now a widely established component of electric utility
5 operations across North America, with the U.S. Energy Information Administration reporting that smart
6 meters account for more than 80% of all electricity meters installed nationally². Early AMI
7 deployments—initiated in the mid-2000s—have been extensively evaluated in the academic literature,
8 with studies documenting measurable improvements in operational efficiency, billing accuracy, and
9 outage management³. Peer-reviewed research also demonstrates that AMI has enabled utilities to
10 implement time-varying rates and demand-response programs that support system peak reduction and
11 enhance customer participation⁴. In Canada, federal assessments similarly identify AMI as a
12 foundational smart-grid technology, with widespread deployment in most provinces and territories.⁵
13 Industry bodies, including the Electric Power Research Institute, further note that many utilities are now
14 transitioning from first-generation AMI systems to AMI 2.0 platforms to support higher-resolution data,
15 improved interoperability, and integration with distributed energy resources⁶. Collectively, this body of
16 evidence demonstrates that AMI is a mature, proven, and increasingly essential technology supporting
17 modern grid operations and customer-centric energy services across North America.

18 **3.3.2 Current State of AMI for Utilities Across Canada**

19 In its April 2022 report on Smart Grids in Canada, Natural Resources Canada states that “Modernization
20 through smart meters has facilitated consumption data to be integrated with utility systems, so that
21 data can help identify consumption patterns, outages, and theft.” This is becoming more important as
22 federal and provincial electrification initiatives are driving changes in demand patterns and there is
23 increased focus on resiliency. Nova Scotia has most recently joined Ontario, Quebec in full smart meter
24 roll-outs, and New Brunswick is in the process of broad smart meter roll-out as well. Other provinces are
25 being driven by industrial and commercial customers to push smart meters to have increased visibility
26 into their usage patterns. The current national deployment level of smart meters is 13.3 million—an
27 increase of 1.2 million since 2018.⁷In Ontario, where smaller utilities like Nelson Hydro are common, the
28 Provincial Government has mandated AMI.

² EIA, Annual Electric Power Industry Report, 2024.

³ Y. Chen, H. Hou, Z. Zhang, X. Li, J. Wang and A. Tang, "Review on Smart Meter Data Clustering and Demand Response Analytics," 2020 12th IEEE PES Asia-Pacific Power and Energy Engineering Conference (APPEEC), Nanjing, China, 2020, pp. 1-6.

⁴ Faruqui & Sergici, 2017, The Electricity Journal, Vol 30, Issue 10, pp. 64-72.

⁵ A. Wadhera, J. Ayoub, M. Roy, “Smart Grid in Canada 2018”, 2019-066 RP-FIN DER-SGNETS, Natural Resources Canada, April 2019.

⁶ EPRI, Smart Meters (Advanced Metering Infrastructure or AMI), Accessed Dec 2025, <https://distribution.epri.com/wildfire/public/wildfire-tech-database/grid-monitoring/smart-meters/>

⁷ S-R. McLean, A. Wadhera, S. Wong, M. Roy, “Smart Grid in Canada 2020-21”, 2022-001 RP-TEC DER-REN2, Natural Resources Canada, April 2022, p.4.

1 **3.3.3 Current State of AMI for Utilities Within British Columbia**

2 In 2011, BC Hydro began implementing an AMI system known as its Smart Metering Initiative across its
3 service territory. BC Hydro was mandated by government to implement AMI technology.⁸ The benefits
4 that BC Hydro cited for installing advanced meters included the “modernization of B.C.’s electricity
5 system, improved safety and reliability, reduced electricity theft, and the ability to provide customers
6 with new tools to manage their energy use and ultimately save money.” With their smart meter fleet
7 approaching end of life, BC Hydro is now engaged in developing a Project to replace its smart meters
8 with AMI 2.0.

9 On July 23, 2013, the BCUC also issued its Decision and Order C-7-13 approving the FortisBC Energy Inc.
10 (Gas) (FEI) AMI CPCN subject to the condition that FEI would apply for an opt-out provision. In approving
11 FEI’s application, the BCUC accepted that “the need for the Project is not singular”. The Decision further
12 stated that “the Commission Panel has concluded [...] that it can consider future needs. These future
13 needs include ongoing and future system modernization to improve efficiency, reducing losses due to
14 theft of electrical energy, enhance customer service, and reduce costs.”⁹ These factors, along with the
15 benefits identified by BC Hydro above, are consistent with the needs that Nelson Hydro has considered
16 in developing the Application.

17 The other four British Columbia Municipal Electric Utilities (BCMEU) are not regulated by the BCUC
18 however Nelson Hydro works cooperatively with them to address common issues, including AMI
19 implementation. The City of New Westminster is completing its implementation of AMI in 2026 and
20 have openly shared their lessons learned and best practices with the other BCMEU members. Nelson
21 Hydro is working cooperatively with the remaining municipal electric utilities, Grand Forks, Penticton,
22 and Summerland, who are also developing projects to implement AMI in their municipalities,

23 **3.4 AMI Provides a Cost-Effective Long-Term Solution**

24 The transition to AMI addresses cost and service risks presented by meter reader safety, and AMR meter
25 obsolescence.

26 **3.4.1 Drive-by Meter Reading is Highly Repetitive with Inherent Risks**

27 Collection of readings from Nelson Hydro’s current AMR meters is much easier and safer than pre-AMR
28 manual reading. Having said that, this is still a repetitive task that requires the meter reader to drive
29 specific routes regularly to collect reads from every meter in the Nelson Hydro system on a specific
30 schedule. While Nelson Hydro has a comprehensive safety program, there remain risks to workers while
31 driving and simultaneously verifying reads are being collected by the hand-held devices. These driving
32 risks are magnified by the often steep, windy rural roads that typify the Nelson Hydro service area.
33 Inclement weather, wildlife, pets and domestic animals further challenge the meter reader when driving
34 routes.

35 Nelson Hydro has only one metering technician. When they are away for training, vacation or are
36 required for other operational reasons, another member of the Nelson Hydro team drives the routes.

⁸ See Clean Energy Act, S.B.C. 2010, c. 22, s. 17; Smart Meters and Smart Grid Regulation, B.C. Reg. 368/2010.

⁹ Order C-7-13, page 41.

1 This adds the challenges of navigation in what can be complex patterns around the service area. Often
2 reads are missed during these periods as it requires a clear understanding of the RF signals that can vary
3 with seasons and weather conditions which change the read locations. Missed reads result in either re-
4 driving the route or estimating, both of which add cost to Nelson Hydro.

5 **3.4.2 AMR is at risk of Obsolescence**

6 Based on available industry research and market analyses, major meter manufacturers have not
7 published a formal, universal phase-out date for AMR electricity meters. However, the evidence strongly
8 indicates that AMR production is already in long-term decline and is being displaced by AMI (Advanced
9 Metering Infrastructure) in nearly all regions.¹⁰

10 AMI is now the default technology for new electric meter deployments globally, and AMR is no longer
11 the strategic focus of major manufacturers (Itron, Landis+Gyr, Honeywell, Sensus, Aclara). Market
12 forecasts to 2030–2032 show AMI meters capturing nearly all new meter investment, implying that AMR
13 production will continue to diminish and may be phased out within the next decade as utilities complete
14 AMI transitions.

15 AMR persists mainly in retrofit modules or specialized applications, not as a primary product line, which
16 is consistent with a technology in sunset phase. This means there is a risk that costs per meter will
17 increase and support will decrease with time.

18 **3.4.3 Current AMR Meters are at End-of-Life**

19 Nelson Hydro purchased its first AMR meters in 2005. Nelson Hydro’s AMR meters are now past their
20 subsequent reverification period and require annual batch reverification. With each subsequent
21 sampling, the re-verification period decreases and the sample size increases.¹¹ Nelson Hydro is quickly
22 approaching the point where the cost of reverification is greater than the cost of meter replacement.

23 **3.5 AMI Provides Customer Benefits and Operational Opportunities**

24 AMI is an opportunity to provide transformational change to key components of the utility customer
25 experience, creating a platform for future opportunities for customer experience enhancements and
26 providing operational opportunities that support the safety, resiliency and efficient operation of the
27 electrical distribution system.

28 **3.5.1 AMI Enables Remote Meter Reading**

29 AMI uses a two-way communications network that automatically transmits consumption data from the
30 meter to the utility without the need for manual or drive-by collection. Unlike AMR systems, which rely
31 on monthly or bi-monthly vehicle-based reads, AMI provides real-time or near-real-time automated
32 data transfer, significantly improving accuracy and operational efficiency. This remote capability reduces
33 human error, eliminates the need for physical site visits, and supports more frequent interval data
34 collection, allowing Nelson Hydro to better monitor system conditions and respond more quickly to

¹⁰ EIA, Annual Electric Power Industry Report, 2024.

¹¹ Government of Canada, Measurement Canada, E-26—Reverification periods for electricity meters and metering installations.

1 outages or anomalies. AMI also enhances customer service by enabling remote service connections and
2 disconnections, improving worker safety, and giving customers access to detailed, timely usage
3 information that supports energy management and cost control

4 **3.5.2 AMI Provides and Opportunity to Meet Evolving Customer Expectations**

5 Customers' expectations for service have changed over the last decade and are expected to keep
6 changing based on improvements and access to technology and experiences with other service
7 providers. Nelson Hydro customers increasingly value ease of interaction, convenience, and
8 responsiveness of technology. Since introducing e-billing in 2021, over 43% of customers have signed
9 up. Similarly, customers have been accessing Nelson Hydro's social media pages, online newsletters and
10 interactive "Lets Talk" web pages. They have come to expect proactive communication from Nelson
11 Hydro. Changes in customer expectations and behaviour, as well as available technologies, require
12 Nelson Hydro to regularly evaluate the services provided to its customers and consider opportunities to
13 deliver on customer expectations.

14 In today's media heavy culture, it is easy for customers to compare their experiences with Nelson Hydro
15 to their last best customer experience from other service providers. The limited information they have
16 access to currently means that Nelson Hydro is falling short in this aspect of service as compared to
17 other customer service experiences.

18 AMI provides the opportunity to meet current and evolving expectations around details of customers'
19 energy use, outage response and proactive demand side management programs. Customers routinely
20 ask for detailed consumption information to make better decisions around home renovations,
21 installation of solar or just energy conservation to keep their hydro bills low.

22 **3.5.3 AMI Provides Opportunities for Demand Side Management Programs**

23 AMI significantly expands the range and effectiveness of Demand-Side Management (DSM) programs by
24 providing Nelson Hydro with near real-time consumption data and two-way communication capabilities.
25 AMI enables more accurate and timely measurement of customer usage, which is essential for
26 implementing time-of-day rates and other dynamic pricing mechanisms that encourage customers to
27 shift consumption away from peak periods. Industry research further shows that AMI meters are now a
28 core technology solution within the DSM market, supporting demand response, energy efficiency, and
29 load management initiatives. AMI's granular interval data also improves customer targeting and
30 program design, allowing utilities to identify high-value participants and tailor DSM offerings to specific
31 load profiles. Collectively, these capabilities make AMI a foundational enabler of modern DSM
32 programs, improving grid reliability, reducing system costs, and supporting broader decarbonization
33 objectives.

34 **3.5.4 AMI Provides Opportunities for Time-of-Day Rates**

35 AMI provides the foundational capability required for modern Time-of-Day (ToD) rate structures by
36 enabling the collection of accurate, hourly or sub-hourly consumption data and supporting automated
37 billing based on when electricity is used. AMI's interval-metering and two-way communication functions
38 allow utilities to apply differentiated prices across defined time periods, encouraging customers to shift
39 usage away from peak hours and improving overall system efficiency. This aligns with BC Hydro's newly
40 introduced alternative Time-of-Day pricing plan, approved by the BCUC in 2023 and launched in June

1 2024, which applies a 5-cent per kWh discount for overnight consumption (11 p.m. to 7 a.m.) and a
2 5-cent per kWh surcharge during the on-peak period (4 p.m. to 9 p.m.). By enabling accurate,
3 automated application of these time-varying rates, AMI will expand Nelson Hydro’s ability to offer
4 flexible pricing alternatives and support customer participation in load-shifting that benefits the whole
5 grid.

6 **3.5.5 AMI Provides Opportunities for Improved Outage Response**

7 AMI materially improves outage response by providing utilities with real-time or near-real-time visibility
8 into service interruptions through automated “last-gasp” outage notifications and continuous
9 power-status reporting. Unlike the current AMR system, which relies on customer phone calls or field
10 patrols to identify outage locations, AMI meters can communicate directly with a utility’s outage
11 management system, enabling faster detection, more accurate localization of faulted segments, and
12 quicker confirmation of service restoration. This enhanced situational awareness reduces restoration
13 times, improves crew dispatch efficiency, and strengthens overall system reliability. AMI data also
14 supports post-event analysis, allowing utilities to identify recurring problem areas and prioritize system
15 investments. Collectively, these capabilities demonstrate how AMI provides a significant opportunity to
16 modernize outage management practices and deliver improved reliability outcomes for customers.

17 **3.5.6 AMI Enables Remote Disconnection and Reconnection**

18 AMI enables secure, remote disconnection and reconnection of electric service through its two-way
19 communications capabilities, eliminating the need for field crews to physically visit customer premises
20 for routine service changes. This functionality allows utilities to complete move-in/move-out
21 transactions, credit-related disconnections, and subsequent reconnections far more quickly and
22 efficiently than with AMR systems. Remote operations reduce truck rolls, lower operating costs, and
23 improve worker safety by minimizing the need for staff to access energized equipment in the field.
24 Fewer field visits also means fewer negative interactions with customers, their pets or other on-site
25 hazards. Remote disconnect and reconnection also enhances customer service by shortening wait times
26 for and enabling same-day or near-real-time service restoration once conditions are met. Collectively,
27 these capabilities make remote connect/disconnect a significant operational advantage of AMI,
28 strengthening system efficiency and supporting more responsive utility operations.

29 **3.5.7 AMI Enhances System Monitoring and Asset Management**

30 AMI enhances system monitoring and asset management by providing utilities with continuous, granular
31 data on meter performance, power quality, and distribution system conditions. AMI networks generate
32 high-frequency interval data and device-level diagnostics that allow utilities to identify deteriorating
33 equipment, voltage irregularities, and emerging system issues before they result in outages or failures.
34 AMI systems include not only meters but also communications modules and network infrastructure,
35 creating a comprehensive asset ecosystem that can be monitored and managed proactively. AMI data
36 supports predictive maintenance by enabling utilities to detect abnormal consumption patterns, meter
37 tampering, or signs of asset degradation, reducing reliance on manual inspections and reactive
38 maintenance practices. Advanced metering capabilities also improve grid visibility, support load
39 forecasting, and help utilities optimize the utilization and replacement of aging infrastructure. AMI
40 provides a modernized, data-driven foundation for more efficient system monitoring and asset
41 management, improving reliability and reducing long-term operational costs.

1 3.5.8 Summary of Benefits and Opportunities

2 AMI offers a wide range of operational, customer-service, and strategic benefits that are particularly
3 valuable for a small municipal electric utility. AMI enables automated, two-way communication between
4 meters and the utility, eliminating the need for drive-by meter reading. AMI's interval data provides
5 detailed insight into consumption patterns, enabling more effective demand-side management,
6 time-of-day rate alternatives, and energy-efficiency programs tailored to local needs.

7 From a reliability perspective, AMI enhances outage detection and restoration through last-gasp alerts
8 and real-time power-status reporting, allowing crews to respond more quickly and efficiently. The
9 technology also strengthens system monitoring and asset management, giving the utility better visibility
10 into voltage quality, equipment performance, and emerging system issues. This supports more proactive
11 maintenance and more informed capital planning—critical advantages for a small utility with limited
12 resources.

13 AMI also enables remote connect and disconnect, reducing truck rolls, improving worker safety, and
14 accelerating service changes for customers. The improved data quality and operational efficiency
15 support long-term financial sustainability by lowering operating costs and enabling more precise
16 forecasting and load planning. Finally, AMI positions a municipal utility like Nelson Hydro for future grid
17 modernization initiatives, including distributed energy resource integration, electrification planning, and
18 advanced customer-facing tools such as online usage dashboards.

19 Together, these capabilities make AMI a foundational investment that enhances operational efficiency,
20 customer service, system reliability, and long-term strategic flexibility for a small municipal utility.

21 4. Project Alternatives

22 In consideration of the Project need, Nelson Hydro evaluated four alternatives, each of which includes
23 some variations. These include maintaining the status quo along with Project alternatives for a partial
24 and full deployment of AMI. Also considered in the alternatives is the option of partnering with one or
25 several other organizations to improve Project outcomes and reduce Project costs. Partnerships
26 considered include three other BC Municipal Electric Utilities (Summerland, Penticton and Grand Forks),
27 BC Hydro and FortisBC (electric and gas).

28 4.1 Alternatives Overview

29 In order to fairly and accurately present the alternatives, Nelson Hydro has provided an overview of
30 each alternative in the subsequent sections followed by an analysis of each one's ability to meet each
31 aspect of the Project need. The alternatives are also analyzed from a lifecycle financial perspective with
32 comments on unquantifiable or difficult to quantify benefits. Each alternative section wraps up with a
33 summary of the information presented.

34 4.2 Alternative 1 –AMR

35 4.2.1 Overview of the AMR Alternative

36 In this section, the alternative to not move forward with any form of AMI Project is considered. In this
37 scenario, no change to current AMR technology is considered, however a capital Project would be

1 initiated to replace the of end-of-life meters. As these meters were initially installed in batches, there
2 would be large numbers of meters requiring replacement each year corresponding to the original
3 deployment numbers and schedule. This mass deployment schedule will require additional resources
4 similar to an AMI deployment assuming no degradation of existing Nelson Hydro services would be
5 acceptable.

6 There would be no new communications infrastructure required, however the current vehicle mounted
7 / handheld RF reading devices would need to be replaced every 5 years. The current meter supplier has
8 informed us that the software to process the AMR data will no longer be supported beyond 2028 and
9 Nelson Hydro will need to purchase their new software. The meter technician's vehicle will need to be
10 maintained and replaced when it reaches the kilometer milestone of the City's vehicle replacement
11 policy. As customers are added, they would be included in existing routes as is current practice.
12 Customer information software upgrades would need to verify continued compatibility with AMR data.

13 No new features or benefits would be available to customers and there would be no benefit to the
14 utility, other than compliance with measurement Canada regulations. Customers moving into the Nelson
15 Hydro service area and/or those familiar with the services, features and alternatives provided by other
16 electricity providers would notice the lack of availability of these customer focused initiatives. Nelson
17 Hydro would not be able to offer Time-of-Day pricing or innovative demand side management
18 programs. New technology for integrating and controlling smart devices and/or smart grid innovations
19 could not be considered by Nelson Hydro without AMI.

20 Nelson Hydro will have no option but to continue with its current, sole source meter supplier at the risk
21 of meter availability and pricing fluctuations. While there has been no announcement of when AMR
22 meters will be discontinued by the current supplier, production estimates indicate that this could occur
23 within 10 years. At that point, Nelson Hydro would either have no source for new meters and be forced
24 into an AMI conversion or need to place custom orders through the OEM or other third-party licenced
25 manufacturer at a higher cost. It is also anticipated that support for and training on AMR electric meters
26 would drop off and/or costs would increase.

27 **4.2.2 Suitability of AMR to Meet the Project Need**

28 **Meter Replacement**

29 Meters would be replaced when they reach end-of-life, purchased from the current supplier. Additional
30 resources would be required to manage the additional workload of batch expiration similar to an AMI
31 meter deployment.

32 **Convenience**

33 No change to current practices means that the inconveniences of AMR will persist. Appointments will
34 still need to be made for service disconnections and reconnections, they will need to call to notify
35 Nelson Hydro that their power out and customers will have no simple means of verifying the magnitude
36 of an outage other than the current social media and other communications channels.

37 **Industry Standard**

38 The AMR alternative will put the utility in a position where it is slipping farther away from industry
39 standard equipment and services. This creates an employee training and retention risk as well as a

1 customer service risk due to the perception that the utility is falling behind the times and not providing
 2 modern services. As customer expectations increase, lack of what is considered basic services may deter
 3 commercial and residential customers from choosing to reside within the Nelson Hydro service area.

4 **Risks**

5 No change to the cost and service risks associated with drive-by reading of AMR meters. There is a
 6 significant meter obsolescence risk associated with staying with a product that is being phased out of
 7 the industry. The probability that a shift to modern technology will be required before the AMR meters
 8 reach end-of-life is high.

9 **Customer Benefits**

10 No new customer benefits. Usage information beyond the bi-monthly reads will not be available so
 11 analysis of energy consumption and/or usage patterns by customers will not be possible. Similarly, Time-
 12 of-Day pricing or technology facilitated demand side management programs will not be offered. The
 13 utility will not have instantaneous outage notification so response times will go unchanged and no
 14 further information will be available to the utility to pro-actively address reliability and safety issues.

15 **4.2.3 AMR Financial Analysis**

16 The AMR alternative forms the Base Case as the current AMR meter fleet is at end of life and requires
 17 mass re-deployment. The table below shows the initial capital expenditure required to replace the
 18 existing meters with new AMR meters and the Operating budget in the year following full meter
 19 deployment in this status quo case. Other alternatives will be compared against this base case.

20 **Table 3 - AMR Alternative: Initial Capital and Incremental Net Operating Costs (\$ thousands)**

Financial Summary	AMR
Initial Capital Costs (2027-2030)	\$2,711
Incremental Capital (from Base Case)	N/A
Rate Impact (from Base Case)	N/A
Operating Costs (2030)	\$66
Benefits (2030)	-
Net O&M	\$66
Incremental O&M (from Base Case)	N/A
Rate Impact (from Base Case)	N/A
Total Rate Impact (from Base Case)	N/A

1 The AMI financial analysis was also performed based on a full Cost of Service (COS) analysis by Util-
2 Assist. There is no incremental COS for this case as it is considered the baseline, status quo alternative.
3 All other options will be compared to the AMR alternative. The table below provides a summary of the
4 analysis of the capital and operating costs for the AMR alternative over the 20-year analysis period. No
5 allowance for the risk of stranded assets and/or early replacement of the AMR system have been
6 included in these costs.

7 **Table 4 - AMR Alternative: NPV of Capital and Operating Costs (\$ thousands)**

Financial Summary	AMR
Capital Costs	
Meters	\$800
Network Equipment	
HES Software	
MDM Software	
Professional Services	
Meter Install	\$1,403
Meter Seals & Rings	\$3
Staff	\$379
Customer Education	\$8
Contingency @ 5%	\$130
WIP (AFUDC)	\$312
Total Capital Expenditure	\$3,034
Operating Costs	
Network Equipment	
HES	\$519
MDM	
Staff	\$987
Total O&M	\$1,506

1 **4.2.4 Summary of AMR Alternative**

2 Maintaining the status quo AMR system is the easiest alternative from a management perspective. The
3 utility would replace the bulk of customer meters over a three-year period as a Project, not unlike an
4 AMI deployment, and ratepayers would see the impact as capital costs are incurred. No benefits for
5 ratepayers or the utility would be realized in this scenario and customers would experience lower
6 service levels than other electric utilities in BC as a result. There is a high risk of obsolescence prior to
7 the end-of-life of the replacement meters potentially burdening future ratepayers with asset write-offs,
8 higher costs and/or a decline in service quality.

9 **4.3 Alternative 2 –AMI-Lite**

10 **4.3.1 Overview of the AMI-Lite Alternative**

11 In this scenario, an “AMI-lite” or “minimal-AMI” system is deployed without the meter data
12 management system interface that makes the data usable for anything other than basic billing. This
13 alternative still eliminates drive-by AMR but provide limited other benefits. These systems typically
14 provide basic two-way communication and remote reads, without the advanced analytics, grid sensors,
15 or high-frequency interval data. There are no separate “AMI-lite products”. It isa stripped-down
16 configuration of typical AMI Platforms (i.e. no Meter Data Management System).

17 Savings would come from elimination of the MDMS, less IT integration or analytics build out. No new
18 features or benefits would be available to customers and there would be limited benefit to the utility,
19 other than eliminating the truck rolls for meter reading and remote disconnects. This alternative
20 provides compliance with measurement Canada regulations. Nelson Hydro would not be able to
21 capitalize on having more information available because there would be limited data validation
22 capabilities that would be automated with a MDMS. Data storage in the HES would be short-term only.

23 Customers moving into the Nelson Hydro service area and/or those familiar with the services, features
24 and options provided by other electricity providers would notice the lack of availability of these
25 customer focused initiatives. Nelson Hydro would not be able to offer Time-of-Day pricing or innovative
26 demand side management programs. Any new technology for integrating and controlling smart devices
27 and/or smart grid innovations could not be considered by Nelson Hydro without additional cost.

28 There may or may not be alternatives to expand the capabilities in the future by adding apps and an
29 MDMS. These would necessarily rely on their own stand-alone business case. No additional benefits are
30 included in the base business case for this alternative.

31 **4.3.2 Suitability of AMI-Lite to Meet the Project Need**

32 **Meter Replacement**

33 The end-of-life AMR meters would be replaced as part of the AMI meter deployment ensuring
34 Measurement Canada compliance. Meters would not need to be tested for 10 years following
35 deployment.

1 **Convenience**

2 Service disconnections and reconnections would be possible, but would require training for staff to
 3 initiate directly from the HES. Customers would no longer need to call to notify Nelson Hydro that their
 4 power out. There would be no simple means of verifying the magnitude of an outage other than the
 5 current social media and other communications channels.

6 **Industry Standard**

7 Some small municipal, public and cooperative utilities in Canada and the US have opted for AMI light so
 8 Nelson Hydro would not be alone, but still in the minority of utilities without full AMI capabilities. BC
 9 Hydro and FortisBC already have AMI and are planning upgrades to AMI 2.0 to expand their capabilities
 10 and service offerings to customers.

11 **Risks**

12 The cost and service risks associated with drive-by reading of AMR meters would be eliminated. Long
 13 term obsolescence risk is also eliminated.

14 **Customer Benefits**

15 No new customer benefits. Usage information will not be available without additional investment to
 16 enhance the meter data management system and analytics so analysis of energy consumption and/or
 17 usage patterns by customers will not be possible. Similarly, Time-of-Day pricing or technology facilitated
 18 demand side management programs will not be offered. The utility will have instantaneous outage
 19 notification so response times may improve, although the benefits of an outage management system
 20 would not be available.

21 **AMI-Lite Financial Analysis**

22 The AMI-Lite alternative is a basic AMI 2.0 system without the meter data management system. The
 23 table below shows the initial capital expenditure required to implement this system and the Operating
 24 budget in the year following full meter deployment.

25 **Table 5 - AMI-Lite Alternative: Initial Capital and Incremental Net Operating Costs (\$ thousands)**

Financial Summary	AMI-Lite
Initial Capital Costs (2027-2030)	\$3,079
Incremental Capital (from Base Case)	\$367
Rate Impact (from Base Case)	0.3%
Operating Costs (2030)	\$85
Benefits (2030)	\$42
Net O&M	\$43

Incremental O&M (from Base Case)	(\$23)
Rate Impact (from Base Case)	(0.2%)
Total Rate Impact (from Base Case)	0.1%

1 The AMI-Lite financial analysis was also performed based on a full Cost of Service (COS) analysis by Util-
 2 Assist. The table below provides a summary of the analysis of the capital and operating costs for the
 3 AMI-Lite alternative over the 20-year analysis period.

4 **Table 6 - AMI-Lite Alternative: NPV of Capital and Operating Costs (\$ thousands)**

Financial Summary	AMI-Lite
Capital Costs	
Meters	\$866
Network Equipment	\$74
HES Software	\$6
MDM Software	-
Professional Services	\$228
Meter Install	\$1,403
Meter Seals & Rings	\$3
Staff	\$379
Customer Education	\$15
Contingency @ 5%	\$151
Finance (AFUDC)	\$312
Total Capital Expenditure	\$3,436
Operating Costs	
Network Equipment	\$335
HES	\$615

MDM	
Staff	\$987
Total O&M	\$1,937

1 **4.3.3 Summary of AMI-Lite Alternative**

2 AMI-lite gives both customers and the utility a meaningful upgrade over AMR by replacing drive-by
 3 readings with automated remote meter reads, enabling more accurate billing, without the cost or
 4 complexity of a full smart-grid platform. Customers will see little benefit, however the utility gains
 5 operational efficiency and basic event alerts. It falls short in terms of providing customers and the utility
 6 with the capabilities and services that other electric utilities in BC have and continue to expand upon.
 7 Nelson Hydro will not be able to provide more advanced rate alternatives or demand side management
 8 programs that customers are asking for. AMI-lite is essentially reliable automation. More advanced
 9 features could potentially be added in the future by procuring and integrating an MDMS, based on its
 10 own business case.

11 **4.4 Alternative 3 –AMI 2.0**

12 **4.4.1 Overview of the AMI 2.0 Alternative**

13 An AMI 2.0 deployment at Nelson Hydro would replace today’s AMR system with a fully digital,
 14 continuously communicating smart-meter network. Instead of collecting bi-monthly reads during a
 15 drive-by, AMI 2.0 meters would send frequent interval data, real-time outage and restoration signals,
 16 and detailed voltage and power-quality information. This creates a live operational picture of the
 17 distribution system, even in Nelson’s challenging mountainous terrain.

18 For customers, AMI 2.0 enables more accurate and timely billing, clearer insight into how and when they
 19 use electricity, and access to modern rate options such as time-of-use or conservation-focused
 20 programs. It also improves reliability by helping the utility detect outages faster and restore service
 21 more efficiently. For the utility, AMI 2.0 unlocks advanced analytics, automated outage management,
 22 remote connect/disconnect, and the ability to proactively identify equipment or voltage issues before
 23 they become service problems.

24 AMI offers a step-change in situational awareness, reliability, and customer engagement, positioning
 25 Nelson Hydro for long-term grid modernization and future technologies such as rooftop solar, EV
 26 charging, and distributed energy resources.

27 **4.4.2 Suitability of AMI 2.0 to Meet the Project Need**

28 **Meter Replacement**

29 The end-of-life AMR meters would be replaced as part of the AMI meter deployment ensuring
 30 Measurement Canada compliance. Meters would not need to be tested for 10 years following
 31 deployment.

1 **Convenience**

2 AMI 2.0 provides many new convenience features for customers. Remote disconnects and reconnection
 3 eliminates the need to making appointments for this service. Billing accuracy during move-outs is made
 4 easier through online scheduling that does not rely on a tech to visit the customer to take a read.

5 **Industry Standard**

6 AMI 2.0 is fast becoming the industry standard in North America and the other electric utilities in BC are
 7 working on plans to upgrade from AMI 1.0 to expand their capabilities and service offerings to
 8 customers with 2.0 deployment.

9 **Risks**

10 The cost and service risks associated with drive-by reading of AMR meters would be eliminated. Long
 11 term obsolescence risk is also eliminated. Customer satisfaction risk greatly reduced as they can expect
 12 the same rate options and services as provided to other electric utility customers in BC. AMI 2.0 is a
 13 mature technology.

14 **Customer Benefits**

15 Usage information will be available to customers through an online portal or by calling Nelson Hydro to
 16 request their consumption data. This will allow them to make data driven decisions about their own
 17 energy choices and will promote conservation. The utility will have real-time data upon which to make
 18 its own data driven decisions including options for Time-of-Day pricing or technology facilitated demand
 19 side management programs. The utility will not only have instantaneous outage notification but also
 20 advanced fault analytics that will allow the utility to respond more quickly and prevent future outages.
 21 This data can also be used proactively to identify issues before they cause outages allowing them to be
 22 resolved, improving customer reliability.

23 **4.4.3 AMI 2.0 Financial Analysis**

24 The AMI 2.0 alternative is a fully functional, modern system with full data management and
 25 functionality. The table below shows the initial capital expenditure required to implement this system
 26 and the operating budget in the year following full meter deployment.

27 **Table 7 - AMI 2.0 Alternative: Initial Capital and Incremental Net Operating Costs (\$ thousands)**

Financial Summary	AMI 2.0
Initial Capital Costs (2027-2030)	\$3,136
Incremental Capital (from Base Case)	\$424
Rate Impact (from Base Case)	0.3%
Operating Costs (2030)	\$128
Benefits (2030)	\$51

Net O&M	\$76
Incremental O&M (from Base Case)	\$10
Rate Impact (from Base Case)	0.1%
Total Rate Impact (from Base Case)	0.4%

1 The AMI 2.0 financial analysis was also performed based on a full Cost of Service (COS) analysis by Util-
 2 Assist. The table below provides a summary of the analysis of the capital and operating costs for the AMI
 3 2.0 alternative over the 20-year analysis period.

4 **Table 8 - AMI 2.0 Alternative: NPV of Capital and Operating Costs (\$ thousands)**

Financial Summary	AMI 2.0
Capital Costs	
Meters	\$866
Network Equipment	\$74
HES Software	\$6
MDM Software	\$54
Professional Services	\$228
Meter Install	\$1,403
Meter Seals & Rings	\$3
Staff	\$379
Customer Education	\$15
Contingency @ 5%	\$151
WIP (AFUDC)	\$312
Total Capital Expenditure	\$3,492
Operating Costs	
Network Equipment	\$335

HES	\$615
MDM	\$1,009
Staff	\$987
Total O&M	\$2,945

1 **4.4.4 Summary of AMI 2.0 Alternative**

2 An AMI 2.0 system is a fully connected, real-time smart-meter network that sends frequent interval
 3 data, instant outage and restoration alerts, and detailed voltage and power-quality information. This
 4 gives the utility a live view of what’s happening across the grid, helping crews find and fix problems
 5 faster, manage equipment more effectively, and support new technologies like rooftop solar and electric
 6 vehicles. Customers benefit from more accurate bills, clearer insight into their energy use, and access to
 7 modern rate alternatives. Compared to AMR, AMI delivers a major improvement in reliability, efficiency,
 8 and customer service.

9 **4.5 Alternative 3a – AMI 2.0 Partnership with BCMEU**

10 **4.5.1 Overview of the AMI 2.0 Partnership Alternative**

11 Instead of implementing AMI independently, Nelson Hydro would partner with up to three other
 12 municipal utilities to leverage economies of scale, expertise and knowledge that is hard for a small
 13 municipal utility to achieve on its own.

14 Penticton, Summerland and Grand Forks have all indicated a willingness to partner on an AMI 2.0
 15 deployment. Sharing procurement processes, spares inventories and expertise are all advantages of this
 16 alternative as well as potentially sharing Software as a Service (SaaS) head end systems and meter data
 17 management systems. While each municipality will make their own decision, the expectation is that
 18 these other utilities would follow Nelson Hydro’s lead and implement the AMI solution selected by
 19 Nelson Hydro.

20 **4.5.2 Suitability of AMI 2.0 Partnership to Meet the Project Need**

21 The conditions to meet the Project need would be the same as the AMI 2.0 alternative. The advantage
 22 of this alternative is the potential for cost sharing of common services and software with the other
 23 municipalities. The risk lies with the addition of complexity to the Project by requiring coordination on
 24 all aspects of the Project. The AMI 2.0 solution would need to be multi-tenant capable and this
 25 alternative will increase the importance of cybersecurity and privacy audits.

26 **4.5.3 AMI 2.0 Partnership Financial Analysis**

27 The AMI 2.0 partnership alternative is an identical, fully functional, modern system with full data
 28 management and functionality, but common software and data storage fees are shared with the other
 29 municipalities. The table below shows the initial capital expenditure required to implement this system
 30 and the operating budget in the year following full meter deployment.

1 Table 9 - AMI 2.0 Partnership Alternative: Initial Capital and Incremental Net Operating Costs (\$ 000)

Financial Summary	Partnership
Initial Capital Costs (2027-2030)	\$3,136
Incremental Capital (from Base Case)	\$424
Rate Impact (from Base Case)	0.3%
Operating Costs (2030)	\$77
Benefits (2030)	\$51
Net O&M	\$26
Incremental O&M (from Base Case)	(\$40)
Rate Impact (from Base Case)	(0.4%)
Total Rate Impact (from Base Case)	(0.1%)

2 The AMI 2.0 partnership financial analysis was also performed based on a full Cost of Service (COS)
 3 analysis by Util-Assist. The table below provides a summary of the analysis of the capital and operating
 4 costs for the AMI 2.0 partnership alternative over the 20-year analysis period.

5 Table 10 - AMI 2.0 Partnership Alternative: NPV of Capital and Operating Costs (\$ thousands)

Financial Summary	AMI 2.0
Capital Costs	
Meters	\$866
Network Equipment	\$74
HES Software	\$6
MDM Software	\$54
Professional Services	\$228
Meter Install	\$1,403
Meter Seals & Rings	\$3

Staff	\$379
Customer Education	\$15
Contingency @ 5%	\$151
WIP (AFUDC)	\$312
Total Capital Expenditure	\$3,492
Operating Costs	
Network Equipment	\$335
HES	\$166
MDM	\$272
Staff	\$987
Total O&M	\$1,760

1 **4.5.4 Summary of AMI 2.0 Partnership Alternative**

2 The partnership alternative is a sub-option of the AMI 2.0 alternative where some operating costs are
 3 shared. There is also the potential to negotiate better equipment / services pricing with the increased
 4 number of endpoints required. There will be some increased complexity to coordinate technical and
 5 contractual terms between the MEUs which has not been considered in the financial analysis.

6 **4.6 Comparison of Alternatives**

7 The table below provides a high-level comparison of the principal alternatives against common AMI
 8 features and benefits typically deployed by electric utilities. The comparison is intended to support the
 9 qualitative assessment of the alternatives by illustrating the extent to which each alternative would
 10 enable Nelson Hydro to realize the operational, customer service, reliability, and future grid
 11 modernization capabilities associated with a modern AMI solution.

12 **Table 11 - Comparison of AMI Features and Benefits by Alternative**

Feature / Benefit	Description	Alternative 1 AMR	Alternative 2 AMI-Lite	Alternative 3 AMI 2.0
Remote meter reading	Automated collection of meter reads without drive-by reading.	No	Yes	Yes
Two-way communications	Utility can receive data and send commands to meters.	No	Partial	Yes

Interval usage data	Hourly or 15-minute usage data for billing and analysis.	No	Partial	Yes
Customer usage visibility	More timely customer access to consumption information.	No	No	Yes
Improved billing accuracy	Fewer estimated bills and faster exception resolution.	Partial	Yes	Yes
Outage detection and restoration verification	Automated outage notification and confirmation of restoration.	No	Partial	Yes
Remote connect / disconnect	Remote service changes without a site visit.	No	Yes	Yes
Tamper and theft detection	Alerts for tampering, abnormal conditions, or unaccounted-for energy.	No	Partial	Yes
Voltage / power quality monitoring	Visibility into voltage conditions, events, and distribution issues.	No	No	Yes
Time-of-day / dynamic rates	Supports alternative time-varying pricing structures.	No	No	Yes
Demand response / DSM enablement	Supports peak management and conservation programs.	No	No	Yes
Operational efficiency / reduced truck rolls	Reduces field visits for reads, investigations, and service changes.	No	Partial	Yes
Worker safety improvement	Reduces field exposure for routine metering activities.	No	Yes	Yes
Asset management and planning insights	Supports better maintenance, forecasting, and capital planning.	No	Partial	Yes
Scalability for future grid modernization	Supports future DERs, EVs, advanced analytics, and other smart grid uses.	No	Partial	Yes

1 Initial capital expenditure is compared between the alternatives in the table below with AMR forming
 2 the base case:

3 **Table 12 - Comparison of Initial Capital by Alternative (\$ thousands)**

Alternative	Capex (2027 - 2030)	Incremental Capital	Incremental Rate Increase
1. AMR (Status Quo)	\$2,711	Base Case	-

2. AMI-Lite	\$3,079	\$367	0.3%
3. AMI 2.0	\$3,136	\$424	0.3%
3a. AMI 2.0 Partnership	\$3,136	\$424	0.3%

1 O&M net of benefit offsets are compared between the alternatives in the table below with AMR forming
 2 the base case:

3 **Table 13 - Comparison of Net O&M by Alternative (\$ thousands)**

Alternative	Net O&M	Incremental O&M	Incremental Rate Increase
1. AMR (Status Quo)	\$66	Base Case	-
2. AMI-Lite	\$43	(\$23)	(0.2%)
3. AMI 2.0	\$76	\$10	0.1%
3a. AMI 2.0 Partnership	\$26	(\$40)	(0.4%)

4 **Table 14 - Comparison of Rate impact by Alternative**

Alternative	Incremental CapEx	Incremental O&M	Total Rate Impact
1. AMR (Status Quo)	Base Case	Base Case	Base Case
2. AMI-Lite	0.3%	(0.2%)	0.1%
3. AMI 2.0	0.3%	0.1%	0.4%
3a. AMI 2.0 Partnership	0.3%	(0.4%)	(0.1%)

5 **4.7 Conclusion**

6 Based on the qualitative assessment of the alternatives considered in this section, Nelson Hydro
 7 concludes that alternative 3 – AMI is the preferred alternative. Alternative 3 best meets the Project
 8 need by replacing the existing end-of-life AMR meter fleet with a modern advanced metering solution
 9 that provides the full range of operational, customer service, reliability, and future grid modernization
 10 capabilities required for the continued provision of safe, adequate, and efficient service.

11 In Nelson Hydro’s view, alternative 1 does not reasonably address the long-term obsolescence,
 12 operational, and service risks associated with continued reliance on AMR, while alternative 2 would
 13 materially constrain Nelson Hydro’s ability to realize the broader benefits of AMI that are increasingly
 14 standard across the utility industry. It is likely within a short period of time that a business case would be
 15 put forth to add an MDMS to the AMI-Lite alternative and upgrade to a full AMI 2.0 system as customers

1 and the utility recognize the benefits available for a small incremental investment. Integrating this now,
2 as alternative 3 leverages the broader Project management processes and technical expertise already in
3 place for the AMI deployment and integration activities of AMI 2.0. It also provides the most complete
4 and prudent qualitative response to the Project need.

5 Nelson Hydro further recognizes that implementation of alternative 3 presents opportunities to share
6 costs, resources, knowledge, and common services with other BC Municipal Electric Utilities, as
7 contemplated under alternative 3a, if those utilities elect to participate and if such arrangements can be
8 achieved on terms that are practical, cost-effective, and consistent with Nelson Hydro's Project
9 objectives and schedule.

10 At this stage, this conclusion is based on the alternatives' relative ability to meet Nelson Hydro's
11 technical, operational, customer service, and strategic objectives. There are many unquantifiable
12 benefits to a transition to AMI 2.0. The financial analysis indicates that for a relatively small increase to
13 the initial capital expenditure and negligible increase to net O&M costs, alternative 3 – AMI 2.0 fully
14 modernizes Nelson Hydro's metering, billing, outage management and customer services processes. The
15 assessment supports alternative 3 as the preferred alternative, with the potential to realize significant
16 saving and benefits of alternative 3a where partnership participation by other municipal utilities can be
17 secured in a manner that enhances Project efficiency or reduces costs without compromising timely and
18 effective implementation.

19 **5. Project Description**

20 **5.1 Introduction**

21 In this section, Nelson Hydro describes the Project in detail based on the AMI 2.0 alternative proposed in
22 Section 4 of the Application.

23 **5.2 Project Overview**

24 The Project team worked with Util-Assist representatives and other utilities to define scope and detailed
25 requirements for the proposed AMI alternative.

26 **5.2.1 Project Scope**

27 The proposed AMI alternative will replace all existing customer AMR meters with advanced meters and
28 install associated infrastructure to support delivery of energy consumption and other metering
29 information back to Nelson Hydro. The Project will also include the installation of communications
30 modules on infrastructure and distribution assets enabling the remote collection of information on the
31 electrical system integrity. Additionally, Nelson Hydro customers will have the ability to access their
32 consumption information through a Nelson Hydro secure online customer portal.

33 Specifically, the Project will deliver the scope described below:

34 **Installation of:**

- 35 1. Approximately 11,300 residential and commercial AMI meters capable of remote electricity
36 consumption measurement.

- 1 2. The AMI network and infrastructure to communicate with customer meters and other devices
- 2 within the service area.
- 3 3. A head-end system to collect all the data.
- 4 4. A meter data management system (MDMS) to process the data and interface with the existing
- 5 Nelson Hydro customer information and billing system.

6 **Capabilities to:**

- 7 1. Remotely monitor the condition of AMI network infrastructure.
- 8 2. Provide alarms for critical status of meters, for residential and small commercial customer
- 9 meters, such as meter tamper, high temperature, low battery, high consumption, reverse power
- 10 flow, meter health and others.
- 11 3. Enable remote turn off/on electrical service for residential and small commercial meters.
- 12 4. Detect and deter electrical theft.
- 13 5. Facilitate automated data collection, including 15-minute interval consumption from
- 14 approximately 11,300 residential and commercial meters.
- 15 6. Enable customer access to consumption information via enhancements to Nelson Hydro's
- 16 secure customer portal.

17 **Provisioning for:**

- 18 1. Operational process changes and associated change management, training, and
- 19 communications necessitated by the Project.
- 20 2. Implementation of the Network vendor's support model for the AMI 2.0 Solution.

21 5.3 Project Development Activities

22 Nelson Hydro reviewed publicly available summary reports from AMI deployments by other utilities
23 across North America and met with BC Hydro and FortisBC electric to discuss the lesson's learned from
24 their AMI experience. A pre-feasibility study was conducted by Util-Assist in 2022 that included a
25 technology assessment and high-level business case. The other members of the BCMEU are also
26 interested in a transition to AMI so information between utilities has been shared freely and
27 partnerships to share costs and resources explored. Nelson Hydro also conducted a pilot Project using its
28 current AMR meters in broadcast mode to better understand the benefits and challenges of remote
29 monitoring.

30 5.3.1 Lesson's Learned from FortisBC Electric, BC Hydro and New Westminster

31 During the pre-feasibility study completed by Nelson Hydro for the AMI Project, meetings were held
32 with both FortisBC and BC Hydro metering staff. Both shared lesson's learned from their AMI
33 deployments and discussed hardware, software, data storage, deployment, requirements, supply, data,
34 customer experience, testing and schedule. More recent discussions with BC Hydro about their AMI 2.0
35 plans and the state of current technology also provided valuable information. The City of New
36 Westminster is in the deployment phase of their AMI system and were able to provide regular updates

1 on their experience with their procurement process, Project initiation challenges and implementation
2 lessons learned as they advanced through their Project. These insights were used to inform Nelson
3 Hydro's AMI request for proposals (RFP) and overall Project plan.

4 **5.3.2 AMI Pre-feasibility Study**

5 From September 2022 to January 2023, Nelson Hydro engaged Util-Assist, a globally recognized expert
6 in AMI Project development to complete a pre-feasibility study into the value and alternatives for AMI
7 deployment by Nelson Hydro. The conclusion of the reports was that the market was changing rapidly
8 and while the business case was weak due to the economies of scale, there were many benefits that
9 could not be quantified. The recommendation was to proceed to an RFP to fully establish the scope, cost
10 and schedule for an AMI deployment at Nelson Hydro. Further evaluation of the cost estimate in 2024
11 reduced the high-level the budget estimate by recognizing the size of Nelson Hydro and eliminating or
12 appropriately scaling costs that would only be applicable to a larger utility.

13 **5.3.3 AMI RF Pilot Project**

14 In July 2025, Nelson Hydro partnered with its current AMR Meter supplier Metercorp to conduct an RF
15 propagation pilot Project within the urban service area of the utility to determine the feasibility of
16 converting Nelson Hydro's currently installed Centron AMR meters into network enabled devices. A
17 gateway was installed on top of Nelson City Hall and meters associated with City of Nelson buildings
18 were selected for remote reading. A head end system was provided by Itron, Nelson Hydro's AMR meter
19 manufacturer to process the data for transmission to the utilities current Customer Information System
20 (CIS).The pilot ran from September 2025 to May 2026.The results indicated that good RF propagation
21 was possible within the service area, however the data collection and transfer proved challenging. The
22 supplier also indicated that this capability would not be a long-term solution as Itron would has evolved
23 to a mesh system and would not support this technology for much longer.

24 **5.3.4 Partnership Exploration**

25 Early in the Project development it was identified that economies of scale posed a challenge for Nelson
26 Hydro as a small municipal utility. All viable alternatives were explored to improve purchasing leverage,
27 share technical resources and partner on common services and hardware to reduce the cost and impact
28 to ratepayers for the implementation and operation of an AMI system.

29 **BCMEU**

30 The BC Municipal Electric Utilities (MEUs) of New Westminster, Penticton, Summerland and Grand Forks
31 cooperate regularly on many topics and areas of common interest. AMI has been a regular discussion
32 item since New Westminster began their AMI journey in 2020.They have been sharing regular updates
33 and lessons learned at each step in their process. The other MEUs are all in the same position as Nelson
34 Hydro in terms of their rapidly approaching end-of-life of their current AMR meters and are planning for
35 a conversion to AMI. All are very supportive of a partnership arrangement to share costs, resources and
36 hardware where viable. The partnership opportunities with BC Hydro and FortisBC detailed below were
37 explored jointly with the other MEUs.

38 Due to resource constraints with the other MEUs, it was agreed that Nelson Hydro would take the lead
39 and move forward with an RFP and include the alternative for the other MEUs to take advantage of this

1 work if approved by their respective municipal councils. Common cost sharing has been agreed to in
2 principle in proportion to the kWh sales of each utility as has been the practice when collaborating on
3 other issues.

4 **BC Hydro**

5 In the spring of 2025, facilitated by New Westminster who have close connections with BC Hydro, the
6 BCMEU began discussions with BC Hydro Metering Department. The reaction was positive and a formal
7 request for support to the MEUs' AMI journey was submitted. In October 2025, following several
8 meetings, BC Hydro submitted a high-level proposal for how the MEUs could be incorporated into the
9 Crown corporation's own deployment of AMI 2.0. A number of challenges presented themselves, chief
10 among them was the Project timeline differences with BC Hydro proposing to start in 2032, well outside
11 the Nelson Hydro meter expiry dates. The high-level costs projected by BC Hydro were also significantly
12 higher than the best rated proposals submitted in response to the RFP. The collaboration with BC Hydro
13 was eventually terminated when BC Hydro changed their proposal to include only their current AMI
14 metering technology which is not capable of supporting multi-tenant data segregation and is at high risk
15 of becoming obsolete and stranding the assets when BC Hydro selects their AMI 2.0 vendor in 2032.

16 **FortisBC**

17 During Nelson Hydro's AMI pre-feasibility study in 2022, discussions around partnering were raised with
18 FortisBC electric. These eventually halted due to privacy concerns as FortisBC's Head End System was
19 not capable of multi-tenant data segregation. When FortisBC gas (FEI) was approved for implementation
20 of their AMI Project in 2023, talks again began to determine if there was any opportunity for the
21 BCMEUs to take advantage of their network being deployed within all of their municipalities. These
22 ended when it was determined that the hardware and software for their gas AMI network does not have
23 the capacity to support the volume of data required by electric utilities. FEI does not serve all customers
24 in the Nelson Hydro service area, so no collaboration was possible for most of the Rural area. Further
25 discussions in early 2026 with FortisBC electric occurred, however the same issues identified with BC
26 Hydro have stalled further partnership talks.

27 **Grant Funding**

28 Nelson Hydro investigated all identifiable grant funding opportunities to determine whether the AMI
29 Project qualified for economic support that would offset the costs and reduce the impact on ratepayers.
30 Only one potential funding source was identified: Natural Resources Canada's Smart Renewables and
31 Electrification Pathways Utility Support Stream – Deployment Projects program. Nelson Hydro
32 submitted an Expression of Interest in December 2024, however, the Project was not shortlisted. Based
33 on this outcome and broader market understanding, it appears that grant funding agencies generally
34 regard AMI as a mature technology that no longer requires funding support to encourage utility
35 alternative.

36 **Procurement Process for the Solution**

37 In its final recommendations in their pre-feasibility report, Util-Assist proposed to increase the level of
38 accuracy of the cost estimate through a procurement process and explore all available alternatives to

1 deploy an AMI strategy.¹²To guide the City of Nelson through this process, Nelson Hydro secured the
2 support of Util-Assist, recognized experts in AMI procurement. In June 2025 a robust public
3 procurement process was developed that was fully compliant with municipal procurement regulations
4 and aligned with industry best practices.

5 Nelson Hydro used Request for Proposal (RFP) processes for the selection of the AMI metering solution
6 which included the meters, network hardware and software and the head-end system (HES) as a
7 Software as a Service (SaaS). Alternative pricing was requested for the supply of the Meter Data
8 Management System (MDMS) and proponents were invited to provide indicative pricing and proposals
9 for installation services if they wished. While planning for the Project, an iterative approach was
10 undertaken to research, design and define Nelson Hydro's high-level functional requirements. Proposals
11 were evaluated by a cross-functional team of Nelson Hydro and City of Nelson subject matter experts
12 supported by Util-Assist's procurement, technical and financial experts.

13 An RFP was posted on BC Bid on August 25, 2025. At the RFP submission deadline on November 21,
14 2025, six compliant proposals were received from qualified vendors. Following a detailed evaluation
15 process and several rounds of clarifications, three vendors were requested for in-person oral
16 presentations on their AMI solution for Nelson Hydro the week of February 16, 2026. References were
17 checked for each shortlisted vendor, including visits to customers using their products and services. An
18 invitation to negotiate was sent to the proponent with the highest scoring proposal on March 27,
19 2026. Final negotiations are ongoing, as of the date of this submission, however all terms that could
20 impact ratepayers have all been agreed to, including the provision of the MDMS and installation
21 services. The vendor has agreed to hold their pricing until March 2028.

22 **5.4 Project Architecture and Technical Components Described**

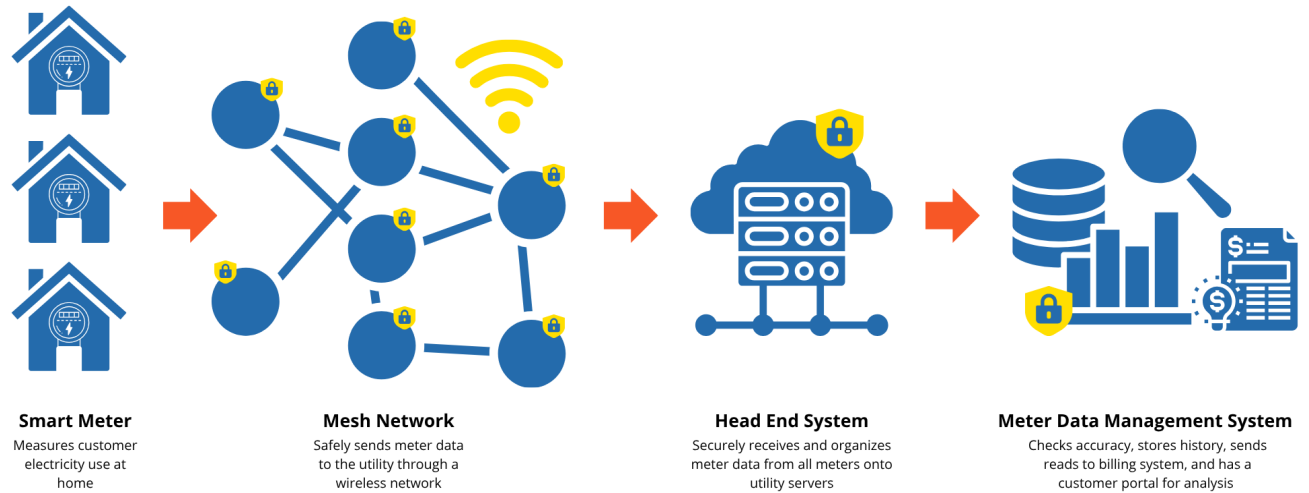
23 **5.4.1 End-to-End Functional Architecture**

24 The proposed Advanced Metering Infrastructure (AMI) solution is built on a hybrid mesh/cellular
25 communications architecture designed to provide high-reliability, high-availability, and long-term
26 scalability for electricity metering across the Nelson Hydro's service territory. The system integrates RF
27 mesh networking, public cellular backhaul, and a centralized head-end and data management platform,
28 enabling secure, automated, two-way communication between field devices and utility enterprise
29 systems.

¹² Nelson Hydro Advanced Metering Infrastructure (AMI) Business Case Report, September 30, 2022, p. 5

1

Figure 3 - Functional Architecture



2

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This architecture supports the Nelson Hydro’s objectives for improved operational efficiency, enhanced outage management, accurate billing, and future modernization capabilities. It is designed to meet cybersecurity, interoperability, and lifecycle sustainability expectations.

6

5.4.2 System Components

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Smart Meters

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Smart meters form the foundational endpoint of the AMI system. Each meter includes:

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- A solid-state metrology platform for interval data collection
- Integrated RF mesh radio and/or cellular modem
- Remote firmware upgrade capability
- Tamper detection and event logging
- Support for remote connect/disconnect (where applicable)

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Meters communicate with nearby meters or network access points, forming a self-healing, self-optimizing communications network.

16

RF Mesh Network

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The RF mesh network provides the primary communications layer for most service areas. Key characteristics include:

18

19

- Self-healing topology: meters relay messages through multiple paths, improving resilience
- High density performance: communication improves as more meters are added
- Low-latency routing for outage notifications, on-demand reads, and control signals
- Unlicensed 900 MHz RF spectrum

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1 Mesh networking reduces reliance on cellular networks in dense or semi-dense areas, lowering
2 operating costs while maintaining high reliability.

3 **Cellular Communications Layer**

4 A public cellular network is used in areas where mesh density is insufficient or where terrain makes RF
5 propagation challenging. Cellular endpoints or gateways provide:

- 6 • Direct, encrypted communication to the head-end system
- 7 • Coverage in remote or low-density regions
- 8 • Redundancy for critical meters or system functions
- 9 • Scalability aligned with national carrier network upgrades (e.g., LTE, LTE-M, 5G)

10 This hybrid approach ensures full territorial coverage without requiring extensive utility-owned
11 infrastructure.

12 **Network Access Points / Gateways**

13 Network access points (NAPs) or gateways serve as aggregation points for RF mesh traffic. They typically
14 include:

- 15 • High-capacity RF receivers
- 16 • Cellular or fiber backhaul
- 17 • Local processing for routing and prioritization
- 18 • Hardened enclosures for pole-top or pad-mount installation

19 Gateways ensure efficient data flow from thousands of meters to the utility's central systems.

20 **Head-End System (HES)**

21 The HES is the central control platform for all AMI field devices. It provides:

- 22 • Device provisioning and lifecycle management
- 23 • Network monitoring and diagnostics
- 24 • Remote firmware and configuration updates
- 25 • Secure command and control functions
- 26 • Data validation and routing to downstream systems

27 The HES is hosted in a secure data centre in Canada, with redundancy and disaster-recovery capabilities.

28 **Meter Data Management System (MDMS)**

29 The MDMS receives validated interval data from the HES and performs:

- 30 • Data cleansing, estimation, and validation (VEE)
- 31 • Long-term storage of meter data

- 1 • Billing determinant preparation
- 2 • Analytics support for load forecasting, outage analysis, and customer programs
- 3 The MDMS integrates with CIS, OMS, GIS, and other enterprise systems through secure APIs.

4 **Cybersecurity Framework**

5 Cybersecurity is embedded across all layers of the architecture, including:

- 6 • End-to-end encryption (AES-256 or equivalent)
- 7 • Certificate-based authentication
- 8 • Role-based access control
- 9 • Secure firmware signing
- 10 • Continuous monitoring and intrusion detection

11 The system is designed to align with the NIST Cybersecurity Framework and Canadian federal
12 cybersecurity guidance.

13 **Operations & Maintenance Tools**

14 The AMI platform includes operational tools for:

- 15 • Network performance monitoring
- 16 • Outage and restoration analytics
- 17 • Asset health reporting
- 18 • Field service workflows
- 19 • Event and alarm management

20 These tools support efficient utility operations and reduce truck rolls.

21 **5.4.3 End-to-End Data Flow Summary**

22 The AMI system enables a complete, automated data lifecycle:

- 23 • Smart meters collect interval and event data.
- 24 • Data is transmitted via RF mesh or cellular to gateways.
- 25 • Gateways forward encrypted data to the HES.
- 26 • The HES validates and routes data to the MDMS.
- 27 • The MDMS performs VEE and prepares billing determinants.
- 28 • Enterprise systems (CIS, OMS, GIS) consume the data for billing, outage management, and
29 analytics.

30 This architecture ensures reliable, timely, and secure delivery of metering information across the utility's
31 service area.

1 **5.4.4 Project Software as a Service (SaaS) Model and Managed Services**

2 SaaS is a software licensing and delivery model in which software applications are licensed on a
3 subscription basis from a vendor who hosts the software applications and related data using its own
4 server hardware, databases, networking and computing resources.

5 The AMI industry is in a state of continuous innovation. This is both a benefit and a risk to utilities using
6 this technology to better serve their customers. Innovation can create a risk that environments require
7 an upgrade or that technology gets stranded (before the end of its life cycle) to support vendor software
8 or security releases. For complex, integrated computer systems, a SaaS model provides the utility with
9 certainty that the system will meet contracted service level agreements. Many utilities are moving to
10 SaaS for certain applications for this reason. For a small, municipal utility like Nelson Hydro, maintaining
11 the skilled resources to manage an on-premise solution is not realistic, making SaaS the only alternative.

12 The Head End (HES) and Meter Data Management Systems (MDMS) will be owned, installed, operated
13 and maintained by third party vendors as a SaaS model.

14 **5.5 Implementation Approach and Project Schedule**

15 **5.5.1 The Project is Divided into Several Phases**

16 The Project shall be executed in the following phases, each governed by established procedures and
17 controls:

18 **Initiation & Planning**

19 This phase involves the formal commencement of the Project, including development of the Project
20 Management Plan, stakeholder engagement and communication, and alignment of objectives.
21 Workshops may be convened to clarify requirements and expectations. The integrated Project schedule
22 will be established and maintained to coordinate activities across subsequent phases.

23 **Design**

24 During this phase, system architecture and solution specifications are defined in accordance with
25 applicable standards and compliance requirements. Documentation is produced to capture technical
26 and operational parameters. Design reviews are conducted to assess alignment with contractual
27 obligations and industry best practices.

28 **Configuration & Integration**

29 System components are configured and integrated to meet the requirements identified in the Design
30 phase. This includes software configuration, system integration, network deployment, and meter
31 installation. Progress is monitored through status reports and issue logs.

32 **Testing & Validation**

33 Functional and non-functional testing is performed to validate system performance and compliance.
34 Test plans and scripts are utilized, and results are documented. Third-party audits may be conducted
35 where applicable to support compliance validation.

1 **Deployment**

2 Upon successful validation, the system is deployed in accordance with approved procedures.
 3 Deployment activities are tracked and reported, and any deviations are managed through established
 4 change control processes.

5 **Acceptance**

6 Acceptance criteria are reviewed and verified against delivered outcomes. Formal acceptance processes
 7 are followed, including documentation of test results and resolution of outstanding issues.

8 **Closeout**

9 The Project is formally closed upon completion of all deliverables and acceptance. Closeout
 10 documentation is compiled, lessons learned are recorded, and final reporting is submitted to
 11 stakeholders.

12 **Monitoring and Controlling**

13 Project governance will be maintained throughout all phases via regular status meetings, structured
 14 reporting (e.g., progress reports, risk registers), and the use of Project management tools such as
 15 scheduling software and document repositories. Meeting cadences and reporting formats shall be
 16 defined in the Project Management Plan, and adherence to these governance mechanisms will be
 17 monitored and documented. All communications and decisions will be recorded in accordance with
 18 contractual requirements.

19 **5.5.2 Project Schedule**

20 A detailed Project schedule will be developed as part of the Project plan. The high-level schedule is as
 21 follows:

22 **Table 15 - Project Schedule**

Phase	Activities	Timeline
Project Approval	BCUC CPCN proceeding; stakeholder engagement and communications; procurement process for Project management services; Council approval process	Jul 2026- Dec 2026
Initiation & Planning	PMO establishment, stakeholder engagement and communications, risk planning; HES setup (cloud procurement, TEST/PROD configuration, security, architecture documentation)	Jan 2027 – Feb 2027
Configuration & Integration	System configuration and enterprise integrations (CIS, GIS, OMS, WMS, MDM, APIs); System testing (FAT, SIT, UAT/SAT/fSAT preparation)	Mar 2027 – Jun 2027

Deployment – Initial (Core Network)	Go Live preparation and launch (stakeholder engagement and communications, data migration, readiness review, go live, post go live monitoring); Mesh network installation (RF study, design, procurement, installation, diagnostics, testing)	Jul 2027 – Dec 2027
Deployment – Sector 1	Mass meter deployment preparation; stakeholder engagement and communications; meter installation and diagnostics; Acceptance testing (UAT, SAT, fSAT)	Oct 2027 – Jun 2028
Deployment – Sector 2	Cellular network installation and testing (backhaul, hybrid configuration, diagnostics); stakeholder communications; Sector 2 mass meter deployment, meter installation and diagnostics	Jul 2028 – Dec 2028
Deployment – Sector 3	Sector 2 acceptance testing (UAT, SAT, fSAT); stakeholder communications; Sector 3 mass meter deployment preparation; meter installation and diagnostics	Jan 2029 – Sep 2029
Acceptance & Closeout	Final system-wide acceptance testing (UAT, SAT, fSAT); Project closeout, documentation, lessons learned; stakeholder communications	Oct 2029 – Dec 2029

1 5.6 Risk Analysis and Contingency Determination

2 5.6.1 Risk Analysis and Management

3 The overall objectives of the risk analysis process were to:

- 4 • Identify key risk areas requiring the Project team’s attention for planning the Project
- 5 • Perform qualitative analysis to prioritize and rank the risk using a risk matrix, as described in
- 6 Section 5.7.2
- 7 • Identify those risk items that can have a critical effect on the Project outcome

8 5.6.2 Risk Identification

9 Risks were identified by internal Nelson Hydro and City of Nelson employees experienced in projects and
 10 know the local challenges supported by Util-Assist who have been engaged in hundreds of AMI projects.
 11 These were also informed by risk assessments and lessons learned by other utilities who have
 12 completed AMI projects.

13 The appropriate risk likelihood and consequence scales relevant to the Project are based on the 5 by 5
 14 risk assessment matrix.

15 **Figure 4 - Risk Heat Map**

LIKELIHOOD

5	LOW	MED	HIGH	EXT	EXT
4	LOW	MED	HIGH	HIGH	EXT
3	LOW	MED	MED	HIGH	HIGH
2	LOW	LOW	MED	MED	MED
1	LOW	LOW	LOW	LOW	LOW
	1	2	3	4	5

CONSEQUENCE

LIKELIHOOD X CONSEQUENCE			
SCORE	0 – 5	=	LOW
SCORE	6 – 10	=	MEDIUM
SCORE	12 – 16	=	HIGH
SCORE	20 – 25	=	EXTREME

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5.6.3 Risk Register, Qualitative Assessment and Action Plan

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This risk identification process identified a number of risks which are tabulated in the risk register document included in Appendix 1: Project Risk Register. The risk response actions to deal with the identified risks were also recorded, forming the basis of the qualitative risk analysis. Once the risks were identified, a qualitative analysis was completed to prioritize or rank the risks so that the Project team could focus on risk response actions and mitigation for the high priority risks. Through this qualitative process Nelson Hydro applied a likelihood category and consequence rating to each risk identified, as shown in the Risk Assessment matrix in Figure 3 - Risk Heat Map above. The product of the likelihood and consequence was then used to establish the overall risk score and ranking for each risk.

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The risk register is dynamic and risks will be continually identified, tracked and updated throughout the Project.

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5.6.4 Risk Summary

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Overview

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Nelson Hydro has undertaken a structured risk assessment for the proposed AMI Project consistent with recognized public-sector risk management practices. Risks were evaluated based on their likelihood and potential consequence, taking into consideration existing contractual, technical, operational, and governance controls.

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The overall risk profile of the AMI Project is assessed as moderate and manageable, and consistent with projects of similar scope and complexity undertaken by other regulated utilities. No risks have been identified that would compromise system reliability, customer safety, regulatory compliance, or the financial viability of the utility if managed in accordance with the mitigating measures described below.

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The following summarizes key Project risks organized by theme, along with the associated risk assessments and mitigation measures.

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Project Governance and Resource Capacity

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Effective Project management and adequate internal resources are foundational to successful AMI implementation. Risks in this area include the potential for inadequate Project governance, planning, or oversight, which could result in scope, budget, or schedule controls not being effectively implemented. Additionally, Nelson Hydro must balance AMI Project demands against ongoing utility operations, and the retirement or departure of key Project champions could result in loss of institutional knowledge and Project continuity.

1 These risks are assessed as HIGH to MEDIUM. Mitigation measures include engaging an experienced
2 Project Manager with AMI expertise upon BCUC approval, developing a comprehensive Project
3 Management Plan with defined governance structures, assigning a dedicated meter technician with
4 operational backfill, maintaining thorough Project documentation, and implementing succession
5 planning for key personnel.

6 **System Integration and Data Management**

7 The integration of AMI systems with Nelson Hydro's existing Customer Information System (CIS) and
8 billing applications presents significant technical complexity. Risks include data transfer and formatting
9 issues between the AMI head-end, Meter Data Management System, and the Advanced Utility Infinity
10 CIS, as well as potential misalignment between CIS module implementation and AMI field deployment
11 timelines. Data validation issues during the transition from legacy meters could also result in billing
12 inaccuracies.

13 These risks are assessed as HIGH to MEDIUM. Mitigation measures include contractual requirements for
14 integration testing and quality control, end-to-end testing including failure and recovery scenarios,
15 parallel billing validation during cutover, an integrated AMI–CIS master schedule with defined critical
16 path, joint governance and issue-resolution processes, and staged go-live alternatives if full CIS
17 functionality is delayed.

18 **Technology and Cybersecurity**

19 AMI deployment introduces new technology infrastructure that must perform reliably and securely over
20 an extended lifecycle. Risks include early equipment failure due to manufacturing defects or
21 environmental factors, cybersecurity vulnerabilities associated with smart meters and communications
22 networks, and long-term vendor dependency given the 20+ year commitment to a single technology
23 provider. Service area topography and vegetation may also affect RF network performance.

24 These risks are assessed as MEDIUM to LOW. Mitigation measures include warranty and performance
25 requirements in the AMI Solution contract, mesh network architecture providing redundant
26 communication paths, cybersecurity standards and secure network segmentation, contractual
27 provisions for the head-end system to accept meters from alternative vendors, vendor RF mapping and
28 propagation analysis, and periodic review of vendor financial health and technology roadmap.

29 **Benefits Realization and Operational Readiness**

30 Achieving the full value of AMI investment requires organizational readiness to leverage new system
31 capabilities. Risks include the potential that organizational processes, systems, or decision-making do
32 not fully utilize AMI analytics, operational efficiencies, or improved outage management. Staff
33 adaptation to new meter reading, field operations, and back-office workflows also presents change
34 management challenges.

35 These risks are assessed as HIGH to LOW. Mitigation measures include clearly defined Project objectives
36 and vendor functionality documentation, ongoing AMI governance and continuous improvement
37 processes, early engagement with affected staff, comprehensive training plans, and management
38 oversight during and after transition.

1 Stakeholder Engagement and Customer Relations

2 Maintaining customer confidence and managing public perception are important to Project success.
3 Risks include insufficient communication with stakeholders, customer concerns related to health,
4 privacy, or billing accuracy, and potential installation challenges where customer meter bases do not
5 meet current safety or compatibility standards.

6 These risks are assessed as MEDIUM. Mitigation measures include a Communication and Stakeholder
7 Engagement Plan, public information materials addressing common AMI concerns, a vendor call center
8 for customer inquiries, clearly defined policies for utility cost responsibility, and proactive customer
9 communication regarding equipment requirements.

10 External Factors and Contingency

11 External factors beyond Nelson Hydro's direct control may affect Project execution. Risks include supply
12 chain disruptions or cost escalation for AMI materials, foreign exchange and tariff exposure,
13 environmental events such as wildfires or severe weather delaying field installation, and unanticipated
14 scope growth during Project execution.

15 These risks are assessed as MEDIUM to LOW. Mitigation measures include AMI Solution contract
16 provisions addressing cost certainty, currency, and tariff risks, liquidated damages for delays, installation
17 schedule flexibility, contingency planning for environmental events, budget and labour contingencies for
18 unforeseen work, and a formal change order management process.

19 Ongoing Risk Management

20 The Risk Register will be reassessed periodically throughout the Project lifecycle to identify emerging
21 risks, evaluate the effectiveness of mitigation measures, and adjust Project plans as required.

22 Overall Risk Conclusion

23 Based on the risk assessment performed, Nelson Hydro concludes that:

- 24 • No risks have been identified that would materially impair the safety, reliability, or affordability of
25 electric service.
- 26 • All material risks are supported by reasonable and appropriate mitigation measures.
- 27 • Residual risks fall within a level of risk tolerance appropriate for a regulated municipal utility
28 undertaking a capital technology investment.

29 Accordingly, the AMI Project presents a reasonable and manageable risk profile and does not introduce
30 undue risk to customers or to the utility's obligation to provide safe, reliable, and cost-effective service.

31 5.6.5 Contingency Determination

32 Based on the Project's defined scope, mature technology, contractual cost-certainty provisions, and the
33 mitigation measures identified in Nelson Hydro's risk assessment, a Project contingency of
34 approximately 10% has been included in the cost estimate. This level of contingency is considered
35 reasonable and appropriate for an AMI deployment of this scale and risk profile and is consistent with
36 industry practice for similar regulated utility projects.

5.7 Project Considerations

The technology associated with AMI has been a topic of public discussion since at least 2011. Concerns have been expressed regarding the electromagnetic radio signals from the meters and collectors, as well as the privacy and security of consumption information recorded and transmitted by the meters. These topics gained considerable attention in the media, particularly in British Columbia, in connection with BC Hydro's and FBC's respective smart meter and AMI implementations. The discussion provided below examines these previously expressed concerns in the context of Nelson Hydro's proposed AMI Solution.

5.7.1 Radio Frequency Electromagnetic Fields

Nelson Hydro's proposed AMI Solution is comprised of a two-way communicating Radio Frequency (RF) meter mesh network operating in the 900 MHz spectrum that directs data to cellular network enabled gateways. For remote or hard to reach areas the meters will connect directly to the HES via cellular technology.

There has been discussion with respect to potential effects on human health resulting from exposure to RF electromagnetic fields. Such concerns were explored extensively and addressed by the BCUC in approving FortisBC Energy Inc. (FEI) AMI Project.¹³ As the Panel indicated on p. iv of its May 2023 decision, "The Panel finds that the BCUC has the jurisdiction to assess whether radiofrequency emissions from FEI's proposed AMI technology pose a threat to the health of FEI's customers, notwithstanding that the proposed AMI technology is compliant with Health Canada's Safety Code 6. The Panel finds that Health Canada's Safety Code 6 is applicable to the technology FEI proposes to use for the AMI Project. The Panel further finds that FEI's proposed AMI technology complies with Health Canada's Safety Code 6."

Nelson Hydro's proposed AMI solution utilizes the same technology and operates in the same RF frequency as that being implemented by FEI. It is fully compliant with Health Canada's Safety Code 6.

5.7.2 Security

The security of customer information is a high priority for Nelson Hydro who is subject to the requirements of the BCUC cybersecurity framework. Given the nature of the AMI solution, security needs to be considered for several components. These include the meters, network, gateways, HES, MDMS and City of Nelson IT systems. Since the meters are installed at residential or business properties and on Nelson Hydro owned infrastructure, it is critical that the electronic security of the components be comprehensive. The requirement for security of information within all elements of the AMI Solution is thus a key consideration throughout design, procurement and implementation. Nelson Hydro's objective is to align with the security specifications set out in the AMI-SEC58¹⁴ AMI System Security Requirements.

Security controls for the AMI Solution include considerations for, but not limited to, the following:

¹³ FortisBC Energy Inc. (Gas) Certificate of Public Convenience and Necessity for Approval of the Advanced Metering Infrastructure Project Decision and Order C-2-23, May 15, 2023.

¹⁴ AMI-SEC is a North American Advanced Metering Infrastructure task force charged with developing security guidelines, recommendations, and best practices for AMI system elements.

- 1 • Confidentiality, integrity, security and privacy of data at rest or in transit
- 2 • Controls for malicious code detection, spam protection and intrusion detection
- 3 • User authentication and user role controls based on access of least privilege (that is, users can
- 4 be set up in the system with the least amount of access required to complete their roles)
- 5 • Audit controls and logging of user actions and events
- 6 • Resistant to outside electromagnetic interference.

7 The security architecture is designed to secure customer data and minimize risks of security breaches on
8 the infrastructure. The meters, non-meter sensors, network, and HES are monitored to minimize the risk
9 of intrusion and malicious attacks against the AMI Solution.

10 **5.7.3 Privacy**

11 Nelson Hydro respects its customers' privacy and seeks to protect their personal information. The
12 protection of personal information in British Columbia is governed by the provisions of the Personal
13 Information Protection Act (PIPA) and the federal Personal Information Protection and Electronic
14 Documents Act (PIPEDA), as applicable.

15 The following are some important points regarding customer privacy as it applies to the Nelson Hydro
16 AMI Solution:

- 17 • All AMI data collected will be stored on servers in Canada.
- 18 • The City of Nelson privacy policy applies to the collection, use and disclosure of personal
19 information through the AMI Solution used by Nelson Hydro, including advanced meters,
20 metering equipment systems and technology.
- 21 • Nelson Hydro already collects electricity consumption information about its customers. The AMI
22 Solution will allow it to collect the same data, but more frequently.
- 23 • The information collected is sent automatically from the meter through encrypted wireless
24 technology. The information transmitted is de-identified and must be re-identified when
25 received by Nelson Hydro to determine which customer it is associated with.
- 26 • Nelson Hydro considers the security of electricity consumption information collected via the
27 AMI Solution to be an important and a priority for the Project. The measures enacted to ensure
28 security of information include, but are not limited to, the following:
 - 29 ○ Controls for malicious code detection, spam protection and intrusion detection.
 - 30 ○ User authentication and user role controls.
 - 31 ○ Audit controls and logging of user actions and events.
 - 32 ○ Alarms for outside electromagnetic interference and other tamperers.
 - 33 ○ Encryption providing confidentiality for customer data.
 - 34 ○ Use of firewalls.

- 1 ○ Secure storage of customer data. The security architecture is designed to secure
- 2 customer data and mitigate the risk of security breaches.
- 3 ○ Compliance with National Institute of Standards and Technology (NIST) Cybersecurity
- 4 Framework.

5 **5.7.4 Customer Refusals and Opt-Out**

6 Nelson Hydro understands that some customers will not want an advanced meter installed on their
7 premises; consequently, it is possible that some customers will seek to refuse the installation of an
8 advanced meter.

9 Nelson Hydro plans to work with these customers, seeking to understand any concerns they may have,
10 sharing the benefits of the Project and addressing their concerns to the extent possible. By doing so,
11 Nelson Hydro hopes to successfully transition these customers to the new meters. Regardless of Nelson
12 Hydro's efforts, some customers may continue to have concerns about the RF transmissions from the
13 new meters. In these cases, Nelson Hydro intends to offer meters that transmit data via the existing
14 commercial cellular network for a small monthly cost based on the cellular subscription price. Where a
15 customer is refusing the installation of a cellular enabled meter, the customer will have the option to
16 have an advanced meter installed with the internal communicating radio turned off for a fee. The
17 advanced meter will continue to operate as a meter when deactivated; however, it will no longer
18 communicate with other meters in the mesh, gateways or directly to the HES (via cellular). Customers
19 choosing to opt out will be required to pay for their meters to be manually read.

20 **5.7.5 Anticipated Amendments to City of Nelson Hydro Services Bylaw**

21 Nelson Hydro anticipates only minor amendments will be required to the Hydro Services Bylaw 3608
22 which serves as the terms and conditions of service for the utility. Nelson Hydro already has a rate
23 schedule for manual meter reading. An additional rate schedule will need to be added to include a
24 customer election for a cellular only meter. Rates will also need to be adjusted for meter reconnection
25 fees as the current rates assume a truck roll that will be eliminated with AMI. Other changes will be
26 identified once detailed engineering and planning have been completed once the Project is approved.

27 Nelson Hydro anticipates that it will submit a request for approval to update the Hydro Services Bylaw
28 well in advance of deployment of any customer meters. This will either be done in conjunction with the
29 next Revenue Requirements Application or as a stand-alone application.

30 Once AMI is fully deployed within the Nelson Hydro service area, the opportunity to offer greater rate
31 choice and demand side management programs to customers will be available. Nelson Hydro anticipates
32 considering a number of alternatives in the future and will submit applications for approval to the BCUC
33 as these programs are developed.

34 **5.8 Conclusion**

35 The AMI Solution has been developed with the assistance of industry experts and internal resources
36 with the relevant knowledge and experience. In planning for AMI Solution delivery, Nelson Hydro has
37 drawn on key learnings from similar projects completed by other utilities and an RF Pilot Project.
38 Further, Nelson Hydro submits that it has developed a reasonable Project schedule, which will be
39 managed under a clear governance framework, taking into consideration the necessary Project

1 resources. Finally, Nelson Hydro believes it has identified the key risks and considerations that could
2 impact successful completion of the Project and has taken a prudent approach to risk management.

3 **6. Project Costs**

4 **6.1 Introduction**

5 This section discusses the costs of the Project, including contingency, and the financial analysis. Within
6 the financial analysis section, Nelson Hydro provides the assumptions, the accounting treatment, and
7 the estimated incremental delivery rate impact of the Project.

8 **6.2 Project Costs**

9 **6.2.1 Basis of Estimate**

10 To meet the BCUC CPCN Guideline of an AACE Class 3 Capital Cost Estimate, Nelson Hydro conducted a
11 procurement process following municipal procurement policies. The procurement scope was inclusive of
12 all Advanced Metering Infrastructure system supply. The Request for proposal (RFP) document and
13 addenda are attached as Appendix 2: Request for Proposal and Agenda. Six vendors provided proposals
14 and, following an exhaustive evaluation process, a vendor was selected that scored the highest based on
15 the evaluation criteria that included experience, methodology and overall price. The successful vendor
16 has agreed to hold prices firm until March 2028.

17 Installation services were excluded from the RFP, however vendors were encouraged to provide
18 budgetary pricing for these services as a potential contract extension. The budgetary pricing of the
19 successful vendor has been used in the cost estimate and negotiations are ongoing with this vendor to
20 secure a contract for these services.

21 The balance of the cost estimate was prepared by Util-Assist, an industry expert in AMI Project
22 development. Their work included evaluating Nelson Hydro's current costs and resources and estimating
23 staff capital and operational expenses impacted by the Project, consultation costs and other costs not
24 included in the vendor proposal.

25 For the purposes of the CPCN, which applies only to the Rural portion of the Utility, Project costs have
26 been allocated based on the number of customers in the Rural area over total number of Nelson Hydro
27 Customers from the 2027 COSA as follows:

28	Rural customers:	4,976
29	Total customers:	11,566
30	Allocation to Rural:	43%

31 **6.2.2 Capital Costs**

32 As described in Section 4.7, Nelson Hydro has proposed the AMI 2.0 solution for its AMR Project. The
33 capital cost estimate for is largely based on a quotation from the proposed product vendor (see
34 Appendix 3: Confidential Product Estimate from Vendor). The remainder is outlined in Appendix 4:
35 Confidential Project Estimate from Consultant prepared by Util-Assist.

1 Based on the experience of Util-Assist, it is estimated that 90% of the Project scope and costs are fully
 2 defined. Included within each subsection of the cost estimate is a 5% contingency and an additional 5%
 3 Project contingency has been added to the total Capex.

4 **Table 16 - AMI 2.0 Capital Cost Components (\$ thousands)**

Financial Summary	AMI 2.0
Capital Costs	
Meters	\$866
Network Equipment	\$74
HES Software	\$6
MDM Software	\$54
Professional Services	\$228
Meter Install	\$1403
Meter Seals & Rings	\$3
Staff	\$379
Customer Education	\$15
Contingency @ 5%	\$151
WIP (AFUDC) ¹⁵	\$312
Total Capital Expenditure	\$3,492
Initial Capital Costs (2027-2030) ¹⁶	\$3,136

5 **6.2.3 Operations and Maintenance Costs**

6 Operating costs have been projected by Util-Assist over the 20-year expected life of the AMI meters. The
 7 values shown are incremental to the Base Case AMR O&M costs currently budgeted. All Costs are
 8 indexed by 3.0% annual inflation.

9 **Table 17 - AMI 2.0 Incremental Operating Costs (\$ thousands)**

¹⁵ Includes pre-feasibility, feasibility and other project development cost incurred to date.

¹⁶ Initial Capital is different from total capital as the latter includes project development and future networking equipment replacement costs.

Incremental Operating Costs	
Network Equipment	\$335
HES	\$96
MDM	\$1,009
Staff	-
Total O&M	\$1,440
Incremental O&M costs (2030)	\$10

6.3 Financial Analysis

6.3.1 Assumptions Included in the Analysis

- AMI system implemented will be as defined in the vendor proposal.
- Actual benefits will fall within the range of industry experience as calculated by Util-Assist.
- AMI system hardware will be owned by Nelson Hydro, but software-as-a-service will be hosted by the AMI system vendor.
- Total number of endpoints for each rate class and growth rate forecast will be as defined in the RFP.
- Vendor budget estimate for installation services will be indicative of final contract.
- Existing utility sites are suitable and available for collector mounting.
- Utility resources are available and adequate for Project support and participation.
- No major regulatory and/or approval delays.
- Inflation at 3% per annum

6.3.2 Accounting Treatment – Historic Costs

The capital costs of the Project will be held outside of rate base in capital work in process, attracting AFUDC, until they are placed into service. As construction is completed on the various assets included in the Project, the assets will be commissioned and placed into service. The assets will enter rate base on January 1 of the year following their in-service date by adding the capital cost of the assets into the appropriate asset accounts. Depreciation of the assets included in Nelson Hydro's rate base will begin the year that they enter rate base. The AMI meters exchanged during the Deployment phase of the Project will enter rate base January 1 in the year following the date of the meter installation. No allowance for exchange rate variances has been made as the vendor proposal is in Canadian dollars.

1 6.3.3 Estimated Rate Impact

2 Using the 2027 COSA as reference the rate impact is 0.07% per \$100,000 capital addition to the rate
3 base and 1% for every \$100,000 increase in O&M. Based on this the rate impact resulting from the initial
4 capital expenditure would be approximately 2.2%. This increase would be roughly equally spread out
5 over the three years of Project implementation or approximately 0.7% annually. The O&M impact would
6 be approximately 0.1% in the year the AMI 2.0 Project is fully implemented. The total rate impact once
7 fully implemented is therefore 2.3% over 2027 rates and only 0.4% over the AMR base case. For the
8 average household using 1,000 kWh per month, this translates to approximately \$3.40 per month once
9 fully implemented.

10 6.4 Summary

11 In summary, the AMI Project is expected to incur \$3.1 million in capital expenditures through the
12 implementation phase, which is equal to \$0.8 million incremental to what would otherwise be spent
13 under the base case alternative. The \$10 thousand of incremental annual O&M in the post-deployment
14 phase is expected to be negligible. Overall, the AMI Project is expected to result in a 0.7% rate increase
15 each year of Project implementation resulting in a 2.2% overall capital rate impact and a 2.3% overall
16 rate increase. Customers would pay an average of \$3.40 per month more than what their 2027 rates are
17 currently forecast for better safety, reliability, customer service and access to consumption data.

18 7. Consultation

19 7.1 Introduction

20 Consultation, engagement and communication are integral components of Nelson Hydro's Project
21 development process. To guide effective and meaningful consultation, Nelson Hydro created a
22 Stakeholder Engagement and Communications Plan (Appendix 5: Communication Plan) outlining its
23 objectives, strategies and general approach.

24 To ensure the effectiveness of its Stakeholder Engagement and Communications Plan, Nelson Hydro
25 considered lessons learned and best practices from the implementation of advanced electric meters by
26 other utilities across North America and the 2005 AMR deployment to Nelson Hydro customers. Nelson
27 Hydro customers are very engaged within the community and the projects of the City of Nelson, so the
28 Project communications include letters and emails, information sessions, outreach to media outlets,
29 advertising, social media and direct customer communications to accomplish the consultation
30 objectives. Nelson Hydro will continue to use its Stakeholder Engagement and Communications Plan to
31 guide activities throughout the Project and will update the plan to incorporate feedback as necessary.

32 7.2 Nelson Hydro is Undertaking Appropriate Consultation

33 Nelson Hydro developed a comprehensive Stakeholder Engagement and Communications Plan to
34 consult with stakeholders and the broader public, outlining key consultation objectives which aim to:

- 35 • Ensure balanced and objective information is available, promoted and understood.
- 36 • Communicate and engage effectively on the benefits of the new meters and address concerns or
37 provide explanations when unable to do so.

- 1 • Create opportunities for customers, communities and stakeholders to provide feedback.

2 **7.2.1 Community, Social and Environmental Considerations**

3 The Project will include replacing customers' existing electric meters with new advanced meters, and
4 creating the infrastructure needed to support the wireless network throughout Nelson Hydro's system.
5 Limited construction of new infrastructure is planned for this Project and as such, Nelson Hydro
6 anticipates there will be minimal community and social impacts. Nelson Hydro anticipates
7 environmental benefits as a result of the Project, including reductions in GHG emissions. These positive
8 environmental impacts would be achieved through increased operational efficiencies, such as fewer
9 truck rolls to respond to outages and other issues and reduction of kms driven to manually read meters
10 thereby reducing GHG emissions over the life of the meters by approximately 180 tonnes CO₂e; and by
11 customers' ability to better manage their energy use through AMI technology, which may lead to
12 consumption reductions. Notwithstanding that, Nelson Hydro is committed to ongoing communications
13 and consultation with customers, government, stakeholders and the public throughout the Project.

14 **7.2.2 Key Stakeholders for Public Consultation**

15 Nelson Hydro has the primary key stakeholder groups with whom they are committed to communicating
16 with and seeking feedback throughout the Project. Communication and consultation methods will be
17 refined as necessary, based on feedback. These groups are:

- 18 • Nelson Hydro's residential and commercial customers.
- 19 • The City of Nelson Council who provide governance to Nelson Hydro and represent the utility's
20 Urban customers.
- 21 • Directors for RDCK Areas E and F who are the local government representatives of the utility's
22 Rural Customers.
- 23 • Nelson Hydro and City of Nelson employees whose work will be affected by the Project.

24 **7.2.3 Communications Materials, Media and Methods**

25 Since 2021, Nelson Hydro has been speaking to customers about AMI at public open houses, in its
26 newsletters and with social media posts. Customers regularly inquire as to why Nelson Hydro doesn't
27 have time-of-day rates or offer incentive programs based on consumptions patterns. Customer
28 upgrading their services or adding EV charger or solar ask for their hourly consumption. The answer is
29 always that we cannot provide it because we do not have AMI meters. Media that Nelson Hydro has and
30 will continue to use to communicate details of the Project to customers are as follows:

31 **Public Hybrid Workshops**

32 These are typically held in conjunction with budget and rate discussions, however other specific topics
33 have been hosted when the need arises. Ahead of Project execution, Nelson Hydro will schedule events
34 in various locations at various times of day / days of the week to accommodate the schedules of those
35 interested in learning more about the Project. Additional workshops will be held as necessary
36 throughout the Project and/or questions on AMI will be answered during other scheduled events.

1 **Social Media**

2 Nelson Hydro Facebook and Instagram pages have proven to be effective communications tools for
3 educating customers on topics such as AMI. A campaign will run ahead of and throughout Project
4 execution to help customers understand the benefits, logistics and impacts the Project will have on
5 them.

6 **Let's Talk Engagement Platform**

7 Nelson Hydro's Let's Talk AMI page was launched in May 2025 to educate the public and gain feedback.
8 This interactive site allows customers to click through topics of interest to learn more about AMI, weigh
9 in on various features and ask questions. Feedback received informed the RFP requirements and will
10 continue to guide the communications plan.

11 **Website**

12 Nelson Hydro's website contains operational information on its meters and meter reading. As the AMI
13 Project progresses, the website will be updated with more technical operation information to
14 supplement the Let's Talk Project site.

15 **Newspapers**

16 The City of Nelson has a printed weekly Newspaper, the Nelson Star that is still a popular media for
17 Nelson and Area residents to receive local news. The Star along with Castanet and the Pennywise also
18 have online versions where Nelson Hydro has traditionally placed ads announcing significant
19 undertakings. It is anticipated that this media will continue to be used as appropriate to inform
20 customers of planned activities with the AMI Project.

21 **Radio**

22 Similar to Newspapers, local radio stations are widely listened to by Nelson Hydro customers. Notices
23 about AMI deployment will be used to let people know when installers will be in their area and provide
24 contact information for those who may have questions.

25 **Media Releases**

26 Nelson Hydro uses media releases to ensure local media have clear and accurate information about
27 utility events and activities. These will be used to encourage local reporters to provide education to
28 customers ahead of public AMI events, updates on significant Project progress and/or opportunities for
29 public input.

30 **Community Theatre Ads**

31 The Nelson Civic Theatre society plays adds ahead of movies and other events. Nelson Hydro uses this
32 media, often in conjunction with a scannable QR code to provide information to theatre goers on Nelson
33 Hydro events while they are waiting for their movie to start. AMI information clips and links to the Let's
34 Talk page will be used throughout the Project.

1 **City of Nelson Signage**

2 The City of Nelson has a sign in front of City Hall along Highway 3A. As this is a major thoroughfare for
3 everyone living in the region, it is often listed as the location customers get their information from. AMI
4 notices and events will be advertised on this sign.

5 **Newsletters**

6 Nelson Hydro publishes a quarterly newsletter that provides information and updates on Nelson Hydro
7 activities. A staple of the newsletters since 2021 has been updates on the AMI Project and information
8 about AMI in general. Nelson Hydro will continue to deliver these electronic newsletters to customers'
9 inboxes throughout the Project.

10 **Customer Service Representatives**

11 The City of Nelson provides Customer Service support to Nelson Hydro as a supplement to customers
12 contacting the utility directly. The Customer Support Representatives (CSRs) have basic information on
13 the AMI Project and respond to standard inquiries. As the Project progresses, the key messaging
14 provided to the CSRs will evolve.

15 **Internal Communications Channels**

16 Nelson Hydro communicates with employees of the City of Nelson through standard business practices
17 including phone, email, MS Teams chats and meetings, in-person meetings and the internal
18 communications platform Jostle. Project progress, development and implementation and
19 implementation and Project input are discussed regularly via these channels.

20 **7.2.4 Nelson Hydro Has Undertaken Appropriate Consultation to Date**

21 Since 2020, Nelson Hydro has included AMI as a discussion point in 16 open houses / public
22 presentations. A list of these events is included in Appendix 6: Historical Account of AMI Public
23 Engagement along with a record of the 11 social media posts specifically designed to educate and solicit
24 feedback from customers about AMI that have been posted since 2023.

25 In the spring of 2025, Nelson Hydro created the Let's Talk AMI webpage to educate and receive
26 feedback specifically on the Project. As of April 2026, the site has received 1,088 unique visitors who
27 made 218 contributions through responses or feedback. A full summary report is included as Appendix
28 7: Let's Talk AMI – Engagement Report, including the questions from customers and the answers
29 provided by Nelson Hydro.

30 **7.2.5 Stakeholder Engagement and Communications Plan**

31 The Stakeholder Engagement and Communications Plan in Appendix 5: Communication Plan is a
32 comprehensive, living document that provides guidance to the Project team on key messaging, media,
33 processes and protocols for engagement and communications to Nelson Hydro's stakeholders.

34 Nelson Hydro anticipates interest in the Project will increase as it approaches deployment, and as such,
35 it will update its Stakeholder Engagement and Communications Plan. To ensure it is effective, Nelson
36 Hydro's plan updates will incorporate:

- 37 • Lessons learned from ongoing dialogue with customers, stakeholders and employees.

- 1 • Industry best practices as learned from other utilities that have deployed similar technology.
- 2 Engagement with Indigenous Groups.
- 3 • Updated key messaging relevant to the current Project phase activities.

4 **7.3 Engagement With Indigenous Groups**

5 The scope of the AMI Project is limited to the replacement of existing metering infrastructure in place at
6 customer premises and installation of networking hardware on existing Nelson Hydro poles. The Project
7 does not involve any greenfield construction on any First Nations land or traditional territory. On this
8 basis, Nelson Hydro submits that no Indigenous or treaty rights are potentially affected, adversely or
9 otherwise, as a result of the proposed Project and therefore limits the duty to consult with First Nations
10 on this Application. In Nelson Hydro's view, the planned general consultation and communication
11 activities apply to First Nations as an element of the general public.

12 Nelson Hydro notes that though there is no specific duty to consult, Nelson Hydro routinely submits a
13 summary on major capital projects to the First Nations that have rights in the Nelson Hydro Service
14 Area. This is done through NationsConnect and Ktunaxa Connect. The AMI Project Summary in Appendix
15 8: Project Summary Submitted to First Nations was submitted on December 30, 2025 through these
16 portals to the following:

- 17 • Shuswap Band
- 18 • Penticton Indian Band Natural Resources Development
- 19 • The Confederated Tribes of the Colville Reservation / Sinixt Confederacy
- 20 • Okanagan Indian Band
- 21 • Lower Similkameen Indian Band
- 22 • Upper Nicola Band
- 23 • Ktunaxa Lower Kootenay Band

24 To date, only responses from the Shuswap Band and the Similkameen Indian Band have been received.
25 In each case no significant impacts to their indigenous rights, including title were apparent at this time.
26 Their full responses can be found in Appendix 9: First Nations Response. The Penticton Indian Band
27 responded with a request for funding to review the Project summary. The fee was paid, however no
28 response has been received to date.

29 **8. Provincial Government Energy Objectives**

30 Section 46 (3.1) of the UCA states that in considering whether to issue a CPCN, the BCUC must consider:

- 31 (a) the applicable of British Columbia's energy objectives,
- 32 (b) the most recent long-term resource plan filed by the public utility under section 44.1, if any,
- 33 (c) the extent to which the application for the certificate is consistent with the applicable
34 requirements under sections 6 and 19 of the Clean Energy Act (CEA).

1 In this section, Nelson Hydro will describe how the Project is consistent with British Columbia's energy
2 objectives as well as BC's Smart Meters and Smart Grid Regulation.

3 **8.1 British Columbia's Energy Objectives**

4 The Project is consistent with British Columbia's energy objectives, which are defined in section 17 of
5 the Clean Energy Act (CEA). The CEA contains a set of sixteen specific energy objectives for the province
6 of BC. It provides a guide to help the province meet its self-sufficiency goals and to reduce GHG
7 emissions. The CEA includes several social and economic goals for the province, including a greater focus
8 on encouraging economic development, creating and retaining jobs, and encouraging economic
9 development for First Nations and rural communities through the development of clean and renewable
10 power.

11 The CEA further promotes energy efficiency objectives as a consideration in evaluating the activities,
12 programs and rate-setting undertaken by utilities within British Columbia. The CEA defines British
13 Columbia's energy objectives, which include:

- 14 (a) to achieve electricity self-sufficiency;
- 15 (b) to take demand-side measures and to conserve energy;
- 16 (c) to generate at least 93% of the electricity in British Columbia from clean or renewable resources
17 and to build the infrastructure necessary to transmit that electricity;
- 18 (d) to use and foster the development in British Columbia of innovative technologies that support
19 energy conservation and efficiency and the use of clean or renewable resources;
- 20 (g) to reduce BC greenhouse gas emissions
- 21 (h) to encourage the switching from one kind of energy source or use to another that decreases
22 greenhouse gas emissions in British Columbia;
- 23 (i) to encourage communities to reduce greenhouse gas emissions and use energy efficiently;
- 24 (j) to reduce waste by encouraging the use of waste heat, biogas and biomass;
- 25 (k) to encourage economic development and the creation and retention of jobs;
- 26 (l) to foster the development of first nation and rural communities through the use and
27 development of clean or renewable resources;
- 28 (m) to maximize the value, including the incremental value of the resources being clean or
29 renewable resources, of British Columbia's generation and transmission assets for the benefit of
30 British Columbia;
- 31 (n) to be a net exporter of electricity from clean or renewable resources with the intention of
32 benefiting all British Columbians and reducing greenhouse gas emissions in regions in which
33 British Columbia trades electricity while protecting the interests of persons who receive or may
34 receive service in British Columbia;

35 These energy objectives provided in the CEA placed focus on demand-side management measures and
36 advanced metering. The Project implements AMI technology and provides a foundation to support and
37 enable energy conservation and efficiency primarily through the provision of improved energy

1 consumption information for customers. Improved consumption data will support energy conservation
2 by providing consumers with actionable insight on their consumption further enabling the
3 implementation of demand side measures to reduce consumption. Finally, better data will allow
4 customers to make informed decisions about fuel switching expected with objective (h), potentially
5 reducing customer consumption of natural gas that will contribute to lowering GHG emissions in BC and
6 is consistent with objectives (g) and (i) and the CleanBC plan described in greater detail below.

7 Energy objectives (a), (c), (l), (m), and (n) are supported by the Project in that AMI enables and supports
8 further development of renewable energy resources by customers and other third-party proponents as
9 well as provides better data to the utility on the benefits of these resources to grid supply and
10 management. All renewable energy sources added to Nelson Hydro's service area ultimately benefit the
11 entire grid as Nelson Hydro purchases power from FortisBC who in turn Purchase power from BC Hydro.
12 Locally generated energy reduces both the capacity and energy demands on the BC grid.

13 The Project will also support the energy objective (k) of the CEA "to encourage economic development
14 and the creation and retention of jobs". The Project will support this objective by creating jobs and
15 contributing to the local economy. The Project will create jobs in BC through Nelson Hydro's contractors,
16 and result in the procurement of goods and services from locally owned and operated vendors and
17 subcontractors. Nelson Hydro also anticipates an increase in the use of local services, such as dining,
18 accommodations and other services, during deployment, which will benefit the economy.

19 The provincial government explicitly stated its support for advanced metering solutions, mandating BC
20 Hydro to install advanced meters by the end of 2012 and establish a program to install and put into
21 operation a smart grid by the end of 2015 as provided in the CEA and the Smart Meters and Smart Grid
22 Regulation (2010). The provincial government also demonstrated its support for advanced metering for
23 utilities other than BC Hydro. Section 17 (6) of the CEA provides:

24 (6) If a public utility, other than the authority, makes an application under the Utilities
25 Commission Act in relation to smart meters, other advanced meters or a smart grid, the
26 commission, in considering the application, must consider the government's goal of having
27 smart meters, other advanced meters and a smart grid in use with respect to customers other
28 than those of the authority.

29 Nelson Hydro submits that the implementation of AMI supports British Columbia's energy objectives as
30 cited above and meets the government's goal of having advanced meters and a smart grid (as defined in
31 the CEA and in the related regulation) in use for Nelson Hydro customers.

32 **8.2 Smart Meters and Smart Grid Regulation**

33 The provincial government has given effect to the 2007 BC Energy Plan in several enactments, including
34 the Smart Meters and Smart Grid Regulation (2010). The Smart Meters and Smart Grid Regulation
35 (2010) detail the prescribed requirements of "Smart Grid" and "Smart Meter". Nelson Hydro has
36 examined the regulation and has determined that its proposed Project is aligned with all of that
37 regulation's requirements.

38 **8.3 The City of Nelson Climate Action Framework – Nelson Next**

39 The City of Nelson has long been a leader in climate action in BC. From the first municipality to have
40 hydroelectric generation in 1896 to the award-winning community solar garden completed in 2017, the

1 City and its electrical department Nelson Hydro have been inspired by a community of environmental
2 innovators. In 2021, the City of Nelson published its bold and agile climate plan for a healthier and safer
3 city, Nelson Next¹⁷. Aspiration 5 of the plan articulates the community’s desire to be a renewable energy
4 leader, generating renewable and low emission energy locally and consumed responsibly. Among other
5 initiatives like prioritizing renewable energy initiatives and collaborating with local organizations to
6 reduce greenhouse gases, one priority tactic is to “insert energy consumption grades and comparison
7 data on electricity and gas bills”. This is a specific endorsement of AMI as a technology, without which,
8 this action is not possible. The AMI Project has been initiated to address this community aspiration.

9 **8.4 Conclusion**

10 The AMI Project aligns and is consistent with the BC energy objectives and smart meter and smart grid
11 regulations set out by the provincial government. As a small, municipally owned utility, Nelson Hydro
12 does not have a long-term resource plan (LTRP) like the large vertically integrated electric utilities in the
13 province, however the City of Nelson climate action framework, Nelson Next, identifies advanced
14 metering data to achieve its province leading climate action aspirations.

15 **9. Conclusion**

16 The AMI Project is in the public interest. The Project will allow Nelson Hydro to replace end-of-life AMR
17 meters and modernize meter reading processes, which will provide a more accurate and convenient
18 experience for customers. The Project will Nelson Hydro has a meter technology in place that will be
19 available for the long term.

20 Nelson Hydro recognizes that the Project represents a large investment in its electricity supply system
21 resulting in a slight increase in customer rates; however, the benefits of the full AMI Solution are
22 significant. AMI will allow Nelson Hydro to advance key operating benefits, including increasing system
23 resiliency, improving system planning abilities, providing better data for operational and Project use,
24 and improving outage response. AMI will also empower Nelson Hydro customers with better
25 consumption data to support decision making and conservation efforts. In addition, AMI will provide
26 Nelson Hydro with the ability to offer enhanced billing and DSM alternatives.

27 Nelson Hydro has appropriately planned and defined the Project and will continue to work with
28 customers and stakeholders, as well as the public more generally, to address issues and concerns as part
29 of the Project deployment. Nelson Hydro requests that the BCUC approve the Project as set out in the
30 Application.

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¹⁷ Nelson Next, a Bold and Agile Climate Plan: <https://nelson.ca/DocumentCenter/View/4920/Nelson-Next>

1 **10. Appendices**

2 **10.1 Appendix 1: Project Risk Register**

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Nelson Hydro									
3. CATEGORY						4. ANALYSIS			
RISK #	RISK CATEGORY	RISK NAME	RISK CAUSE	IMPACT	PROJECT MITIGATIONS	L (1-5)	C (1-5)	RISK RATING	HEAT MAP
R.01	Reputational	Project Management Effectiveness	Inadequate project governance, planning, or oversight results in scope, budget, or schedule controls not being effectively implemented.	Failure to deliver the AMI project within approved scope, cost, or schedule, leading to loss of stakeholder confidence, reputational damage, and increased regulatory or political scrutiny.	Upon BCUC approval, Nelson Hydro will engage an experienced professional Project Manager with AMI expertise. A comprehensive Project Management Plan will be finalized, including approved scope, budget, schedule baselines, governance structure, and quality control requirements.	3	4	12	HIGH
R.02	Reputational	Project Communications	Insufficient or inconsistent communication with customers and key stakeholders regarding project objectives, schedule, impacts, and benefits.	Reduced customer confidence, public criticism, or stakeholder disengagement, potentially resulting in loss of project support and reputational damage to the utility.	A Communication and Stakeholder Engagement Plan will be finalized as part of the Project Management Plan. Regular, coordinated communications will be provided to internal and external stakeholders throughout the project lifecycle.	3	3	9	MEDIUM
R.03	Reputational	Installation Sequencing & Coordination	Inadequate planning or coordination of installation sequencing results in misalignment between material availability, contractor resources, and customer scheduling.	Installation delays, increased mobilization costs, customer dissatisfaction, and negative public perception of project execution.	The meter supplier is also contracted to provide installation services, reducing interface risk. Network build out and commissioning will be completed in advance of meter installation to minimize sequencing conflicts.	2	3	6	MEDIUM
R.04	Operational	Internal Resource Capacity	Nelson Hydro lacks sufficient internal technical and project management capacity to support the AMI project while maintaining day to day utility operations.	Project delays, increased reliance on external resources, potential quality issues, and degradation of normal utility operations.	An experienced Project Manager will be engaged to provide dedicated oversight and coordination. Project Sponsor support will be provided at the executive level. A dedicated Nelson Hydro meter technician will be assigned full-time to the project, with backfill for operational duties.	3	4	12	HIGH
R.05	Financial	Foreign Exchange and Tariff Exposure	Changes in foreign exchange rates or international trade tariffs affecting the cost of AMI equipment or services.	Unplanned increases in project costs, potentially affecting the approved budget and overall project affordability.	AMI Solution contract terms and conditions include provisions addressing currency and tariff risks and providing cost certainty where possible.	2	3	6	MEDIUM
R.06	Technical	Early Equipment Failure	Failure of meters, communications, or related AMI equipment during early deployment due to manufacturing defects, configuration issues, or environmental factors.	Additional costs to diagnose and replace equipment, delayed or inaccurate meter reads, and increased operational workload. Customer distrust of the technology.	AMI Solution contract includes warranty and performance requirements. Mesh network architecture provides redundant communication paths. Supplier has demonstrated experience with large scale deployments (>5 million endpoints).	3	3	9	MEDIUM
R.07	Technical	Data Integration & Transfer	Challenges integrating AMI systems with existing utility applications result in data transfer, formatting, or quality issues. Incompatibilities, configuration issues, or undocumented constraints between the AMI head end and MDMS with Advanced Utility Infinity CIS, including its data models, batch processing, exception handling, or upgrade cycles.	Schedule delays, increased project costs, operational inefficiencies, and staff frustration due to unreliable or incomplete data. Data loss or corruption, delayed availability of validated billing determinants, rework to reconcile or reprocess data, delayed project milestones, and extended reliance on manual or estimated billing.	AMI Solution contract includes data integration, testing, and quality control requirements. Vendor has completed numerous AMI integrations with comparable utilities. End-to-end integration testing including failure and recovery scenarios. Defined data ownership, reconciliation, and reprocessing procedures. Joint AMI-CIS data governance and issue-resolution process. Parallel run project and acceptance criteria specific to CIS interfaces. Start integration as soon as possible. Dedicated Billing Clerk resources with backup for day-to-day operations.	4	3	12	HIGH
R.08	Financial	Material Delivery Delays or Cost Escalation	Supply chain disruptions or contractor coordination issues result in delayed delivery of AMI materials and equipment or increased costs.	Installation delays, higher project costs, and reduced ability to meet planned deployment milestones.	Material supplier is also responsible for installation, reducing interface risk. AMI Solution contract includes cost certainty provisions. Liquidated damages provide partial financial mitigation in the event of delays.	2	3	6	MEDIUM
R.09	Technical	Equipment and Software Quality	Meter hardware, communications equipment, or AMI software fails to meet specified quality, performance, or interoperability requirements.	Early equipment failures, communications issues, poor data integrity, and increased maintenance or replacement costs.	AMI Solution contract includes formal quality assurance and quality control plans. Nelson Hydro will perform independent QA/QC checks and inspections during deployment.	2	4	8	MEDIUM
R.10	Operational	Competing Project Priorities	Nelson Hydro and/or the AMI solution provider are simultaneously supporting multiple projects, creating competing demands for key technical and management resources.	Reduced focus on the AMI project, delayed decision making, and schedule or quality impacts due to limited availability of specialized personnel.	Project planning incorporates identification and assessment of concurrent project impacts on scope, schedule, and resources. Management oversight to prioritize critical AMI activities.	3	3	9	MEDIUM

3. CATEGORY						4. ANALYSIS			
RISK #	RISK CATEGORY	RISK NAME	RISK CAUSE	IMPACT	PROJECT MITIGATIONS	L (1-5)	C (1-5)	RISK RATING	HEAT MAP
R.11	Technical	Cybersecurity	Cybersecurity vulnerability created by smart meters, field communications network, head end systems, integrations with billing and operational systems, and remote vendor access.	Unauthorized access to customer data, service disruption, loss of public trust, regulatory investigation, and financial costs associated with incident response and recovery.	AMI vendor contract includes cybersecurity standards and security controls. Utility IT security policies applied to AMI systems. Secure network segmentation between AMI and corporate systems.	2	4	8	MEDIUM
R.12	Reputational	Privacy	Collection, storage, processing, or access to personal customer consumption data does not fully align with FOIPPA or utility privacy policies.	Regulatory findings, mandatory corrective actions, reputational damage, and loss of customer confidence in AMI data handling.	Vendor contractual obligations for data handling and confidentiality Internal privacy policies applied to customer data Role based access controls for AMI systems Privacy Impact Assessment (PIA) completed prior to contract award.	2	3	6	MEDIUM
R.13	Reputational	AMI Concerns	Customer concerns related to health, privacy, billing accuracy, or distrust of new technology lead to refusal of meter installation or increased complaints.	Installation delays, increased costs, political pressure, reduced customer satisfaction, and partial realization of AMI benefits.	Communications and stakeholder engagement plan Public information materials addressing common AMI concerns Vendor call center for questions and concerns.	3	2	6	MEDIUM
R.14	Reputational	Billing Accuracy	Data validation issues, configuration errors, or process gaps during transition from legacy meters to AMI result in incorrect or estimated bills.	Customer complaints, reputational damage, staff workload increase, and delayed revenue collection.	AMI vendor integration testing and quality control Parallel billing and data validation during cutover Manual review processes for billing exceptions	2	3	6	MEDIUM
R.15	Operational	Change Management	Changes to meter reading, field operations, and back office processes create uncertainty for staff and require new skills and workflows.	Reduced staff morale, productivity loss, operational errors, or resistance to new processes, delaying expected AMI benefits.	Early engagement with affected staff. Training plans for AMI systems and new business processes. Management oversight during transition. Reinforce changes post-transition.	2	2	4	LOW
R.16	Financial	Benefits Realization	Organizational processes, systems, or decision making do not fully leverage AMI capabilities (e.g., analytics, operational efficiencies, or improved outage management).	AMI project delivers on installation but does not achieve expected cost savings, customer service improvements, or operational efficiencies, resulting in longer time to realize benefits.	High level project objectives defined. Vendor functionality documentation provided. Ongoing AMI governance and continuous improvement. Clearly defined roles between City departments.	3	4	12	HIGH
R.17	Technical	Obsolescence	Proprietary technologies, software licensing structures, or limited interoperability reduce future vendor options and increase long term costs.	Higher lifecycle costs, limited flexibility for future system upgrades, and reduced negotiating leverage.	Contractual terms addressing system support and upgrades. Vendor track record and deployment scale considered during procurement.	2	3	6	MEDIUM
R.18	Environmental	Environmental	Wildfires, severe weather, smoke conditions, or access constraints delay field installation or commissioning activities.	Schedule delays, increased contractor mobilization costs, and deferred realization of project benefits.	Installation schedule flexibility. Contractor coordination and contingency planning included in project plan. Plan key activities for low-risk time of year.	1	2	2	LOW
R.19	Reputational	Vandalism	Customer opposition to AMI technology, misinformation, privacy or health concerns, or distrust of the utility leads to intentional damage, tampering, or obstruction of AMI meters and related field equipment.	Increased replacement and labour costs, safety risks to the public and field crews, installation delays, inaccurate billing or outages, insurance claims, and reputational damage due to visible conflict surrounding the AMI program.	Tamper resistant meter design and secure mounting standards Clear escalation procedures for tampering or safety concerns Coordination with customer service and law enforcement where needed Targeted communications for high risk customers or locations Tracking and analysis of damage incidents to identify trends and hotspots Radio off options available.	3	2	6	MEDIUM

1 **10.2 Appendix 2: Request for Proposal and Agenda**

2



CITY OF NELSON

The Corporation of the City of Nelson

Office of the Finance and Purchasing Manager

Request for Proposal

2025-P-10

Advanced Metering Infrastructure (AMI)

Proposal Summary

The Owner is requesting responses to this RFP for the provision of an Advanced Metering Infrastructure (AMI) system for its municipal utility, Nelson Hydro. Proponents who are qualified and experienced in the delivery of an AMI system are invited to provide a Proposal Submission as per the requirements of this request.

Highlights:

1. Documents and reference material for this process will only be distributed electronically in digital format through the Bonfire online submission portal at <https://nelson.bonfirehub.ca/opportunities>
2. All enquiries must be directed via the City of Nelson Bonfire portal.
3. It is the sole responsibility of the Proponent to monitor the portal for any updated information and addenda issued before the Closing Time.
4. The City of Nelson shall not be held responsible for its competitive procurement documents that are located on any other website.
5. Review Section 1.2 for complete Submission details.

Event	Date
Date of Issue	Aug 25, 2025
Clarification Question Deadline	Sep 12, 2025 2:00pm
Clarification Question Responses	Sep 19, 2025
Proposal Submission Deadline/Closing Time	Oct 17, 2025 2pm PT
Evaluation, Clarifications & Revised Offers	Oct 2025-Jan 2026
Notice of Intent to Award	Jan 2026
Contract Negotiations	Jan – Mar 2026
Anticipated CPCN Timeline	Apr – Dec 2026
Anticipated Notice to Proceed	Jan 2027

Every attempt will be made to meet all the dates listed above; however, the Owner reserves the right to modify any or all dates at its sole discretion.

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PART "A1"
INSTRUCTIONS TO PROPONENTS

1.0 Instructions, Terms and Conditions

The following terms and conditions will apply to this RFP. Proposal Submission indicates acceptance of all the terms that follow, and that are included in any addenda issued by the Owner. Provisions in Proposal Submissions that contradict any of the terms of this RFP will be as if not written and do not exist.

1.1 Definition

For the purposes of this RFP, unless the context otherwise requires:

- a) "BCUC" means the British Columbia Utilities Commission
- b) "CPCN" means a Certificate of Public Convenience and Necessity
- c) "Closing Time" means the day and time specified in this document by which the Proposal Submission must have been received by the Owner
- d) "Contract" means the written form of agreement and/or purchase order between the Owner and the successful Proponent of the RFP process.
- e) "Contractor" means the successful Proponent to this RFP process who enters into a written Contract with the Owner
- f) "Equipment" means proposed meters, network devices and related accessories.
- g) "Force Majeure" means, exhaustively, any:
 - i. war, hostilities (whether war is declared or not), invasion, act of foreign enemies;
 - ii. rebellion, terrorism (or threat of terrorism), revolution, insurrection, military or usurped power or civil war;
 - iii. riot, civil commotion or disorder, strike or lockout by persons other than the Contractor's personnel and other employees, subcontractors or any other person for whom the Contractor is responsible;
 - iv. natural catastrophe, such as an earthquake, forest fire, landslide or flood; or change in Law or action by a competent authority, which makes it illegal or impossible for a party to perform its obligations under this Contract;
- h) "Must", "mandatory", "require", or "shall" means a requirement that must be met in order for the Proposal Submission to be considered
- i) "Notice to Proceed" means a formal written authorization issued by the Owner (or their representative) to the Contractor, granting permission to begin work on a specific date.
- j) "Owner", "City", "The City", "Corporation", "Nelson Hydro", "Utility" "City of Nelson" means The Corporation of the City of Nelson
- k) "Proponent" means the individual or company that submits, or intends to submit, a proposal submission for consideration.
- l) "Proposal Submission" means a response submitted to the RFP
- m) "RFP" means request for proposal
- n) "Substantial Performance" is defined in the lien legislation applicable to BC.
- o) "Services" encompasses the work being done by the Contractor for the Owner.

1.2 Submission of Proposals

Proposal Submissions must be submitted by the Closing Time through the City of Nelson Bonfire portal at:

<https://nelson.bonfirehub.ca/opportunities>

Proposal Submissions made after the Closing Time or by other methods will not be accepted.

Proposal Submissions will only be visible by the Owner after the Closing Time.

Please refer to the Submission Instructions document provided on the City of Nelson Bonfire portal.

Proponents may download their Proposal Submission prior to the Closing Date to ensure the correct files have been uploaded.

For assistance on how to use the Bonfire software, utilize the portal help function or click on the link below:

<https://vendorsupport.gobonfire.com/hc/en-us/articles/6832869814551-Creating-and-Uploading-a-Submission>

1.2.1 Proponents should contact Bonfire at Support@GoBonfire.com for technical questions related to using the portal, or visit the Bonfire help forum at <https://bonfirehub.zendesk.com/hc>.

1.2.2 Proponents assume the risk for accessing the Bonfire portal, third-party internet access, including that of e-bond providers. The Owner assumes no risk or responsibility whatsoever associated with the access to the portal.

1.2.3 Proponents should examine the RFP documents immediately upon receipt and notify the Owner, not less than five (5) working days before RFP closing of any errors, omissions or ambiguities found in the documents. This will allow the Owner, at its discretion, to issue addenda prior to closing.

1.2.4 Enquiries

To contact the Owner in relation to the Proposal, Proponents must register with the Owner's purchasing portal at <https://nelson.bonfirehub.ca/opportunities> and initiate the communication electronically through the Bonfire portal. The Owner will not accept communications by any other means, except as specifically stated in this RFP.

1.2.5 Amendment of Proposal Submissions

Proponents may amend their Proposal Submissions prior to the Closing Time by un-submitting the Proposal Submission and re-submitting a revised Proposal Submission through the Bonfire portal. Proponents may revoke their Submission by un-submitting their Proposal Submission at any time prior to the RFP Closing Time.

1.2.6 Clarification Deadline

The deadline for clarification questions is in the Key Dates section on the first page. Answers to questions will be posted through addendums. Any questions received after the deadline may not be answered.

1.3 RFP Process

Not a Tender Call

This RFP is not a tender call and the submission of any response to this RFP does not create a

tender process. This RFP is not an invitation for an offer to contract and it is not an offer to contract made by the Owner.

By this RFP, the Owner reserves to itself the absolute and unfettered discretion to invite submissions, consider and analyze submissions, select short-listed Proponents or attempt to negotiate an agreement with the successful Proponent as the Owner considers desirable. Proposal Submission by a Proponent and its subsequent receipt by the Owner does not represent a commitment on the part of the Owner to proceed further with any Proponent or project. Though the Owner fully intends at this time to proceed through the RFP process, the Owner is under no obligation to award a contract as a result of this RFP.

Without limiting the generality of the foregoing, the Owner reserves the right to:

- a) to waive any informality, defect, irregularity, mistake or insufficiency in a Proposal Submission and proceed with that respondent;
- b) to accept any Proposal Submission or alternative Proposal Submissions, in whole or in part, if the Proposal Submission is deemed to be in the best interest of the Owner;
- c) to select one or more preferred Proponents, to negotiate with one or more of those Proponents, and ultimately enter into a Contract upon the same or different terms and conditions as contemplated by this RFP;
- d) reject any or all Proposals Submissions, or any part thereof, and may proceed to purchase the goods and/or services or contract the work under any terms or in such other manner as it may elect, or to postpone or forego such purchase, award or agreement altogether without cost or penalty to the Owner;
- e) disqualify or reject any Proposal Submission that does not comply with the terms or meet the requirements of the RFP;
- f) require clarification where a submission is unclear prior to award;
- g) amend or cancel the RFP process at any time without liability.

The Owner will not necessarily accept the lowest price or any Proposal Submission. Any implication that the lowest price or any Proposal Submission will be accepted is hereby expressly negated.

Award of this Contract is subject to the approved budget and the approvals by Nelson City Council and BCUC.

- 1.4** In the event that only one Proposal Submission is received and it is in excess of the Owner's budget, the Owner reserves the right to re-issue the RFP documents for a new re-bid without revisions being made to the RFP documents and without disclosing the single Proposal Submission.
- 1.5** Proposal Submissions must be executed by an authorized signatory of the Proponent utilizing the Proponent Commitment contained in Part "C" of this RFP.
- 1.6** All Proposal Submissions are to be in English only.
- 1.7** All Proposal Submissions and subsequent information or material received shall become the

property of the Owner and will not be returned. The Proposal Submissions will be held in confidence by the Owner subject to the provisions of the Freedom of Information and Protection of Privacy Act.

- 1.8** Proponents must not attempt to communicate directly or indirectly with any staff member, Contractor representative of the Owner, including the evaluation committee and any elected officials of the Owner, or with members of the public or the media about a project described in this RFP, or otherwise in respect of the RFP other than as expressly directed or permitted by the Owner. Unauthorized contact may be cause for the rejection of the Proponent's Proposal Submission.
- 1.9** The Proponent, including all firm, corporation or individual members of a Proponent, will promptly disclose to the Owner any potential conflict of interest and existing business relationships they may have with the Owner or evaluation committee. The Owner reserves the right to disqualify any Proponent that in its opinion has a conflict of interest, whether such conflict exists now or is likely to arise in the future.
- 1.10** The Owner will not accept any responsibility for costs incurred by any Proponent in responding to this RFP, including the provision of any additional material or attendance at any meeting. Proponents will be solely responsible for any and all costs and expenses.
- 1.11** The Owner and its representatives, agents, consultants and advisors will not be liable to any Proponent, or any firm, corporation or individual member of a proponent, for claims, whether for costs, expenses, loss or damages, or loss of anticipated profits, or any matter whatsoever, suffered or incurred by the Proponent, or any firm, corporation, or individual member of a Proponent, in preparing and submitting a Proposal Submission, or participating in the RFP process or negotiations for the Contract, or any activity related to or arising out of this RFP.
- 1.12** Any change notices, appendices and addenda issued for this RFP shall be considered part of this RFP document.
- 1.13** It is the responsibility of each Proponent to submit all required documents as outlined in this RFP. Failure to quote on all requirements set out may disqualify your Proposal Submission.
- 1.14** Any information acquired about the Owner by a Proponent during this RFP process, or after termination of the process, must not be disclosed unless authorized by the Owner.
- 1.15** Pricing for Equipment will be firm for two (2) years from the date Notice of Intent to Award, unless this RFP states otherwise.
Prices quoted are to be:
 - a) in Canadian dollars;
 - b) inclusive of all costs to deliver the work and/or goods per specifications of this RFP.
- 1.16** All addenda or further information will be published on the City of Nelson Bonfire portal. It is the responsibility of the Proponent to monitor this site to check for updates.
- 1.17** The Proponent acknowledges that it has complied, and will continue to comply during the performance of Contract, with the provisions of all applicable third-party contracts and all applicable

laws in accepting this Contract.

The laws of British Columbia govern this RFP and subsequent Contract, the courts of British Columbia have exclusive jurisdiction over any disputes under it, and all provisions of the International Sale of Goods Act (BC) are specially excluded.

1.18 Brand Names

Unless otherwise stated, if and wherever the specifications state a brand name, a make, the name of manufacturer, a trade name or a vendor catalogue number, it is for the purpose of establishing a grade or quality of material only. It is not intended to rule out the use of other equivalent materials or equipment

1.19 Qualification

By submitting a Proposal Submission, the Proponent is representing that it has the competence, qualifications and relevant experience to do the work and will employ competent people, properly trained and instructed to effectively, efficiently and safely perform the requirements of the work. All personnel are to be presentable and professionally competent to conduct themselves and the work.

1.20 The Proponent, its staff, and any proposed subcontractors must be legally authorized to work in Canada.

1.21 The Proponent shall possess the necessary legal patents and/or has legal permission to manufacture, sell and/or service the products(s) it will supply. Documented proof shall be provided by the Proponent, upon the Owner’s request.

1.22 Rectification Period

Notwithstanding any other term and condition in the Proponent selection, upon the Proposal closing date and receipt of the Proposals and following the procedures as set out in Section 3.6 Evaluation Criteria and Response Content, there will be a “rectification” period of two (2) business days in which the Proponents will have the opportunity to rectify any deficiencies.

If a Proposal does not include a fully completed set of requirements as set out in Section 3.6 Evaluation Criteria and Response Content, the Owner at its discretion, may provide the Proponent an opportunity to rectify the deficiencies within two (2) business days. The Proponent must submit the information to the Owner by the required date and time, and submission instructions, as stated in the rectification notice.

This timeline is considered mandatory and no extensions will be provided.

The Owner will issue a rectification notice by email to the Proponent contact provided on Form 1 – Proponent Commitment. It is the Proponent’s responsibility to ensure their contact information is current.

Proponents who do not comply and fail to provide the required information within the rectification period will be disqualified and excluded from further consideration.

1.22 Proposal Clarification

The Owner has the right to seek clarification of any Proposal at any time after the Close. Proponents are advised that after receipt of Proposal Submissions and prior to award of the Contract, Proponents may be required to provide the Owner with information concerning the Proponent or its Submission including, but not limited to, a further breakdown of relevant components of the Proposal Submission. Any written information submitted by a Proponent in response to a clarification request from the Owner may be considered to form an integral part of the Proponent's Proposal at the discretion of the Owner.

The Owner is not obligated to seek clarification of any aspect from any Proposal.

1.23 The Contract documentation will consist of the documents listed below. Unless otherwise stated, and in the event of a discrepancy between any of the listed documents, the order listed shall form the document precedent.

- a) Form of agreement (negotiated Terms & Conditions and associated attachments)
- b) the RFP document and all addenda, and attachments;
- c) the Successful Proponent's Submission;
- d) the Owner's official purchase order(s); and,
- e) those parts not referenced above but may be required and agreed upon by both parties (i.e. insurance documentation, WorkSafe clearance, business licence, etc.)

Once the Contract is fully executed a signed copy will be returned to the Contractor and a purchase order will be issued. This PO number must be referenced on all invoices.

1.24 Changes in the Work

The Owner and the Contractor may, by agreement in writing, without invalidating this Agreement, make changes by altering, adding to or deducting from the Services. In such event, the Contractor's Fixed Fee and Project timeline schedule shall be adjusted accordingly. Any Services rendered by the Contractor to the Owner beyond those Services set out in the Contractor's Proposal and the Owner's Terms of Reference shall be considered to be Additional Services, with the Contractor to be compensated therefore on an hourly or per diem basis to be agreed upon by the Owner and the Contractor in writing prior to the Contractor rendering any such Additional Services to the Owner.

1.25 Proposal Submissions will be reviewed and evaluated by a selection committee comprised of Owner representatives.

1.26 By responding to this RFP, the Proponent will be deemed to have agreed that the decision of the evaluation committee will be final and binding.

1.27 After the closing date for Proposals Submissions, a Proponent may make a change to the makeup of the Proponent's membership team only with express written approval of the Owner. The Owner may refuse to permit changes of members who in the judgment of the Owner have qualifications that were unique and essential to the Proponent.

1.28 The Owner requires all Contractors to be paid by direct deposit. Upon award, the Contractor will

be required to provide their banking and contact information to the Owner. Invoices are paid net 30 days.

1.29 The Contractor may be evaluated on its performance at any time during the term as well as on Contract completion.

1.30 The Contractor shall ensure that the Owner, its officers and employees, are saved harmless from any liability whatsoever arising out of the Contractor's performance or non-performance of the term of this RFP, including the performance by any subcontractor.

1.31 Force Majeure

- a) No party shall be deemed to be in breach of this Contract or otherwise liable to another party in any manner whatsoever for any failure or delay in performing its obligations under this Contract reasonably due to Force Majeure.
- b) If either party's performance of its obligations under this Contract is affected by an event of Force Majeure, then:
 - i. it shall give written notice to the other parties, specifying the nature and extent of the event of Force Majeure, as soon as reasonably practicable after becoming aware of the event of Force Majeure;
 - ii. performance of such obligation(s) shall be deemed suspended but only for a period equal to the delay reasonably caused by such event;
 - iii. it shall not be entitled to payment from any of the other parties in respect of extra costs and expenses incurred as a result of the event of Force Majeure; and
 - iv. it shall use all reasonable diligence to mitigate the cause and the result of the event of Force Majeure and to remedy the situation and resume its obligations under this Contract.
- c) Notwithstanding the obligations of a party affected by an event of Force Majeure pursuant to the whole section on Force Majeure, if the event of Force Majeure renders it impossible or impractical for the Contractor to perform its respective obligations in accordance with this Contract, the Owner may terminate this Contract upon thirty (30) days' notice delivered to the Contractor, provided that the event has continued for a period of at least sixty (60) consecutive days .

1.32 No Assignment or Sub-Letting of Contract Without Consent

The Contractor shall not assign, sub-let or let out as task work, any part of the work without first having had and obtained the consent in writing of the Owner, which consent the Owner may withhold in its absolute discretion. If the Owner should consent to any such assignment, sub-letting or letting out as task work of all or any part of the work, the Contractor shall by reason thereof, be in no way relieved from their responsibility for the fulfilment of said work, but shall continue to be responsible for the same in the same manner as if the said work had been performed by the Contractor themselves.

**1.33 Termination and Suspension
BY THE OWNER**

The Owner may, subject to the provisions of this section, by written notice of default to the

Contractor, terminate the whole or any part of this Contract in any one of the following circumstances:

- a) if the Contractor fails to make delivery of the supplies, or to perform the services within the time specified herein or any extension thereof; or
- b) if the Contractor fails to perform any of the other provisions of this Contract, or so fails to make progress as to endanger performance of this Contract in accordance with its terms, and in either of these two circumstances, does not cure such failure within a period of thirty (30) days, or such longer period as the Owner's Purchasing Manager may authorize in writing, after receipt of notice from the Purchasing Manager specifying any such failure.

In the event the Owner terminates this Contract in whole or in part as provided in the above clause, the Owner may procure, upon such terms and in such manner as the Owner's Purchasing Manager may deem appropriate, supplies or services similar to those terminated, and the Contractor and his surety shall be liable to the Owner of any excess costs for such similar supplies or services, provided that the Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this clause.

BY THE CONTRACTOR

Should the Owner fail to perform any provisions of this Contract, the Contractor may notify the Owner in writing that it is in default of its contractual obligations and instruct it to correct the default within thirty (30) days of receiving the notice. Failure to comply with the default request extends to the Contractor the option, without limiting any other right or remedy the Contractor may have, of immediately terminating this Contract and requesting settlement for all Services performed and all disbursements incurred pursuant to this Contract and remaining unpaid as of the effective date of such termination.

Should the Contractor's services be suspended by the Owner at any time for more than thirty (30) calendar days in any calendar year through no fault of the Contractor, then the Contractor shall have the right until such suspension is lifted by the Owner, to terminate this Contract upon giving thirty (30) working days written notice thereof to the Owner. In such event, the Contractor will be paid by the Owner pursuant to this Contract, for the completed tasks as per the scope of work that remain unpaid as of the effective date of such termination.

1.34 Indemnification of Corporation

Notwithstanding the provision of any insurance coverage by the Owner, the Contractor shall indemnify and save harmless the Owner, its elected officials, officers, employees, agents, solicitors, successors, assigns or representatives from and against any losses, claims, damages, actions and causes of action, costs (including legal costs), expenses, judgments and proceedings arising out of or in connection with any error, or negligent or malicious act or omission, by the Contractor or any of its officers, agents, representatives, employees or sub-consultants, except to the proportionate extent of any contributorily negligent or wrongful act or omission of the Owner, or any of its elected officials, officers, employees, agents, solicitors, successors, assigns or representatives. The terms and conditions of this indemnity provision shall survive the completion of all Services and the termination of this Contract for any reason.

The Contractor shall indemnify the Owner from third party liability with respect to health care costs recoverable under the Health Care Costs Recovery Act arising out of the Contractor's

performance of the Contract Work.

1.35 Confidentiality and Privacy

All documents submitted in response to this RFP shall become the property of the Owner and as such will be subject to the disclosure provisions of the British Columbia Freedom of Information and Protection of Privacy Act.

Each Proposal Submission, once submitted to the Owner, will be held in accordance with the Owner's role as a public body required under Information and Privacy Legislation to protect or disclose certain types of records according to certain statutory rules. Each Proposal Submission, will be received and held in confidence by the Owner, unless and to the extent that it is or must be disclosed pursuant to Information and Privacy Legislation or other applicable legal requirements, and except that the Owner may publicly disclose information about or from Proposal Submissions, including without limitation names and prices, in the course of publicly reporting to the City Council about the RFP.

In addition to the Owner's employees involved in the procurement process for the goods and services, Proposal Submissions may be released to the Owner's legal counsel, insurer and consultants retained by the Owner to assist in the RFP process and Contract administration. By providing a Proposal Submission, Proponents agree to the release of information as outlined in the Confidentiality and Privacy section of this RFP document.

1.36 Confidentiality, Ownership and Use of Documents and Materials

The Owner is subject to the British Columbia Freedom of Information and Protection of Privacy Act. Subject to Sections 12 through 22 inclusive of the Act, any reports and or documents produced by or on behalf of the Owner are subject to public review under the Act.

The Contractor shall keep confidential for an unlimited period of time all communications, plans, specifications, reports or other information used in connection with the Project except:

- those requiring disclosure by operation of law; or
- any disclosure authorized in writing by the City.

The Contractor shall, by employing written agreements, bind all employees, sub-contractors and agents to the obligations required by this Article.

The Contractor agrees that all studies, reports, software, drawings, plans, models, designs, photographs, specifications, Proposal documents and other materials prepared or developed by or on behalf of the Contractor which are employed in connection with the Project are, and shall remain the property of the Owner. The Owner reserves the ownership and all copyright, patent and trademark rights therein and in the work executed there from, all of which may only be used by the Contractor with the prior written Agreement of the Owner.

All concepts, methods, products or processes produced by or resulting from the services rendered by the Contractor in connection with the project or which are otherwise developed or first reduced to practice by the Contractor in the performance of the services, and which are patentable, capable of trademark or otherwise, are and shall remain the property of the Owner, and the Contractor shall not use, infringe upon or appropriate such concepts, products or

processes without the prior written agreement of the Owner.

PART "A2"
GENERAL CONDITIONS AND INSURANCE

2.0 General Conditions and Insurance

Where services are provided or service is provided as part of the goods purchased, the following will apply:

2.1 Manner of Performance

The whole of the work and the manner of performing same shall be done in a professional, workmanlike manner, and all personnel shall have an adequate experience and background in the work required, and to the entire satisfaction and approval of the Owner.

2.2 Materials, Appliances, Employees

Unless stipulated otherwise, the Contractor shall provide and pay for all material, labour, tools, equipment, power, transportation and other facilities for the execution of the work.

The Contractor shall not employ on the job any unfit person nor anyone not skilled in the work assigned to them. Anyone under the influence of, or in the possession or use of intoxicating beverages or drugs on the work shall be sufficient reason to declare an employee as unfit.

2.3 Emergencies or non-compliance by Contractor

The Owner's representative has authority to stop the progress of the work whenever in their opinion such stoppage may be necessary to ensure the safety of life, or the structure, or of adjoining property.

The Owner's representative shall have, without limitation, the right to decide whether any part of the work has not been done as required by the Contract.

2.4 Changes in the Work

The Owner, without invalidating the Contract, may make changes by altering, adding to, or deducting from the work, the Contract price being adjusted accordingly. All such work shall be executed under the conditions of the original RFP.

2.5 Valuation of Changes

The value of any change or extra work shall be determined in one or more of the following ways:

- a) by unit prices and/or hourly rates agreed to;
- b) by estimate and acceptance in a lump sum;
- c) by cost and percentage or by cost and a fixed fee.

In case of additional work to be paid for under method (c), the Contractor shall keep and present in such form as the Owner may require a correct account of the net cost of labour and materials, together with vouchers.

The Contractor may request or the Owner may order changes in the work or the timing or sequencing of the work that impacts the Contract price or the Contract time. All such changes in the work that affect the Contract time or Contract price shall be formalized in a change order prior to the commencement of the change in work, or the time or sequencing of the work. The

Contractor must receive a change order before proceeding with a change and the Contractor shall strictly comply with the requirements of the change order.

In an emergency, when it is impractical to delay work, the Owner may issue an oral direction and follow up with a change order.

No payment on account of changes or extra work shall be made until the value thereof shall have been determined as herein provided.

2.6 Applications for Payment

The Contractor shall submit to the Owner an application for each payment and, if required, a statutory declaration, receipts or other vouchers showing payments for labour.

2.7 Permits, Notices, Law & Rules

The Contractor shall apply and pay for all necessary permits or licences, including City of Nelson Business License or West Kootenay Inter Community Business Licence, required for the execution of the work. The Contractor shall give all necessary notices and pay for all fees required by law and comply with all laws, ordinances, rules and regulations relating to the work and to the preservation of the public health. The Contractor shall be responsible for the safety of all workmen and equipment on the project in accordance with all applicable safety legislation passed by Federal, Provincial and Local Authorities governing safety.

2.8 Compliance with Workers Compensation Regulations

The Contractor shall provide to the Owner their WorkSafeBC registration number and a letter of clearance from the WorkSafeBC office prior to commencement of work.

The Contractor shall ensure compliance on their part with the Workers Compensation Act and any regulations thereunder, especially provisions of said Act or of regulations under said Act having to do with the prevention of accidents, the prevention of diseases and the provision of safe working conditions, including proper sanitation and ventilation.

In any case where pursuant to the provisions of the Workers Compensation Act, the Workers Compensation Board orders the Contractor in respect of their operations under this Contract to cease operations because of failure to install or adopt safety devices or appliances directed by the order of the said Board, or required under said Act or regulations thereunder or because said Board is of the opinion the conditions or immediate danger exist that would be likely to result in injury to any person, or because of lack of payment of an account due to the Board, the Owner on 24 hours written notice to the Contractor may terminate the Contract.

2.9 Protection of the Work, Property and Public

It shall be the Contractor's responsibility to ensure that all applicable statutory codes and provisions are conformed with. The Contractor shall ensure that their personnel are properly qualified and be able to show proof of competency.

2.10 Criminal Records

Prior to work commencing, criminal record checks will be required for all Contractor and Subcontractor employees. Any Contractor/Subcontractor employee found to be at risk by the City

will not be allowed to work on site. All criminal record check costs are the responsibility of the Contractor. For the duration of the Contract, the Contractor is responsible for submitting a criminal record check to the City for any additional/new employee no later than three business days in advance of the employee's start date on City properties.

2.11 Safety

The Contractor shall observe and enforce all safety measures required by Workers Compensation Act of British Columbia and attendant regulations, the safety requirements of the Owner and all applicable statutes. In the event of discrepancy between such provisions, the most stringent provision will apply.

The Contractor shall investigate thoroughly the nature and conditions of the project as well as the requirements of the job procedures and should be prepared to, if warranted, implement a more comprehensive safety program than is required by the WorkSafeBC OHS Regulations.

2.12 Owner's Right to Do Work

If the Contractor should neglect to prosecute the work properly or fail to perform any provision of this RFP, the Owner, after five (5) days written notice to the Contractor, may without prejudice to any other right or remedy they may have, make good such deficiencies and may deduct the cost thereof from the payment then or thereafter due the Contractor.

2.13 Work by Others

The Owner reserves the right to determine whether the Contractor or the Owner will perform the work. The decision will be made based on the scope of the work in question and will be made at the Owner's discretion. If the Contractor is not available to perform the work scheduled as requested in the time frame as determined by the Owner, the Owner reserves the right to have work done by an alternate contractor or Owner crews. This work will only be undertaken upon discussion with the Contractor and mutually agreeing to this arrangement.

2.14 Owner's Right to Terminate Contract

If the Contractor should be adjudged bankrupt, or if the Contractor should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of the Contractor's insolvency or if the Contractor should refuse or fail to supply enough properly skilled workmen, proper equipment, or materials as specified, after having received sixty (60) days of notice in writing from the Owner or otherwise be guilty of a substantial violation of the provisions of the Contract, then the Owner may, without prejudice to any other right or remedy, by giving the Contractor written notice, terminate the employment of the Contractor and finish the work by whatever means the Owner may deem expedient. In such case, the Contractor shall not be entitled to receive any further payment.

2.15 Contractor's Right to Terminate Contract

If the work should be stopped under an order of any court, or other public authority through no act or fault of the Contractor or of anyone employed by them, or if the Owner should fail to pay to the Contractor within fourteen (14) days of its maturing and presentation, any sum certified by the Owner or awarded by arbitrators, then the Contractor may upon sixty (60) days written notice to the Owner stop work and/or terminate this Contract without prejudice to any other right or remedy, and recover from the Owner payment for all work executed and any loss

sustained with reasonable profit and damages.

2.16 Prices to be Accepted as Full Compensation

The price or prices provided for in the Contract shall be accepted by the Contractor as full compensation for everything furnished and done by the Contractor under this RFP, including all work required but not included in the items herein mentioned, and also for all loss or damage arising out of the nature of the work or the action of the weather, elements, or any unforeseen obstructions or difficulty encountered in the prosecution of the work, and for all expenses incurred by or in the consequence of any delay or suspension or discontinuance of the work as herein specified, and for well and faithfully completing the work as in this Contract provided.

2.17 Public Liability & Property Damage Insurance

The Contractor shall provide, at the time of request, certificates of insurance as outlined below:

Forthwith, the Contractor shall obtain and maintain in force during the period of service, and for a minimum of twelve (12) months following completion of the works, with an insurance company a policy of insurance acceptable to and approved in writing by the Owner, the following insurance with limits on an occurrence basis not less than those shown in respective items following:

2.17.1 Provision of Goods and Services

- a) Commercial general liability insurance providing coverage not less than five million (\$5,000,000.00) dollars each occurrence, all inclusive against liability for bodily injury, death or property damage on an occurrence basis. The insurance shall include coverage for:
 - (i) Premises and Operations Liability;
 - (ii) Products and Completed Operations Liability (24 months after completion);
 - (iii) Blanket Contractual Liability;
 - (iv) Cross Liability;
 - (v) Contingent Employers Liability;
 - (vi) Personal Injury Liability;
 - (vii) Tenants Legal Liability (\$1,000,000)
 - (viii) Non-owned Auto Liability (\$5,000,000)
- b) Automobile insurance for public liability and property damage providing coverage not less than five million (\$5,000,000.00) dollars each occurrence, all-inclusive on owned vehicles.
- c) Notwithstanding anything contained elsewhere herein, it is understood and agreed that the Owner shall not be liable for any loss or damage to Contractor's equipment including loss of use thereof. Evidence of coverage of the Contractor's equipment and a waiver of subrogation for the Owner should be provided.
- d) The deductible or reimbursement for any policy required under this section shall not exceed ten thousand dollars (\$10,000.00) per claim.

The Contractor and/or their subcontractors, as may be applicable, shall be responsible for any deductible amounts under the policies of coverage/insurance except for perils of flood

and earthquake, which deductibles shall be the responsibility of the Owner.

- e) The “**Corporation of the City of Nelson**” shall be named as the additional insured in the commercial general liability policy. It is the responsibility of the Contractor to ensure that each sub-contractor complies with the same insurance conditions as the Contractor. Each policy shall provide that no cancellation or material change reducing or restricting coverage in the policy shall become effective until after thirty (30) days notice of such cancellation or change shall have been given to the Corporation by registered mail, and the Contractor will upon demand of the Corporation delivery over to the Corporation all such policy or policies of insurance and the receipt for payment of premium thereon; and should the Contractor neglect so to obtain and/or maintain in force any such insurance as aforesaid or delivery such policy or policies and receipts to the Corporation, then it shall be lawful for the Corporation to obtain and/or maintain such insurance, and the Contractor hereby appoints the Corporation his true and lawful attorney to do all things necessary for this purpose. All monies expended by the Corporation for insurance premiums under the provisions of this clause shall be charged to the Contractor.

2.17.2 Errors and Omissions Insurance

Errors and omissions liability insurance, insuring liability for errors and omissions in the performance or failure to perform the services contemplated in the Contract, in the amount of not less than five million (\$5,000,000.00) per claim and in the annual aggregate.

The maximum deductible in all categories for Errors and Omissions insurance shall be... \$50,000.00

The Contractor accepts responsibility for the acts and omissions of all sub-consultants it may engage in rendering the service on the project.

The Contractor's professional errors and omissions insurance shall remain in force for the life of the project and for twelve (12) months after Substantial Completion, and the insurer and the insured Contractor shall provide written notice to be delivered by hand, or sent by registered mail to the City at least thirty (30) days in advance of the activation date of any proposed cancellation, and the Insured professional shall provide same written notice to City of change or amendment restricting coverage under this policy.

2.17.3 Cyber & Privacy Liability

Cyber & Privacy Liability insurance providing coverage not less than two million (\$2,000,000.00) dollars each occurrence, all inclusive against liability for loss of private and identifiable information of residents and employees. The insurance shall include coverage for:

- a) privacy Liability;
- b) fines & penalties;
- c) legal costs; and
- d) monitoring expenses and any other expenses that is deemed to be necessary to mitigate the loss of private information of the City, its residents, visitors and employees.

The Maximum deductible in all categories for this coverage shall be..... \$25,000.00

The Contractor accepts responsibility for such acts for all sub-contractors it may engage in rendering the service on the project.

The Contractor's Cyber liability insurance shall remain in force for the life of the project and for twelve (12) months after Substantial Completion, and the insurer and the insured Contractor shall provide written notice to be delivered by hand, or sent by registered mail to the City at least thirty (30) days in advance of the activation date of any proposed cancellation, and the Insured professional shall provide same written notice to City of change or amendment restricting coverage under this policy.

PART "B"
PROJECT SCOPE/SPECIFICATION

3.0 Project Scope/Specification

This project involves the end-to-end conversion of the existing Automated Meter Reading (AMR) system to a modern Advanced Metering Infrastructure (AMI) system.

Our Vision: To be a local, progressive, agile, customer focused electric utility that provides reliable service that Nelson and area residents can count on.

Our Mission: To safely deliver reliable, affordable and sustainable electrical services which enhance the quality of life for our customers.

3.1 Background & Overview

[Nelson Hydro](#) is a [City of Nelson](#) owned and operated utility, and is the local supply authority for electrical service in the City of Nelson and surrounding area. Nelson is located on the west arm of Kootenay Lake, nestled in a confluence of valleys in the Selkirk mountains. Its service area spans from the Nelson Hydro Power Plant on Kootenay River to the west, Blewett, Taghum, Sproule and Grohman Creek, the City of Nelson, Highway 6 south towards Salmo to Perrier Road and beyond, north and east along Kootenay Lake to Harrop - Procter, Balfour, Queens Bay and terminating at Coffee Creek north of Queens Bay along Kootenay Lake.

Built in 1896, Nelson's hydro-generation system established the city as a leader among BC's urban centers. Nelson Hydro owns and operates a 16 MW hydroelectric generation facility located at Bonnington Falls on the Kootenay River 16 km southwest of Nelson. The current water license allows a year-round output of 9.1 MW, which represents about 50% of our annual energy requirements. Operating costs for generation includes maintenance of the four generating units and of the buildings and property, water license fees and insurance. The powerplant serves an important function in that it tempers the rate impacts that FortisBC increases would otherwise have on our customers.

In 2022, Nelson Hydro completed a pre-feasibility study for an AMI conversion. However, further progress was deferred due to limited resources and the need to prioritize other critical initiatives. The pre-feasibility study concluded that an AMI Request for Proposal (RFP) is the next step to fully define the project scope and to develop an appropriation grade capital and O&M cost estimate. It was also acknowledged that some technology may work better or worse in Nelson Hydro's geographically dispersed and mountainous service area.

With the first batch of AMR meters set to expire in three years, Nelson Hydro is reviving the project and seeking approval from its regulators, City of Nelson Council (urban customers) and the British Columbia Utilities Commission (rural customers). To satisfy their requirements, a fully reasoned business case and a Certificate of Public Convenience and Necessity (CPCN) needs to be developed. This process will take up to one (1) year.

3.2 Project Goals & Objectives

a) Operational Efficiency

- i. Eliminate manual processes such as monthly meter readings, and readings for move-ins, move-outs, disconnections, and reconnections.
- ii. Enable real-time data acquisition to support data-driven decision-making, system planning, infrastructure upgrades, line load analysis, and data aggregation.

- b) **System Reliability and Customer Service**
 - i. Continue improving System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) metrics, with a focus on rural service areas.
 - ii. Implement proactive outage detection to identify issues before customer reports, with a long-term goal of deploying a public-facing outage map.
 - iii. Reduce customer call volume to front desk staff by improving outage communication and system responsiveness.
 - iv. Explore advanced use cases including transformer load analysis, load modelling, and alternate switching arrangements.
- c) **Strategic Positioning**
 - i. Leverage the Utility’s unique status as the only municipally owned electric utility in the province with its own generation, dual regulation, and the oldest hydro generation operation.
- d) **Project Delivery Targets**
 - i. *Scope:* Achieve 100% replacement of all meters before expiry.
 - ii. *Schedule:* Complete implementation on schedule to avoid reinvestment in AMR technology.
 - iii. *Budget:* Deliver the project within budget and with a manageable impact on customer rates.
 - iv. *Quality:* Maintain a high standard of quality with fewer than 5% of meters rejected.
 - v. *Resources:* Ensure internal resources receive appropriate training and workload remains manageable.
 - vi. *Risk:* Avoid introducing significant new risks to ongoing Nelson Hydro and City of Nelson operations as a result of the project.

3.3 Current State and Meters

Starting in 2004, Nelson Hydro converted its mechanical meters to Automated Meter Read (AMR) meters which use an Itron FCS tool. These meters are coming to end of life in 2028 with no further option to extend under current Measurement Canada regulations. It is Nelson Hydro’s preference to replace the AMR meters with AMI 2.0 capable meters so that it can take advantage of the many benefits available currently and in the future.

Nelson Hydro has approximately 11,300 customers (9,983 residential and 1,317 commercial), 57% of whom are within the municipal boundaries, while the remaining 43% are located between 1 and 40 kms from City limits. The current meter population is shown in the table below:

Electric Meter Type	Quantity
Single Phase - 2S <=200A 240V	9,830
Single Phase - 3S 20A 240V	153
Poly Phase - 9S 20A 120-208V	93
Poly Phase - 12S <=200A 120V	778
Poly Phase - 12S <=200A 120-480V	87
Poly Phase - 16S 200A 120-208V	324
Poly Phase – 45A 20A 120-480V 2 Element	13
Poly Phase – 45A 20A 120-480V 2.5 Element	22

Electric Meter Type	Quantity
Total	11,300

Location data for Nelson Hydro’s electric meters and poles (two .xlsx files) have been released with the RFP to assist Proponents in the development of network designs/propagation studies.

3.4 Preliminary Deployment Timeline

A high-level timeline for the AMI project is outlined in this section. Timelines are subject to change based on Utility approvals, planning, and other activities. Nelson Hydro has scheduled the installation of network equipment and meters starting in 2027. This preliminary schedule may be adjusted based on factors such as available capital and vendor input.

Proponents are to use the preliminary timeline outlined below for reference when developing their proposed project plans and professional services proposals for submission. However, Nelson Hydro is open to input and recommendations from Proponents on if and how the deployment timeline should be modified. Specifically, Nelson Hydro is interested in ways to shorten negotiations, contracting, and system set up, so that, once City and BCUC approval is received, meter and network deployment can be initiated as soon as possible.

The AMI Requirements Workbook issued with this RFP, which contains all requirements and questions Proponents must address in their Proposal Submissions, asks Proponents to provide proposed project plans and documentation, as well as identify recommendations, opportunities, or risks related to implementation timelines.

The proposed preliminary deployment timeline is shown in the graphic below.

AMI Deployment Timeline	2025				2026				2027				2028				2029			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
AMI Procurement																				
RFP and Vendor Selection																				
Negotiation and Contracting																				
CPCN																				
AMI Implementation																				
HES Setup, Integration, and Testing																				
Go Live																				
Network Installation																				
Mass Meter Deployment																				
Sector Acceptance Testing																				
Final System Acceptance Testing																				

3.5 Proponent Responsibilities

At a high level the chosen AMI vendor will be responsible for the provision of AMI network and meter hardware, network design, HES software implementation, testing support and training services, project and system documentation, field support services, as well as system hosting, operation, support, and maintenance services based on the chosen ownership model.

Full responsibilities for the chosen vendor will be explored and finalized throughout the RFP and contracting processes. Nelson expects different Proponents may offer different professional services; however, a baseline has been included in the requirements. It is expected that Proponents will

propose differing project plans and related responsibilities, and price their solutions accordingly in their Proposal Submissions.

3.6 Evaluation Criteria and Response Content

Nelson intends to select a Proponent that:

- has proven experience and capacity to successfully deliver the proposed solution,
- is competitive from a quality, capability, and cost perspective,
- can meet the requirements and scope of work,
- has competent and qualified personnel to deliver products and services to Nelson specifications, and
- has the ability to meet the required time frame.

The evaluation points weightings for the AMI procurement are as follows:

	Scored Criteria	Weighting
i.	Complete Form 1 – Proponent Commitment	Pass/Fail
ii.	Proponent experience and solution’s fit for utility, project, and strategy	10
iii.	Ability to meet technical requirements	45
iv.	Pricing	30
v.	Ability to come to terms	5
vi.	Reference checks	5
vii.	Oral presentations/demonstrations	5
	Total	100%

i. Form 1 – Proponent Commitment (Pass/Fail)

ii. Proponent Experience and Solution’s Fit for Utility, Project, and Strategy (10)

- a) Nelson Hydro AMI RFP Requirements Workbook (tab 0), as well as any forms or other requested materials including:
 - i. Completion of Form 2 – Subcontractors
 - ii. Completion of Form 3 – References
 - iii. Completion of Form 4 – Key Personnel
 - iv. Executive Summary
 - v. Project & Resource Plans

iii. Ability to Meet Technical Requirements (45)

Proponents submitting an AMI proposal must complete and submit the following items:

- a) Nelson Hydro AMI RFP Requirements Workbook (tabs 1 through 7), as well as schedules and additional spreadsheets referenced in the workbook, including:
 - i. Nelson AMI RFP Network Design Summary
- b) A folder or folders (.zip) of clearly titled and referenced supporting attachments, files, and documentation as needed to satisfy the requirements contained in the Requirements Workbook.

iv. Pricing (30)

Nelson requests that all Proposal Submissions, including pricing figures, shall be valid for a period of one hundred and eighty (180) days from the date they are submitted. Nelson requests that pricing for Equipment remain fixed for a period of two (2) years from the date of Notice of Intent to Award. Proponents are to clearly identify if a different validity period applies to any submitted material.

All costs to meet requirements and provide products, functionality, and services stated in the RFP must be detailed in the provided RFP Price Sheet. Use of the provided Price Sheet is mandatory – do not include price figures in any other material or format. Because the evaluation team will not see pricing information until their technical evaluations are complete, cost and dollar figures must appear only in the Price Sheet and not in any other documentation in the Proposal Submission. Further instructions for completing the Price Sheet can be found in the Price Sheet spreadsheet itself.

Please note the following:

- a) All Proposal Submissions shall be submitted in Canadian dollars (CAD).
- b) If any functionality described by the Proponent comes at extra or optional cost, these costs must be clearly identified in the Price Sheet on a line item separate from the base system costs. Proponents are encouraged to be as detailed and specific as possible in their Price Sheets to minimize assumptions and clarifications.
- c) Pricing assumptions must be clearly stated.
- d) Pricing is to include “everything necessary” to have the work completed. If a price element is required but has not been specifically requested in the RFP documents, Proponents are required to include the element and clearly note it.
- e) Provincial and Federal taxes should not be included in the quoted prices but will be paid in addition to the contract price.
- f) Prices shall be the full inclusive value of the work described, including all costs and expenses which may be required for the work described together with all general risks, liabilities and obligations set forth or implied in this RFP.
- g) The prices shall be free from any escalation due to labour, material, and exchange rate variation. If the Proponent expects any increases or variances will apply, these must be clearly identified.
- h) Pricing shall identify tariff, duty and freight charges where applicable.

v. Ability to Come to Terms (5)

To ensure timely contract negotiations, a review of contractual documents from short-listed Proponents will be performed. Proponents submitting an AMI proposal must complete and submit the following items:

- a) Proponent Terms & Conditions
- b) Proponent Statement of Work
- c) Proponent redlines to any stated Nelson Terms & Conditions

vi. Reference Checks (5)

The City will contact references provided as part of the RFP to gain further understanding of utility experience with short-listed Proponent hardware, software and services. References including Canadian utilities of a similar size are preferred, where possible.

vii. Oral Presentations/Demonstrations (5)

Short-listed Proponents will be invited to further highlight their solution through virtual or in-person oral presentations and demonstrations. Approximate timelines and an agenda will be communicated in advance.

3.7 Evaluation and Award

The Owner's Evaluation Committee will be comprised of Owner representatives. The Committee will evaluate the submitted Proposals as follows:

- a) The Committee will first examine Proposal Submissions to eliminate those which are clearly incomplete or do not meet the stated mandatory requirements. Where omissions or deficiencies are identified, the Committee may contact the Proponent to have these rectified before evaluation.
- b) Proposal Submissions will be reviewed and evaluated. Upon completion of the scoring, the Committee may develop a short list of preferred Proposal Submissions, if there is a wide margin between scores or capabilities of some solutions over others.
- c) Proposal Submissions will be evaluated further via clarification questions or additional information requests coming out of the initial evaluations.
- d) The Committee may request additional clarification material in writing along with revised pricing offers to reflect an updated or modified understanding of solutions and requirements following clarifications, presentations, and discussions.
- e) The evaluation process may be altered or extended as required for the Committee to gain a comprehensive understanding of which Proponent and solution will best meet its project needs.

The Owner is not obligated to complete a detailed evaluation of all Proposals received and may, at its discretion, after completing a preliminary review of all Proposals, identify and drop from the evaluation process any Proposal Submission that the Owner deems is not in contention to be recommended for final selection.

The Owner may enter formal negotiations with the highest scoring Proponent after the evaluation of the Proposal Submissions. These negotiations may relate to any aspect of the Proponent's submission and may involve a request for additional information to clarify or support the Proponent's Proposal. If the negotiations are not completed to the Owner's satisfaction within a period of three (3) months from the date of the Notice of Intent to Award, issued by the Owner, the Owner reserves the right to commence negotiations with the next highest scoring Proponent and the same provisions and timelines herein shall apply until the Owner negotiates a satisfactory Contract with a Proponent or cancels the Proponent selection. A Proponent invited to enter into direct Contract negotiations should therefore be prepared to provide requested information in a timely fashion and to conduct its negotiations expeditiously.

Negotiations with any Proponent shall not oblige the Owner to enter into a Contract with any Proponent or be construed as an acceptance of the preferred Proponent's submission. All negotiations shall be in writing, in a form satisfactory for inclusion into the Contract.

Once a preferred Proponent is selected, the Proponent will be required to complete a Non-Disclosure Agreement (NDA) and a Privacy Impact Assessment (PIA). Samples have been included for reference purposes. The preferred Proponent must complete and submit both documents and successfully pass the PIA before award.

PART "C"
FORMS

Form 1 - Proponent Commitment

If the Owner delivers a Notice of Award by which the Owner accepts our Proposal Submission we will:

- a. Within 15 calendar days of receipt of the notice of award deliver to the Owner:
 - i. A "clearance letter" indicating the Contractor is in WorkSafeBC compliance
 - ii. A copy of the insurance certificate referencing coverages as specified in Section 2.17 indicating that all such insurance coverage is in place, including an APV47.
 - iii. Proof of City of Nelson or West Kootenay inter-community business licence payment
- b. Upon receipt and acceptance of the aforementioned documents by the Owner, the Contractor and the Owner shall execute the Contract documents in accordance with the terms concluded during negotiations.

We agree that if we receive written notice of award of this and do not adhere to the requirements above, we:

- a. fail or refuse to deliver the documents as specified, or;
- b. fail or refuse to commence the work as required by the Notice to Proceed, then such failure or refusal will be deemed to be a refusal by us to enter into the Contract and the Owner may, on written notice to us, award the Contract to another party.

By way of submission, we acknowledge that we have received and carefully reviewed all of the RFP documents, including all posted addenda. Accordingly, we agree to perform and complete the requirements of this RFP for the price provided.

Our address is as follows: _____

Telephone No _____

E-Mail Address _____

WCB Registration No _____

This submission is executed this

_____ day of _____, 20_____

Full legal name of corporation, partnership or individual

Authorized signature

Printed name of signatory

Form 2 – Subcontractors

Insert in the table below a list of subcontractors that the Proponent intends to employ as part of its solution. *Add additional rows or tables if required.*

The Proponent represents and warrants that it has investigated each subcontractor listed in the table below and has confirmed each subcontractor’s reliability and competency to perform the deliverable product or service item indicated in the table below in accordance with the requirements. No substitution for a subcontractor listed in the table below will be permitted except as agreed to in advance by the Utility.

Subcontractor	Working Relationship - # of years
Deliverable Item	
Past Projects / Work History	
1.	
2.	
3.	

Subcontractor	Working Relationship - # of years
Deliverable Item	
Past Projects / Work History	
1.	
2.	
3.	

Subcontractor	Working Relationship - # of years
Deliverable Item	
Past Projects / Work History	
1.	
2.	
3.	

Form 3 – References

References should demonstrate experience with similar work. Using this form as a template, please provide at minimum two (2) examples that best demonstrate the Proponent’s ability and experience to successfully perform the work. Add additional rows or tables if required.

REFERENCE	
Client:	Client Project Name:
Client Reference Name & Title:	
Client Phone Number:	Client Email:
Location of Work:	Total Endpoints:
Initial Timeframe for Completion of Work:	
Actual Duration of the Work:	
Scope of Work/Description of Work Performed (including systems integrated):	
Size/Description of Proponent Project Team:	
Resources who worked on the reference project who are also proposed for this project:	
Comments:	

REFERENCE	
Client:	Client Project Name:
Client Reference Name & Title:	
Client Phone Number:	Client Email:
Location of Work:	Total Endpoints:
Initial Timeframe for Completion of Work:	
Actual Duration of the Work:	
Scope of Work/Description of Work Performed (including systems integrated):	
Size/Description of Proponent Project Team:	
Resources who worked on the reference project who are also proposed for this project:	
Comments:	



**The Corporation of the City of Nelson
Suite 101, 310 Ward Street, Nelson British Columbia
V1L 5S4**

Office of the Finance and Purchasing Manager

September 18, 2025

**2025-P-10
Advanced Metering Infrastructure
ADDENDUM #1**

This Addendum shall be read in conjunction with and be considered part of the Contract Documents. Its intent is to describe additions, deletions and/or clarifications to the original drawings, specifications and/or previously issued addenda. The contents here-in shall be reflected in the Contract Price and no consideration will be given to requests for extras due to any bidder not being familiar with the contents of this Addendum.

1. DATE EXTENSIONS

Dates have been extended as follows:

- Clarification Question Deadline (Round 2) October 3, 2025 2:00PM PST
- Clarification Question Responses (Round 2)October 10, 2025
- Proposal Submission Deadline/Closing Time..... November 7, 2025 2:00PM PST

2. QUESTIONS AND ANSWERS

Q1 *We are seeking a 3 week extension to your 2025-P-10 - Advanced Metering Infrastructure.*

Answer: See Point 1.

Q2 *Certifications/Licenses - (Ref: pg. 8, "8-2025-P-10 Advance Metering Infrastructure (AMI)" / Section 1.19 Qualification) For the purposes of this contract, are there any specific certifications / licenses required for the meter installation personnel performing 1-phase meter exchanges? If yes, please provide the associated details / requirements.*

Answer: The City's expectation is that meter installation personnel performing 1-phase meter exchanges would be appropriately trained by the Installation Vendor. Training should include First Aid/CPR, OHS safe work practices, WorkSafe BC requirements, customer interaction training, proficiency in general computer skills (tablets), valid Class 5 driver's license, familiarity with Measurement Canada requirements, and provincially required safety training. The City will provide train-the-trainer style training on their Meter Installation Guidelines to installer supervisors who will be responsible for training all other installers.

Q3 *Shutdown Periods - (Ref: pg. 24, "8-2025-P-10 Advance Metering Infrastructure (AMI)" / Section 3.4 Preliminary Deployment Timeline / Mass Meter Deployment) In order to*

retain the Installation Contractor's local, experienced meter installation personnel, will the City consider / agree to removing the "shutdown" periods as noted here (ref: Q2 2028 & Q1 2029), and have the project be completed in a contiguous format with no breaks, with a completion date of Q1 2029?

Answer: The City would appreciate pricing for both the deployment timeline provided in the RFP and the above-described contiguous format. Pricing for contiguous format can be provided in the Optional Services or Functionality Table.

Q4 *Step ladders - (General) Will the Installation Contractor be required to provide / use step ladders to accommodate any electric meter installation service requirements?*

Answer: There should be very few instances where the Installation Contractor would need to use a step ladder. For any installations at a height greater than two (2) meters, the expectation is that those would be performed by the City ("Return to Utility").

Q5 *Warehousing - (General) Who is to be responsible for the provision of the warehousing requirement for the purposes of this contract, including removed legacy meters and ancillary related hardware recycling and scrapping services (ref: City or Contractor)?*

Answer: The expectation is that the Installation Contractor will be responsible for warehousing, inventory management and inventory tracking.

Q6 *Customer Notification - (General) Who is to be responsible for the provision / management of end-use customer related consumables for the purposes of this contract such as notification postcard mailers, door hangers, etc. (ref: City or Contractor)?*

Answer: The City will be responsible for the provision / management of end-use customer-related consumables. For consumables such as door hangers, the expectation is that the Installation Vendor would leave these at the customer premise as part of the installation process.

Q7 *WOMS Data - (General) Please confirm the total number of City concurrent users that will require access to the Installation Contractor's work order management system (WOMS) / associated data.*

Answer: The City is expecting that six (6) or fewer users will require access.

Q8 *Jaw Tightness Test - (General) Prior to the installation of the new electric meter, are the meter installation technicians required to perform a jaw tightness test while on-site?*

Answer: Meter installation technicians are required to perform a visual inspection to reveal issues such as lack of spring tension, pitting, or discolouration in the meter's jaws or socket.

Q9 *Penalties - (General) Does the City intend to apply SLA, performance-based penalties and/or liquidated damages for the purposes of this contract? If yes, please provide associated details, including penalty / LD amounts.*

Answer: The expected SLAs and other criteria have been defined in the Requirements Workbook, specifically requirements 2.1.7, 2.4.4, and 2.5.1 through 2.5.4. The expectation is that network performance will be measured through acceptance testing which is described in 2.6.

Q10 *GPS Coordinates - (General) Are the meter installation technicians required to capture / record GPS coordinate of the new meters and if yes, to what precision are the capture / recording of GPS coordinates to be based on (e.g. +/- 3 meters)?*

Answer: Yes, meter installation technicians are required to capture and record GPS coordinates for new meters. Coordinates for meter locations should be accurate to a tolerance of three meters or less.

Q11 *GPS Coordinates - (General) If the Contractor is unable to capture GPS as based on RFP specifications (e.g. inside meters, no satellite signal available, etc.), what is the expected correction service to obtain accuracy?*

Answer: The City is seeking the most accurate GPS possible and is willing to discuss different options to obtain accuracy which may include proxy GPS, last-known, using images to confirm where the meter is located on the premise, obtaining the coordinates at a tolerance of 8 meters or less and, in some cases, flagging those where it is not possible to get a GPS coordinate for investigation by the City. Please note, for the latter option, the City would expect the Installation Vendor to agree to an SLA (i.e., <3%).

Q12 *GPS Coordinates - (General) What is the acceptable alternative for GPS data collection if the GNSS signals are unavailable or obstructed for an asset?*

Answer: See the response provided in Q11.

Q13 *GPS Coordinates - (General) How will the City validate the accuracy of the GPS coordinates collected?*

Answer: The City will perform periodic audits of the GPS coordinates collected to ensure accuracy.

Q14 *GPS Coordinates - (General) What metadata are expected to be provided along with the GPS position captured?*

Answer: The metadata provided should include time and date of the capture, horizontal and vertical accuracy, position dilution of precision (PDOP), horizontal and vertical dilution of precision (HDOP/VDOP), the fix type, number of satellites used, the fix time, correction age, receiver name and the raw latitude, longitude, and altitude from the receiver.

Q15 *GPS Coordinates - (General) Is there a specific format in which the GPS position should be provided?*

Answer: The GPS position should be provided in decimal degrees.

Q16 *GPS Coordinates - Is there any additional information that needs to be specified in the RFP regarding the collection of geospatial data for the purposes of this contract?*

Answer: Beyond the information already declared in this Addendum, the City is not yet contemplating other information. More detailed requirements would be disclosed in the future.

Q17 *Call Centre Appointments - (General) Who is to be responsible for the provision of call centre / appointment scheduling related services for the purposes of this contract (ref: City or Contractor)?*

Answer: The expectation is that the Installation Contractor will be responsible for the provision of call centre/appointment scheduling related services.

Q18 *Account Notes - (General) As part of the City's download file for the Installation Contractor, will there be account specific notes (special instructions) and codes indicating physical meter locations, access issues, safety issues/alerts, etc. (e.g. "key" numbers, "bad dog", "meter in backyard", etc.)?*

Answer: Yes, the City will provide account specific notes.

Q19 *Unionized Workers - (General) Is the Contractor required to utilize unionized field personnel for the purposes of this contract?*

Answer: For any electrical work to be completed as part of the contract, the Contractor must have IBEW clearance. The work shall be at a comparable wage and benefit package as contained in the City's agreement with IBEW Local 1003, which is provided for reference. The Contractor completing the electrical work is to be a signatory contractor, in good standing, for IBEW in British Columbia. If the Contractor providing the electrical work is an IBEW signatory member from another Canadian province or is not an IBEW signatory member, the electrical party shall obtain authorized voluntary recognition with IBEW Local 1003. IBEW Forms for clearance and voluntary recognition are provided for reference purposes.

Q20 *Bonds - (General) Is the Contractor required to provide a bond(s) for the purposes of this contract (e.g. bid bond, performance and/or payment bond)? If yes, please provide details regarding the bond requirements and associated value of said bonds (e.g. performance bond required for 100% value of the contract).*

Answer: The City of Nelson does not require bonding at the time of proposal submission. However, the City reserves the right, at its sole discretion, to require a Performance Bond in an amount not less than 50% of the total contract value.

In the event that installation services are included in the contract, the City further reserves the right to require a Labour and Materials Payment Bond of up to 50% of the total contract value.

The decision to require bonding will be based on the scope of work, risk assessment, and other factors deemed relevant by the City. To ensure transparency and comparability of pricing, Proponents shall not include bonding costs in their base proposal pricing. If requested by the City, itemized bonding cost estimates may be requested during the contract negotiation stage.

Q21 *Extension - (General) Given the general size/scope of this RFP, plus to allow the Contractor adequate time to complete detailed on-site analysis of the various service divisions, would the City consider an extension to the RFP due date (e.g. 3-week extension)?*

Answer: See Point 1.

Q22 *Unique in-field issues - (General) Are there any unique in-field meter installation service-related requirements (e.g. boats, ferries, ATVs, etc.)? If yes, please provide associated details including total applicable metering applications by type (ref: single phase / poly phase).*

Answer: There are a very small volume of meters that have unique in-field meter installation requirements. These will be managed by the City. Please note that meter installers will otherwise have to use the Harrop-Proctor ferry for some installations.

Q23 *Hard to access - (General) Please provide the approx. total number and/or percentage of "outside" single phase metering applications which would be considered as "hard to access" and/or potentially inaccessible (e.g. backyards, gate access required, etc.).*

Answer: The approximate total hard to access "outside" single phase meters is less than 100 or <1%.

Q24 *Inside Access - General) Please provide the approx. total number and/or percentage of "inside" single phase metering applications where the meter installation technician would be required to enter the dwelling / building in order to exchange the existing electric meter.*

Answer: The approximate total inside single phase meters is approximately 1800 (including 800 12S meters for apartments) or approximately 16%.

Q25 *Small commercial - (General) Please provide the approx. total number and/or percentage of small commercial metering applications (e.g. strip malls, convenience stores, etc.).*

Answer: The approximate total small commercial meters is approximately 400 or 4%. This assumes this refers to small three phase services. If this is in reference to total small commercial accounts, the total amount is approximately 1400 or 13%.

Q26 *Overnight Parking - (General) Will secure, or non-secure, overnight parking be made available for the Installation Contractor's contract related fleet vehicles at the City's facility and / or warehouse?*

Answer: The expectation is that the Installation Contractor is responsible for parking.

Q27 *Training Sessions - General) Are there any mandatory City hosted training sessions for the Installation Contractor's meter installation technician (e.g. City hosted "health & safety orientation")? If yes, how long is the session or sessions (e.g. ½ day)?*

Answer: The City will provide train-the-trainer style training based on their Meter Installation Guidelines that will take up to one day. The expectation is that the trained Installation Contractor personnel will then train other Installation Contractor personnel.

Q28 *Compensation - (General) How is the Installation Contractor to be compensated for metering applications which cannot be changed-out due to circumstances out of the meter installation technicians' control (e.g. fences built too close, permanent obstructions, unsafe metering conditions, suspected power diversion / theft, etc.)?*

Answer: Nelson is open to discussing compensation for RTU's. Two potential options are: 1) Installation Contractor has made assumptions based on the scope of work and assumes a % Return to Utility (RTU). In this case, the labour costs are factored into your price per meter exchange. 2) The Parties agree to a cost per RTU.

Q29 *Confined Spaces - (General) Will the Installation Contractor's meter installation technicians be required to physically enter underground meter vaults / pits to upgrade existing metering applications (ref: "2 person" confined spaces regulations)? If yes, please provide the total number of anticipated sites, by meter type (ref: total single phase / total poly phase).*

Answer: Installations needed in an area defined as a confined space will be performed by the City.

Q30 *Routing details - (General) Assuming that the City's download file to the Installation Contractor will mimic that of their manual meter reading routes / route sequencing structure, is the current meter reading route sequencing structure considered as efficient allowing for optimal in-field productivity (e.g. contiguous, "premise-to-premise" with no skips and minimal "dead walks"/downtime)? If no, please provide associated details.*

Answer: The current meter reading route sequencing structure would likely not be used for installations. The expectation is that the most efficient and optimal installation routes would be determined through workshops.

Q31 *How do we normalize your request for lead times and pricing now, but no execution until 2027?*

Answer: The City recognizes that various factors can impact supply chains. To help provide a picture of overall schedule, please indicate your current lead times for any hardware included in your Proposal. The City of Nelson is seeking cost certainty and is willing to discuss other methods of achieving this such as the use of escalation clauses.

Q32 *Would the City of Nelson be able to commit to bulk meter shipments every month, allowing us to commit to your two year price hold?*

Answer: The City is willing to discuss bulk meter shipments. Please note that the City is unable to commit to any meter shipments until after approvals have been received. First Article Testing must also be successfully completed prior to placing any bulk meter orders.

Q33 *Would the City of Nelson be willing to wait on pricing for Meter Installation Services, as it will be very difficult to get pricing from a vendor when there is no commitment to move forward with anything until 2027? It will be challenging for the installation bidder to commit to pricing with a hold for 2 years. Would the City of Nelson be ok with the current indicative pricing for this part of the bid?*

How do we normalize your request for lead times and pricing now, but no execution until 2027? Could the City of Nelson commit to bulk meter shipments every month, allowing us to adhere to your two-year price hold?

Answer: See responses in Q31, Q32 and Q34.

Q34 *Would the City of Nelson be willing to wait on pricing for Meter Installation Services, as it will be very difficult to get pricing from a vendor when there is no commitment to move forward with anything until 2027? It will be challenging for the installation bidder to commit to pricing with a hold for 2 years. Would the City of Nelson be ok with the current indicative pricing for this part of the bid?*

Answer: To provide an overall understanding of the costs involved with the AMI deployment, the City is not seeking a price commitment for Meter Installation Services. The City is seeking a Class 5 estimate for early viability.

Q35 *Regarding the mention of gas meters, can you provide more context around this – specifically, the quantity, type, and expectation?*

Answer: Gas meters are not included in the RFP Requirements Workbook. The City is contemplating a future use case which may involve adding City water to the network (~6000 meters) and, as a result, is seeking to gain a high-level understanding of the Proponents' solution for water meters.

Q36 *Can you share more about your fiber layout? Do you have fiber to the substations and/or do you have fiber to the home?*

Answer: Further details about the available fiber can be found using this link:
<https://rdck.maps.arcgis.com/apps/webappviewer/index.html?id=d54d79f5a75247818b74ee54685d48b8>

Q37 *You indicate that you want an electric meter to have the capability of displaying 10 digits. Can you provide more clarity on this specific request? Should this have been for water meters?*

Answer: The City is seeking to understand the flexibility for display of information on the electric meter LCD. Please declare the number of characters and typical information that would be visible to the end customer (i.e., unit of measure, delivered/received, indicator if power is off or radio is off, etc.).

Q38 *What, if anything, is the city doing to follow the prime minister's directives relative to the Buy Canadian initiative?*

The Prime Minister's Office (PMO) has recently announced various "Buy Canadian" policies for entities leveraging taxpayer dollars and has recently commented that the policy, replaces the federal government's "best efforts" to buy Canadian, with "a clear obligation to do so."

Clarification: To what extent has the City of Nelson, BC incorporated "Buy Canadian" policies into their procurement practices, specific to this AMI project, that are aligned with the PMO's guidance?

Answer: The City of Nelson is aware of the federal Buy Canadian initiative. Currently, there is no direction or requirement for municipalities to adopt the new federal Buy Canadian Policy; the City continues to support fair, competitive, and transparent procurement. As a public entity, the City must comply with trade agreements, which set minimum obligations and require non-discriminatory access for suppliers. For the AMI project, the City welcomes proposals from qualified suppliers and will evaluate submissions based on the criteria outlined in the RFP.

Q39 *The Pricing Spreadsheet lists 11,301 meters, while the XY Spreadsheet shows 10,902.*

Could the City please clarify the assumptions regarding the location or classification of the additional 399 meters?

Are these meters expected to be installed in new service areas, or are they replacements for currently unlisted meters?

Answer: The total population of meters is 11,301. Although the other 399 meters are missing coordinates, there is a high degree of confidence that they are in proximity of the bulk of the meter population. Proponents should ensure that the 399 are included in the Network Design Summary in the Non-Geocoded field.

Q40 *Alternative Meters Section – Pricing Sheet - Is it permissible for Proponents to add additional rows to the “Alternative Meters” section of the Pricing Sheet to reflect other meter types or configurations not currently listed?*

Answer: As the Pricing Sheet is locked, Proponents will be unable to insert additional lines beyond the six provided in the Alternative Meter section. The City recommends that Proponents provide the information in the Additional Hardware or Functionality table lower in the document. Include notes to indicate whether the hardware is included as part of the overall bid and the City will move this information once Proposals have been received.

Q41 *Pole Mounting Heights – AMI Requirements Workbook Tab 5A - Could the City please confirm the appropriate mounting heights for the following pole sizes listed in the Active Poles spreadsheet:*

- a. 0 ft*
- b. 25 ft*
- c. 30 ft*
- d. 35 ft*
- e. 40 ft*
- f. 45 ft*
- g. 50 ft*
- h. 55 ft*
- i. 60 ft*
- j. 65 ft*
- k. 70 ft*
- l. 75 ft*
- m. 80 ft*

Answer: This diagram provided in Tab 5a of the Requirements Workbook demonstrates the allocation of 45ft and 50ft poles which represents the vast majority of poles in the system and are the current distribution standard heights. The shorter length poles are

older and/or inherited from Telus and the longer ones are for transmission lines. As poles come to end of life, they are replaced by 45ft or 50ft poles. The poles with a height of "0" indicate that there is no current record of the pole height and should be assumed to be older, short poles (i.e. 25-35 ft).

The pole space allocation heights in the diagram provided are dependent on the span between poles. The bottom of the Telus space is between 18'-9" and 20'-1" for 45 ft poles and 23'-1" and 24'-7" for 50 ft poles. The City exclusive telecom space starts 2ft above this. Proponents should use between 20'-9" and 22'-1" for 45 ft poles and 25'-1" and 26'-7" for 50 ft poles as the average height above ground.

For all poles less than 45ft, use 20'-9" and for all poles greater than 50ft, use 26'-7".

Q42 *Additional Mounting Assets - Are there other assets within the Nelson Hydro service territory (e.g., buildings, towers, streetlights, etc.) that may be available for mounting AMI infrastructure?*

If so, could the Owner provide location data and typical mounting heights for these assets?

Answer: Proponents may use streetlight assets (see the provided shapefile) as well as the following structures:

- Nelson City Hall: 49.49317, -117.29605
- Mtn Station reservoir treatment building: 49.49260, -117.27533
- Anderson booster station: 49.50382, -117.26570
- Mount Nelson CBC tower: 49.53062, -117.30090

Proponents should declare any assumptions made in terms of mounting heights.

Q43 *Bidder Engagement During CPCN Period (Apr–Dec 2026) - The schedule outlines the CPCN process occurring from April to December 2026.*

What level of engagement or support is expected from the successful Proponent during this period?

Should bidders anticipate participation in regulatory filings, technical support, stakeholder meetings, or other activities?

Answer: Proponents are not expected to participate in the CPCN process.

Q44 *Is there a sample agreement or Form of Agreement for this RFP that requires revisions and redlines as part of the proposal?*

Alternatively, could the proposal include a proposed set of terms of agreement that would serve to formalize it?

Answer: The proposal includes terms primarily found in Part A2. Additional terms have also been included in Part A1, specifically 1.23, 1.27-1.29, 1.32-1.34 and 1.36. Refer to 3.6 v. Ability to Come to Terms for details.

Q45 *Will the City prefer software in SaaS (Proponent) or hosted (Nelson) environment?*

Answer: The City prefers a Proponent-hosted environment.

Q46 *Will the City require installation services?*

Answer: The City is exploring the need for installation services, as described at a high level in requirement 1.5.1.

Q47 *Can you please provide an updated AMI Requirements Workbook with security settings adjusted to allow copy & paste of content into the "Proponent Written Response or Notes" cells?*

Answer: The City has tested copy & paste functionality in the released version of the Workbook and have found no instances where content could not be copied either from within the Workbook or from external content.

Q48 *Is the City of Nelson agreeable to ANSI data/protocol or is DLMS/COSEM required?*

Answer: The City is agreeable to ANSI data/protocol; however, if DLMS/COSEM is not available, Proponents should describe how the Solution addresses evolving utility needs for flexibility, scalability, security and interoperability.

Q49 *Will exceptions to specific Standards and Protocols be considered?*

Answer: To allow the City to assess any potential exceptions, the City recommends that Proponents declare and describe such exceptions to the stated Standards and Protocols in the Notes field on Tab 7.



**The Corporation of the City of Nelson
Suite 101, 310 Ward Street, Nelson British Columbia
V1L 5S4**

Office of the Finance and Purchasing Manager

October 8, 2025

**2025-P-10
Advanced Metering Infrastructure
ADDENDUM #2**

This Addendum shall be read in conjunction with and be considered part of the Contract Documents. Its intent is to describe additions, deletions and/or clarifications to the original drawings, specifications and/or previously issued addenda. The contents here-in shall be reflected in the Contract Price and no consideration will be given to requests for extras due to any bidder not being familiar with the contents of this Addendum.

1. QUESTIONS AND ANSWERS

Q1 *(Ref: pg. 4, "2025-P-10 Addendum 1" / Q19) Does the exchange of an existing single phase meter (ref: "like-for-like" legacy meter exchange) fall under "electrical work" as noted here?*

Answer: Yes, single phase meter exchanges fall under "electrical work".

Q2 *(Ref: pg. 4, "2025-P-10 Addendum 1" / Q19) Does the exchange of an existing poly phase meter (ref: "like-for-like" legacy meter exchange) fall under "electrical work" as noted here?*

Answer: Yes, poly phase meter exchanges fall under "electrical work".

Q3 *(Ref: pg. 5, "2025-P-10 Addendum 1" / Q22) Please confirm the total number of single phase and the total number poly phase meters where the meter installation personnel would be required to use the Harrop-Proctor ferry to complete said metering exchanges.*

Answer: There are 1,099 residential meters and 8 poly phase meters where the meter installation personnel would be required to use the Harrop-Proctor ferry to complete the meter exchanges.

Q4 *Is it the City's intention at this time to utilize their internal meter technicians for the purposes of this project (ref: in-field meter exchanges / installations)?*

Answer: The City will require a third party to complete the in-field meter exchanges / installations.

Q5 *Regarding your answer to Q24 of Addendum 1, we would like to know the location of the 16% percent of inside single phase meters. Is it possible for you to provide another version of document 2 - NelsonHydro CIS Meter XY that includes a 3rd column indicating whether each meter is inside or outside? Are any of the meters in metal cabinets? Of these inside meters, are they all residential, or are any of the inside meters commercial?*

Answer: The City is not able to provide a new version of the asset location file that would include whether each meter is inside or outside. Of the 16% of meters located inside, a small percentage may be in a metal cabinet or may be in a concrete parkade, primarily located in Nelson's downtown core. Proponents should expect roughly an 80/20 split between residential and commercial meters. Exchange of commercial meters will require planning and coordination.

Q6 *Do water locations have endpoints that are separate from the electric endpoints? If so, can you please provide a Lat/Long list for the water endpoints?*

Answer: Water endpoints are not currently in scope for this procurement. The City is seeking to ensure that, in the future, should they wish to install AMI meters for water that the network and overall Solution can handle this. For instance, while the City recognizes that hardware and professional services would be required to implement water meters, the assumption currently is that the HES can manage both water and electric meters.



**The Corporation of the City of Nelson
Suite 101, 310 Ward Street, Nelson British Columbia
V1L 5S4**

Office of the Finance and Purchasing Manager

October 17, 2025

**2025-P-10
Advanced Metering Infrastructure
ADDENDUM #3**

This Addendum shall be read in conjunction with and be considered part of the Contract Documents. Its intent is to describe additions, deletions and/or clarifications to the original drawings, specifications and/or previously issued addenda. The contents here-in shall be reflected in the Contract Price and no consideration will be given to requests for extras due to any bidder not being familiar with the contents of this Addendum.

1. DATE EXTENSIONS

Dates have been extended as follows:

- Clarification Question Deadline (Round 3) October 31, 2025 2:00PM PST
- Clarification Question Responses (Round 3)November 7, 2025
- Proposal Submission Deadline/Closing Time..... November 21, 2025 2:00PM PST



**The Corporation of the City of Nelson
Suite 101, 310 Ward Street, Nelson British Columbia
V1L 5S4**

Office of the Finance and Purchasing Manager

November 4, 2025

**2025-P-10
Advanced Metering Infrastructure
ADDENDUM #4**

This Addendum shall be read in conjunction with and be considered part of the Contract Documents. Its intent is to describe additions, deletions and/or clarifications to the original drawings, specifications and/or previously issued addenda. The contents here-in shall be reflected in the Contract Price and no consideration will be given to requests for extras due to any Proponent not being familiar with the contents of this Addendum.

1. QUESTIONS AND ANSWERS

Q1 *Are journeyman laborers required for installation of single-phase and poly-phase electric meters? If so, what is the required hourly wage for each laborer? Is a two-man crew required for installation of the poly-phase meters?*

Answer: The City assumes that the term 'journeyman laborer' refers to meter technicians. If so, the hourly wage is \$53.94. A two-person crew is not required for the installation of poly-phase meters.

1 **10.3 Appendix 3: Confidential Product Estimate from Vendor**

2

1 **10.4 Appendix 4: Confidential Project Estimate from Consultant**

2

Nelson Hydro — Alternative Comparison (20-Year Totals)

Snapshot of A-Costs and A-Benefits comprehensive totals.

Category	Alt 1 — AMR (Status Quo)	Alt 2 — AMI-Lite	Alt 3 — AMI 2.0	Alt 3a — AMI 2.0 Partnership
CAPITAL COSTS				
AMI Meter Capex	\$1,860,810	\$2,014,082	\$2,014,082	\$2,014,082
Network Equipment Capex	-	\$172,726	\$172,726	\$172,726
HES Software Capex	-	\$14,175	\$14,175	\$14,175
HES Hardware Capex	-	-	-	-
MDM Software Capex	-	-	\$125,874	\$125,874
MDM Hardware Capex	-	-	-	-
Professional Services Capex	-	\$531,008	\$531,008	\$531,008
Smart Meter Install Capex	\$3,262,798	\$3,262,798	\$3,262,798	\$3,262,798
Meter Seals & Rings Capex	\$5,933	\$5,933	\$5,933	\$5,933
CVR Capex	-	-	-	-
AMI Meter Failure (Warranty) Capex	-	-	-	-
Staff Capex	\$881,785	\$881,785	\$881,785	\$881,785
System Upgrade Capex	-	-	-	-
Customer Education Capex	\$17,799	\$35,598	\$35,598	\$35,598
Finance / Corporate Capex	-	-	-	-
Contingency @5%	\$301,456	\$345,905	\$352,199	\$352,199
TOTAL CAPEX	\$6,330,581	\$7,264,009	\$7,396,177	\$7,396,177
OPERATING COSTS				
Network Equipment Opex	-	\$778,703	\$778,703	\$778,703
HES Opex	\$1,207,137	\$1,431,157	\$1,431,157	\$386,412
MDM Opex	-	-	\$2,345,608	\$633,314
Professional Services Opex	-	-	-	-
Smart Meter Install Opex	-	-	-	-
Staff Opex	\$2,294,188	\$2,294,188	\$2,294,188	\$2,294,188
Finance / Corporate Opex	-	-	-	-
TOTAL OPEX	\$3,501,325	\$4,504,049	\$6,849,657	\$4,092,618
TOTAL COSTS (Capex + Opex)	\$9,831,905	\$11,768,058	\$14,245,834	\$11,488,795
BENEFITS				
Meter Replacement Savings	-	\$6,715,806	\$6,715,806	\$6,715,806
Handheld Systems Avoidance	-	\$599,131	\$599,131	\$599,131
Vehicle & Fleet Savings	-	\$459,376	\$527,003	\$527,003
Meter Accuracy Revenue Recovery	-	\$1,343,952	\$1,343,952	\$1,343,952
Outage Restoration Savings	-	-	\$446,624	\$446,624
TOTAL BENEFITS	-	\$9,118,266	\$9,632,517	\$9,632,517
NET CASH FLOW (Benefits – Total Costs)	(\$9,831,905)	(\$2,649,792)	(\$4,613,317)	(\$1,856,278)

Notes:

- Values are 20-year nominal totals from A-Costs and A-Benefits (non-discounted)
- Alt 1 = Status Quo: AMR-with-AMR per Itron Metercor Q2026-E010 quote
- Alt 2 = AMI-Lite (AMI without MDM)
- Alt 3 = Full AMI (AMI with MDM)
- Alt 3Aa= Full AMI with HES + MDM opex at Nelson's 27% allocation
- Snapshot timestamp: 2026-05-21 09:46

Nelson Hydro — Alternative Comparison (20-Year Totals) Rural Only

Snapshot of A-Costs and A-Benefits comprehensive totals.

Category	Alt 1 — AMR (Status Quo)	Alt 2 — AMI-Lite	Alt 3 — AMI 2.0	Alt 3a — AMI 2.0 Partnership
CAPITAL COSTS				
AMI Meter Capex	\$800,148	\$866,055	\$866,055	\$866,055
Network Equipment Capex	-	\$74,272	\$74,272	\$74,272
HES Software Capex	-	\$6,095	\$6,095	\$6,095
HES Hardware Capex	-	-	-	-
MDM Software Capex	-	-	\$54,126	\$54,126
MDM Hardware Capex	-	-	-	-
Professional Services Capex	-	\$228,333	\$228,333	\$228,333
Smart Meter Install Capex	\$1,403,003	\$1,403,003	\$1,403,003	\$1,403,003
Meter Seals & Rings Capex	\$2,551	\$2,551	\$2,551	\$2,551
CVR Capex	-	-	-	-
AMI Meter Failure (Warranty) Capex	-	-	-	-
Staff Capex	\$379,167	\$379,167	\$379,167	\$379,167
System Upgrade Capex	-	-	-	-
Customer Education Capex	\$7,654	\$15,307	\$15,307	\$15,307
Finance / Corporate Capex	-	-	-	-
Contingency @5%	\$129,626	\$148,739	\$151,446	\$151,446
TOTAL CAPEX	\$2,722,150	\$3,123,524	\$3,180,356	\$3,180,356
OPERATING COSTS				
Network Equipment Opex	-	\$334,842	\$334,842	\$334,842
HES Opex	\$519,069	\$615,397	\$615,397	\$166,157
MDM Opex	-	-	\$1,008,612	\$272,325
Professional Services Opex	-	-	-	-
Smart Meter Install Opex	-	-	-	-
Staff Opex	\$986,501	\$986,501	\$986,501	\$986,501
Finance / Corporate Opex	-	-	-	-
TOTAL OPEX	\$1,505,570	\$1,936,741	\$2,945,352	\$1,759,826
TOTAL COSTS (Capex + Opex)	\$4,227,719	\$5,060,265	\$6,125,708	\$4,940,182
BENEFITS				
Meter Replacement Savings	-	\$2,887,797	\$2,887,797	\$2,887,797
Handheld Systems Avoidance	-	\$257,626	\$257,626	\$257,626
Vehicle & Fleet Savings	-	\$197,532	\$226,611	\$226,611
Meter Accuracy Revenue Recovery	-	\$577,899	\$577,899	\$577,899
Outage Restoration Savings	-	-	\$192,048	\$192,048
TOTAL BENEFITS	-	\$3,920,854	\$4,141,982	\$4,141,982
NET CASH FLOW (Benefits – Total Costs)	(\$4,227,719)	(\$1,139,411)	(\$1,983,726)	(\$798,200)

Notes:

- Values are 20-year nominal totals from A-Costs and A-Benefits (non-discounted)
- Alt 1 = Status Quo: AMR-with-AMR per Itron Metercor Q2026-E010 quote
- Alt 2 = AMI-Lite (AMI without MDM)
- Alt 3 = Full AMI (AMI with MDM)
- Alt 3Aa= Full AMI with HES + MDM opex at Nelson's 27% allocation
- Snapshot timestamp: 2026-05-21 09:46

\$96,329

Nelson Hydro — Alternative Summary (20-Year Totals)

Alternative	Total Capex (2027 - 2030)	Incremental Capital
Alt 1 — AMR (Status Quo)	\$6,305,662	Base Case
Alt 2 — AMI-Lite	\$7,160,022	\$854,361
Alt 3 — AMI 2.0	\$7,292,190	\$986,528
Alt 3a — AMI Partnership	\$7,292,190	\$986,528

Alternative	Opex 2030	Benefits 2030 (ex. Meter Repl)	Net O&M	Incremental O&M
Alt 1 — AMR (Status Quo)	\$154,514	-	\$154,514	Base Case
Alt 2 — AMI-Lite	\$197,541	\$97,376	\$100,165	(\$54,349)
Alt 3 — AMI 2.0	\$296,616	\$119,249	\$177,367	\$22,853
Alt 3a — AMI Partnership	\$180,163	\$119,249	\$60,914	(\$93,600)

Nelson Hydro — Alternative Summary (20-Year Totals) Rural Only

Alternative	Total Capex (2027 - 2030)	Incremental Capital
Alt 1 — AMR (Status Quo)	\$2,711,435	Base Case
Alt 2 — AMI-Lite	\$3,078,810	\$367,375
Alt 3 — AMI 2.0	\$3,135,642	\$424,207
Alt 3a — AMI Partnership	\$3,135,642	\$424,207

Alternative	Opex 2030	Benefits 2030 (ex. Meter Repl)	Net O&M	Incremental O&M
Alt 1 — AMR (Status Quo)	\$66,441	-	\$66,441	Base Case
Alt 2 — AMI-Lite	\$84,943	\$41,872	\$43,071	(\$23,370)
Alt 3 — AMI 2.0	\$127,545	\$51,277	\$76,268	\$9,827
Alt 3a — AMI Partnership	\$77,470	\$51,277	\$26,193	(\$40,248)

1 **10.5 Appendix 5: Communication Plan**

2



Stakeholder Engagement & Communications Plan

AMI Project: P-8-2-01

April 28, 2026

Revision 3A

Nelson Hydro

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Revision History

Revision #	Date	Status	Revision Description	Author
Revision 3A	April 20, 2026	Draft	Initial draft for review	Scott Spencer
Revision 3B	April 28, 2026	Draft	Updates based on review feedback	Scott Spencer
Revision 3C	May 12, 2026	Draft	Updates based on review feedback	Scott Spencer



Executive Summary

This Stakeholder Engagement and Communications Plan outlines the approach for identifying, engaging, and communicating with stakeholders for the proposed Nelson Hydro Advanced Metering Infrastructure (AMI) Project. The Plan is intended to support informed decision-making, proactively identify and mitigate stakeholder-related risks, and satisfy the engagement expectations of the British Columbia Utilities Commission (BCUC).

The primary driver of the AMI Project is the replacement of the utility's existing Automated Meter Reading (AMR) meters, which are approaching end of useful life and for which manufacturer support is increasingly limited. Continued reliance on aging AMR assets introduces growing regulatory, operational, financial, and reliability risks and is not sustainable over the long term.

AMI has been identified as the logical replacement technology for the existing AMR system. AMI represents the current industry standard for electric metering and is widely deployed by Canadian and North American electric utilities. Selection of AMI avoids reinvestment in obsolete or soon-to-be-obsolete technology and ensures long-term support, system compatibility, and operational sustainability.

In addition to addressing asset replacement needs, AMI provides meaningful operational, reliability, and customer service benefits relative to AMR, including improved data quality, enhanced outage detection, reduced manual intervention, and the ability to support future utility and customer programs. These benefits strengthen the overall justification for the Project and contribute to long-term value for customers.

Given the public-facing nature of the Project, a structured and transparent engagement strategy is required. Engagement activities will be proportionate to the size and risk profile of the Project and will focus on customers, municipal stakeholders, employees, regulators, and other affected parties.

Based on experience from other utility AMI deployments, attention will be given to clear communication regarding radiofrequency safety and the correction of common misconceptions using plain-language, fact-based materials.

1. Project Overview

The AMI Project involves the replacement of the utility's existing legacy AMR electric meters with modern smart meters, along with the deployment of supporting communications infrastructure and meter data management systems.

The existing AMR system is nearing the end of its practical service life. Key components may no longer be supported by vendors, replacement meters are expected to become increasingly difficult and expensive to purchase, and system limitations constrain operational effectiveness. Replacement of this metering infrastructure is required to maintain regulatory compliance, reliable operations, accurate billing, and acceptable risk levels.

AMI has been selected as the replacement technology as it is the prevailing industry standard and the natural evolution from AMR. Compared to AMR, AMI provides enhanced functionality, greater operational visibility, and improved data timeliness, while fully addressing the core requirement of meter asset renewal.

The Project will be implemented in phases and is subject to approval through the BCUC Certificate of Public Convenience and Necessity (CPCN) process. Stakeholder engagement will occur throughout the Project lifecycle, including planning, regulatory review, deployment, and post-implementation.

2. Situational Analysis

Asset Renewal

The foundational context for the Project is the need to replace aging metering assets. Failure to act in a timely manner increases the risk of:

- Increase recertification requirements and the associated costs
- Reputational and customer service impacts

Communications will emphasize this asset-replacement imperative while clearly explaining why AMI is the most prudent replacement option.

Benefits of AMI

In stakeholder communications, the benefits of AMI should be framed in practical, customer- and community-relevant terms and clearly connected back to the core driver of replacing end-of-life AMR equipment.

- **Improved reliability and faster outage response:** AMI can provide more timely information about outages and restorations, supporting quicker response and better communication during service interruptions.

- **More accurate, timely billing information:** Regular automated reads reduce estimated bills and help identify meter issues sooner, improving billing accuracy and customer confidence.
- **Operational efficiencies that support long-term value:** Reduced manual field work and improved data quality lower avoidable operating costs over time and help the utility focus resources on system maintenance and customer service.
- **Better visibility to support system planning:** Access to more timely usage and performance data supports distribution planning, loss investigation, and targeted investments that can improve service quality.
- **Improved customer access to usage information:** AMI can enable customers to better understand consumption patterns and support future tools or programs that help manage energy use.
- **Supports future programs and modernization:** AMI is a platform technology that can support future initiatives (e.g., improved outage notifications, conservation/efficiency programs, or other customer options) as needs evolve.
- **Enables safer, more efficient field operations:** Fewer site visits for routine reads reduces worker exposure to traffic, weather, and property access risks, while allowing field work to be more planned and purposeful.

Communications should also note that AMI benefits will be delivered while maintaining privacy and data protection requirements and complying with applicable health and safety standards. Where helpful, messages should distinguish between (1) the *required* asset replacement of end-of-life meters and (2) the *additional* operational and customer benefits that AMI enables compared to reinvesting in legacy technology.

Stakeholder Considerations

Despite its asset renewal basis, the Project may raise stakeholder questions related to:

- Project cost, value, and potential rate impacts
- Rate differences for Rural vs Urban customers
- Meter installation logistics and property access
- Use, protection, and security of customer data
- Health and safety considerations of EMF and Radio Frequencies
- Perceived technology change compared to existing meters

These issues will be addressed directly, using plain-language explanations and factual information.

Health and Radiofrequency (RF) Safety Considerations

Experience from other utilities implementing AMI indicates that a subset of customers may have concerns about electromagnetic and radiofrequency communications and potential health impacts. While AMI systems operate well within established safety standards, these concerns are often rooted in misinformation or misconceptions about exposure levels and usage patterns. These concerns, have in the past, been a point

of contention during the roll-out of AMR meters to the point where there was verbal abuse and threatened physical abuse.

As a result, targeted, factual communications about AMI RF operation, regulatory oversight, and comparative exposure levels will be included in the information page.

3. Key Stakeholders

External Stakeholders

- Residential and commercial customers / general public within the Nelson Hydro Service Territory (Blewett, Taghum, Areas Close to Ymir, the North Shore, Harrop, Procter, Balfour and Queen's Bay)
- Nelson City Council
- Indigenous communities with rights within or near the Nelson Hydro service area
- British Columbia Utilities Commission
- AMI solution providers and other contractors
- Local media

Internal Stakeholders

- City of Nelson Department Heads
- City of Nelson employees generally and specifically customer service, IT and finance staff
- Nelson Hydro employees generally and specifically line, metering, design and billing staff
- Nelson Hydro Joint Occupational Health and Safety Committee

Stakeholders have been identified and prioritized based on level of impact, influence, and relevance to governance and regulatory oversight.

4. Stakeholders Engagement and Communications Objectives

The objectives of stakeholder engagement and communications are to:

- Clearly explain the need to replace end-of-life AMR assets
- Communicate why AMI is the most appropriate and industry-standard replacement technology
- Describe the operational and customer benefits of AMI relative to AMR
- Provide accurate and timely project information
- Receive feedback from key stakeholders on the AMI Project
- Identify, document, and respond to stakeholder concerns
- Support regulatory review and CPCN approval
- Ensure internal staff are informed and prepared to support implementation
- Opt-Out process and costs for customers

5. Key Messages

Project Rationale

- The existing AMR meters are reaching end of life and must be replaced.
- This utility upgrade provides operational and financial benefits to Nelson Hydro Customers by ensuring long-term system reliability and cost-effective service delivery

Technology Selection

- AMI is the established replacement for AMR used by electric utilities across Canada and North America.
- Selecting AMI avoids reinvestment in soon-to-be obsolete technology and supports long-term system sustainability.
- Fair and transparent process through a request for proposals to meet functional, technical and safety requirements.

Operational and Customer Benefits

- More accurate billing
- Enhanced outage detection and faster response including outage mapping for customers
- Reduced manual meter reading requirements
- Improved access to usage information for customers and the utility
- Enablement of future programs and efficiencies consistent with modern utility operations such as
 - Time-of-day rates
 - Advance demand side management programs such as EV Charging rates

Customer Impacts

- Meter replacement is a standard utility asset renewal activity.
- Replacements will be communicated in advance and designed to minimize disruption.
- Meters must not be blocked, limited or obstructed (safety focus)

Privacy and Safety

- AMI equipment complies with all applicable Canadian and international health and safety standards for radiofrequency emissions.
- Exposure levels from AMI meters are significantly below established public safety limits and are comparable to, or lower than, common household wireless devices.
- AMI meters transmit data intermittently and for very short durations, further limiting overall exposure.
- Customer data will be managed in accordance with applicable privacy legislation and the City of Nelson privacy policies.
- Who will require access to the meters and when

Opt Out Options

- Customers will be able to have the radio turned off on their meter for a fee similar to the current manual meter reading rate
- Customers may choose to have cellular only meter communication for a fee that covers the cellular data plan.

Staff Impacts and Messages

- Project Schedule and Scope
- Safety

6. Engagement Process, Techniques and Tools

Engagement Principles

- Transparency regarding asset condition, technology choice and process, and benefits/impacts
- Proportionality to project scale and risk
- Accessibility of information
- Responsiveness to feedback

Engagement Methods

- Customer notifications (bill inserts, social media, e-newsletter, sandwich boards, door hangers)
- Proactive widespread communications (media releases, social media etc.)
- Post a copy of the BCUC order on the Nelson Hydro pages of the City of Nelson website and Nelson Hydro social media accounts once received.
- Dedicated project information on the utility website and Let's Talk AMI site.
- Briefings to Nelson City Council and RDCK Directors of Areas E & F
- Use of existing customer service channels for inquiries and issue resolution
- Develop FAQs addressing asset replacement, AMI functionality, and common concerns
- Develop plain-language fact sheets addressing common questions related to AMI technology, data privacy, and RF safety
- Provide references to independent regulatory and public health authorities that establish and monitor RF exposure limits
- Installation services contractor customer communications (materials, call center services, appointments, complaints and damage claims)
- Opt-Out Process and Costs

Engagement Techniques

- Carefully framed FAQs (e.g. meter send frequency and duration, comparison to cell phones and federal RF safety limits, opt-out options, etc.)
- Third-party Neutrality (e.g. cite Health Canada / ISED standards and other independent scientific consensus)

- Visual vs text (e.g. how AMI communicates diagram, etc.)
- Provide defined time for engagement / comment

Tactics to Avoid

- Do not over-emphasize RF in initial outreach - Raises concerns among customers who hadn't thought about it
- Do not debate individual health claims - Acknowledge concern → provide facts → offer escalation path
- Do not rely solely on the language provided by the AMI solution provider - Rephrase everything in Nelson Hydro's voice
- Do not introduce technical RF units (e.g. mW/cm²)

Feedback and Documentation

Stakeholder feedback will be captured, tracked, and reviewed by the Project team and used to inform implementation where appropriate.

7. Government Relations

Government relations activities will focus on maintaining awareness and alignment with Nelson City Council, Directors for RDCK Areas E&F and ensuring adherence to regulatory processes, including:

- Briefings to City Council / RDCK Directors on the asset replacement need and technology selection
- Coordination with other City departments during deployment
- Ongoing engagement with the BCUC in support of the CPCN process

8. Media Relations

The City of Nelson Communications Coordinator will be the main media contact.

Given the localized nature of the utility, media engagement will be modest and primarily responsive. Messaging will focus on the need to replace aging infrastructure and the role of AMI as the modern, industry-standard solution.

The General Manager of Nelson Hydro will act as the spokesperson for the AMI Project. The Chief Administrative Officer will also be empowered to speak directly to the media using approved messaging.

The City of Nelson and Nelson Hydro (via Tamarack media) will monitor media coverage relating to the AMI Project.

The media contact list maintained by the Communications Coordinator will be used for providing media with approved releases and messaging if necessary.

9. Internal / Employee Communications

Objectives

- Ensure field, office and CSR staff understand both the asset replacement driver and the benefits of AMI
- Prepare customer-facing employees to respond consistently to inquiries
- Provide staff with the location of where to direct people to find information on RF safety
- Ensure staff understand the implementation project scope and schedule
- Ensure staff with job description impacts or duty changes as a result of the project understand their new responsibilities.
- Ensure staff understand who will be trained and when and why
- Ensure staff understand how they will be trained (in-person, online, self-directed, classroom, etc)
- Ensure staff understand how staff project team resources will be safe during the meter change over (anticipated contentious section of the project schedule)
- Support safe, orderly, and efficient implementation

Approach

- Weely verbal project updates at Nelson Hydro Manager's meetings
- Verbal bi-weekly updates at Department Head Meetings for relay to all City of Nelson Staff
- Verbal and written updates at monthly staff meetings and ad-hoc verbal updates as necessary
- Ad-hoc updates posted to the City of Nelson communications portal, Jostle
- Attend CSR meetings once per month during project implementation to answer questions and discuss project
- Targeted training for line, metering, billing and customer service staff
- Targeted briefing materials and Q&A guides for customer-facing staff addressing AMI RF safety and common misconceptions
- Clear escalation processes for other issues and feedback

10. Schedule of Activities / Deliverables

Engagement activities will be aligned with Project phases, including:

- Talk to those Nelson Hydro staff that were present during AMR rollout
- Internal alignment and early planning
- Feasibility Project Wrap Up and Outcome Communications
- CPCN preparation and filing communications
- Pre-deployment customer communications
- Installation-phase communications and support
- Post-deployment follow-up and issue resolution

The engagement schedule attached as Appendix A will be updated regularly and maintained as part of overall Project management.

11. Budget

Stakeholder engagement and communications costs are expected to be reasonable and proportionate to Project scope. Costs will primarily relate to:

- Preparation and distribution of customer communications
- Development of information materials
- Internal staff time

All engagement costs will be managed within the approved Project budget and charged to WO 6939-018. The budget for stakeholder engagement and communications is \$35,600 over the three years of the project.

Proprietary and Confidentiality Notice

This document is submitted in confidence as provided under Section 21 of the Freedom of Information and Protection of Privacy Act (BC). Nelson Hydro considers the information contained in this document to be proprietary and shall not be disclosed to any other party without the expressed written permission of Nelson Hydro.

AMI Communication Schedule - Project Approval Phase

There will be 2 AMI social posts per month starting in May to the end of the year.

May 1 to June 22

1. Update Let's Talk AMI (content to feed social media posts)
2. 2 Social Media Posts of AMI (Topics TBD)
3. Draft Media Release on Council Decision

June 23: Council Meeting and Decision

June 24: Issue Media Release on Council Decision and publish Let's Talk updates

June 25 to June 30:

1. 1 Social Media Post of AMI Benefits
2. Finalize CPCN and include the final count Social Media Posts about AMI
3. June 30 File the CPCN Application with BCUC

Mid-July: NH Summer Newsletter

1. Topics Include: AMI City Council Decision and Application to BCUC, AMI Public Engagement in early September, Welcome of new GM

***July 22 to 29:** NH notifies the public of the AMI proceeding and how to submit comments

1. Social Media and Website Posts of Proceedings (standard BCUC process)

Aug 1 to Sep 4

1. Book Facility for Open House
2. Prepare Materials for Open House
3. Advertise on Marquee Sign of AMI Meeting
4. Social Media Posts
 - a. Advertise AMI Public Engagement Session
 - b. Remind public to submit Letters of Comment

Week of Sep 7th: AMI Public Engagement Session

- Similar presentation to Council (project overview)
- QR Codes for Letters of Comment for BCUC Proceeding

***Sep 16:** Deadline for public letters of comment to BCUC

***Oct 7:** Nelson Hydro final arguments to BCUC

***Dec 30:** BCUC approves AMI CPCN by the end of the year

1 **10.6 Appendix 6: Historical Account of AMI Public Engagement**

2

AMI Consultation Record

Open Houses & Council Presentations Referencing AMI

2020 Council Presentation (27-Nov-20)
2020 Public Open House (10-Dec-20)
2021 Council Presentation (18-Oct-21)
2021 Gyro Club Presentation (22-Nov-21)
2021 Public Open House (25-Nov-21)
2022 KAST Presentation (24-Aug-22)
2022 Council Presentation (21-Oct-22)
2022 Public Budget Presentation (01-Dec-22)
2023 Council Budget Presentation (25-Sep-23)
2023 Public Open House (23-Nov-20)
2024 Council Budget Presentation (25-Oct-2024)
2024 Public Budget Presentation (24-Sep-24)
2025 Council Presentation (03-Oct-25)
2025 Council Budget Presentation (24-Oct-25)
2025 Public Budget Presentation (19-Nov-25)
2026 Green Homes and Energy Show (15-Apr-26)

Social Media Posts Referencing AMI on Facebook and Instagram

- September 3, 2025
- August 27, 2025
- July 30, 2025
- July 21, 2025
- June 26, 2025
- June 9, 2025
- September 28, 2023

- September 11, 2023
- August 11, 2023
- August 3, 2023

1 **10.7 Appendix 7: Let's Talk AMI – Engagement Report**

2

Let's Talk Nelson

Report Type: Project

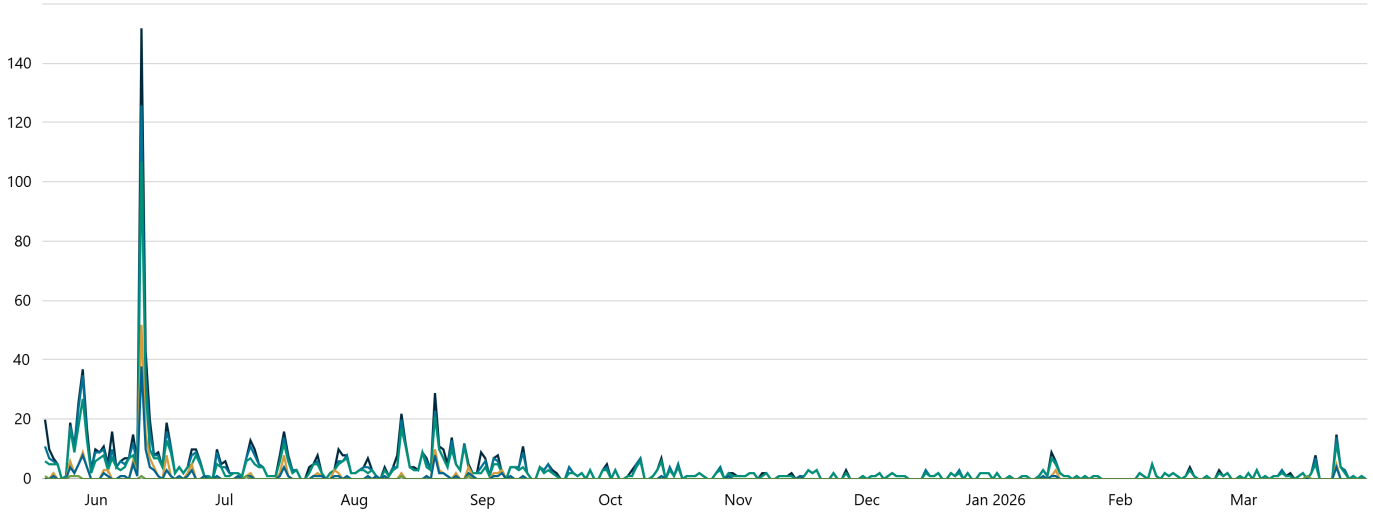
Project Name: Automated Metering Infrastructure

Date Range: 03-06-2025 - 14-04-2026

Exported: 14-04-2026 09:38:04

Performance Summary

Information regarding key visitation and utilization metrics for your Site or projects.



1,245
Views

1,088
Visits

685
Visitors

218
Contributions

141
Contributors

9
Followers

Views - The number of times a Visitor views any page on a Site.

Visits - The number of end-user sessions associated with a single Visitor.

Visitors - The number of unique public or end-users to a Site. A Visitor is only counted once, even if they visit a Site several times in one day.

Contributions - The total number of responses or feedback collected through the participation tools.

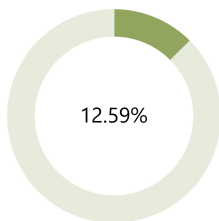
Contributors - The unique number of Visitors who have left feedback or Contributions on a Site through the participation tools.

Followers - The number of Visitors who have 'subscribed' to a project using the 'Follow' button.

Conversions

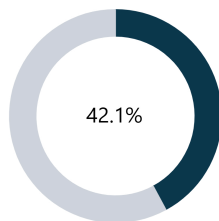
Information regarding how well your engagement websites converted Visitors to perform defined key actions.

Feedback



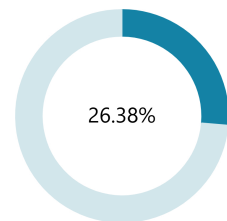
Percentage of visits where at least **1 contribution** was made.

Attention



Percentage of visits that lasted at least **1 active minute**.




Actions








Percentage of visits where at least **2 actions** were performed.

Participation

Information regarding how people have participated in your projects and activities.

Contributions by Activity				
Contributions by Activity is a breakdown of contributions across each tool				
Activity	Contributions			%
 Social Map	117	<div style="width: 53.67%;"></div>		53.67%
 Fund It	93	<div style="width: 42.66%;"></div>		42.66%
 Q&A	8	<div style="width: 3.67%;"></div>		3.67%

Top Activities				
Top Activities is the top 5 tools that received the highest contributions				
Activity	Page Name	Contributions	Contributors	
 Social Map	Automated Metering Infrastructure	117	99	
 Fund It	Automated Metering Infrastructure	93	85	
 Question and Answer	Automated Metering Infrastructure	8	6	
 Quick Poll	Nelson Hydro Automated Metering Infrastructure	0	0	
 Fund It	Nelson Hydro Automated Metering Infrastructure	0	0	

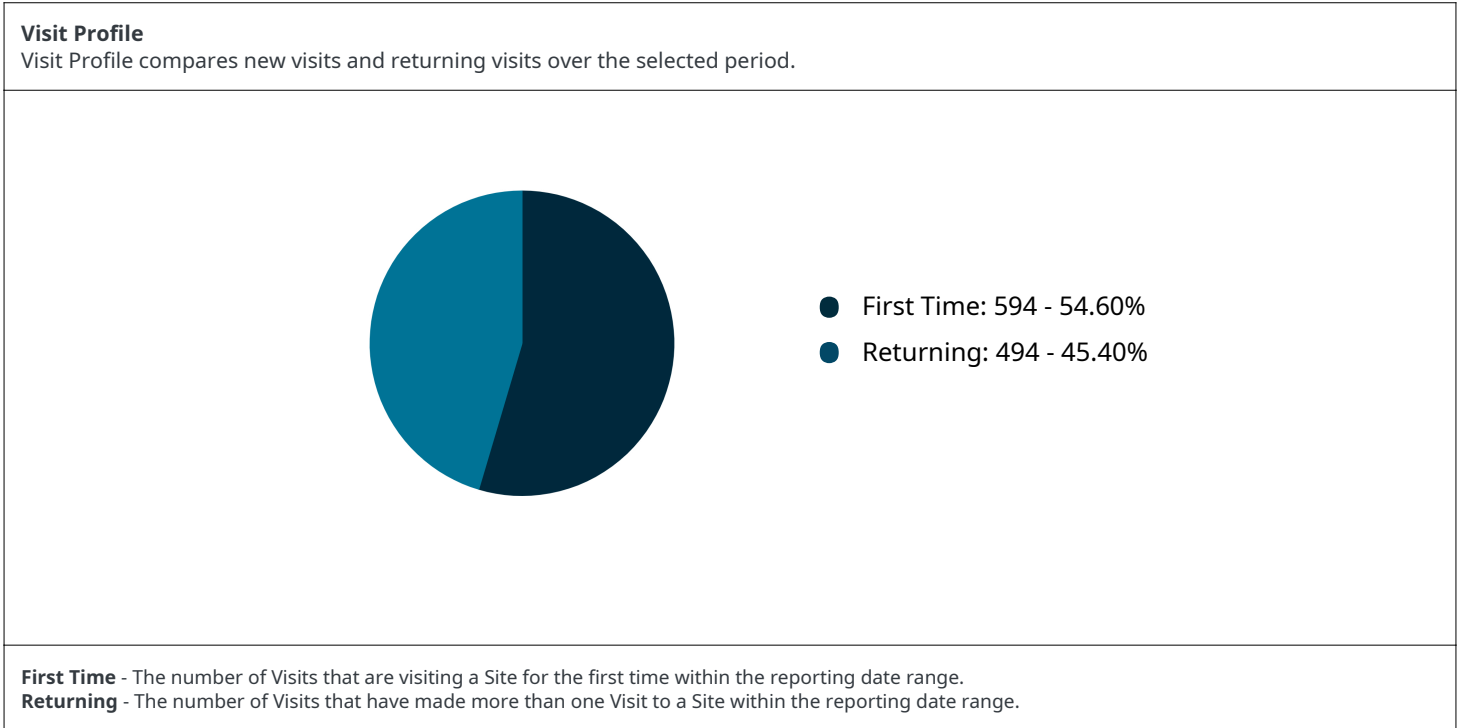
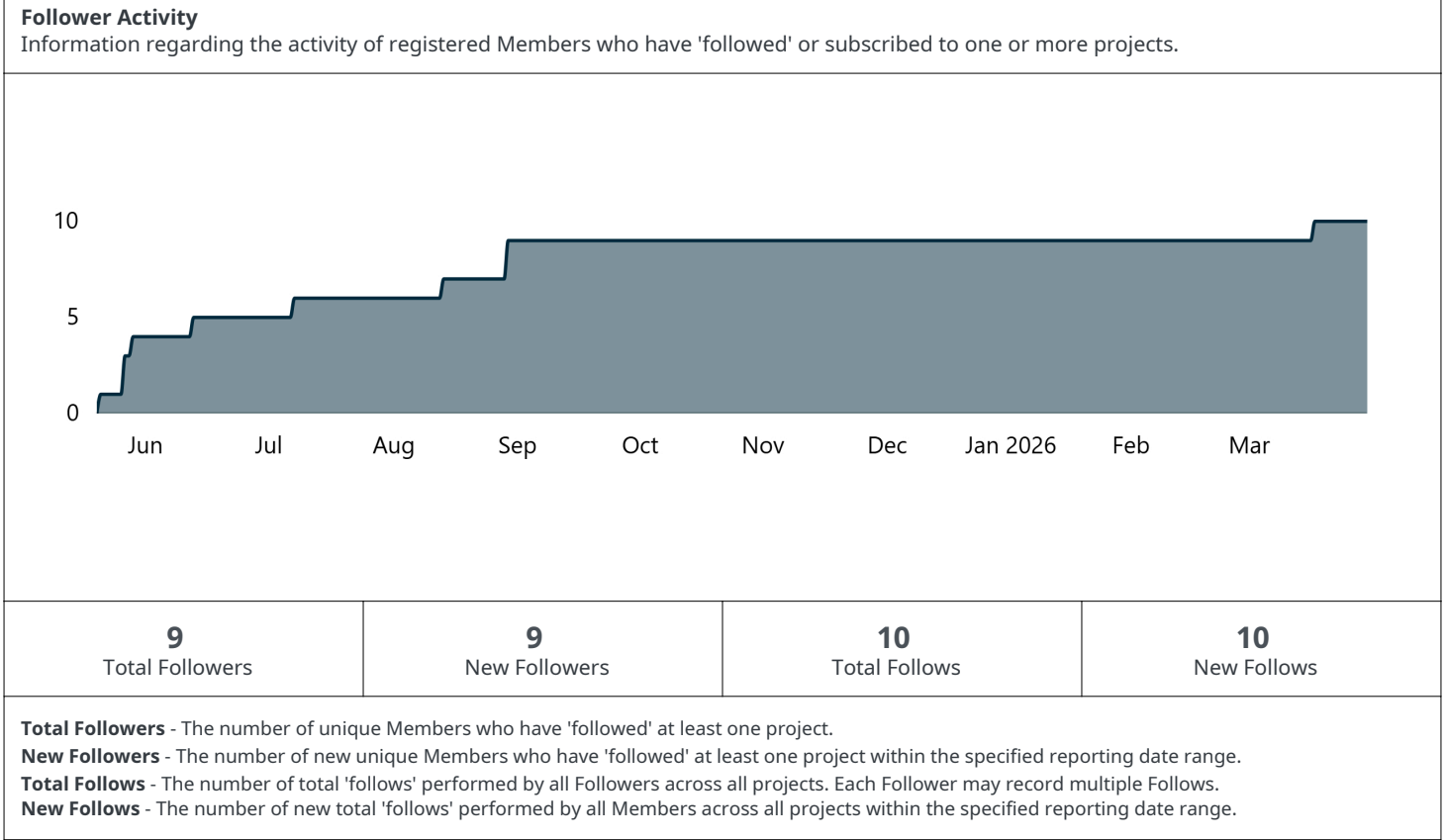
Projects

The current number of published projects on your site

Engagement Time		Top Visited Pages			
Summary information for the top five most visited Pages.		Page Name	Visitation %	Visits	Visitors
1 Days	5 Hours	Automated Metering Infrastructure	99.54%	1,083	680
55 Minutes		AMI Benefits	3.86%	42	40
Jun 26th 2025 Peak Visitation Date	Thursday Peak Visitation Day				

People

Information regarding who has participated in your projects and activities.

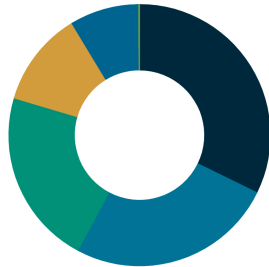


Acquisition

Information regarding the method by which Visitors arrived to your Site or projects.

Referral Types

Referral traffic is the segment of traffic that arrives on your website through another source, like through a link on another domain.



- Direct: 351 - 32.26%
- Campaigns: 278 - 25.55%
- Websites: 237 - 21.78%
- Search Engines: 128 - 11.76%
- Social Media: 93 - 8.55%
- AI Assistants: 1 - 0.09%

Direct - Visits from Visitors who enter the exact URL or click an untracked link (e.g., from emails without UTM parameters).

Search Engines - Visits from search results on engines like Google or Bing.

Websites - Visits from links on external sites, excluding search engines and social media.


Social Media - Visits from links on platforms like Facebook, LinkedIn, or X.

Campaigns - Visits from tracked marketing efforts using UTM parameters, such as email campaigns or paid ads.

AI Assistants - Visits from clicks or referrals originating from AI services such as ChatGPT, Copilot, or other AI-powered tools.

Downloads


Information regarding your downloads, the total set of unique documents downloaded, total downloads of all files, and your top downloads.


 **183**
Total Downloads


Top Downloads		
Top file downloads in your selection, ordered by the number of downloads.		
File Title	File Type	Downloads
safety-smart-meters-eng.pdf	PDF	183

Email Campaigns

Information regarding your email campaigns, your total campaigns, the total number of recipients, and your top campaigns by click-through rate (clicks as a percentage of total recipients).

 **1**
Email Campaigns Sent

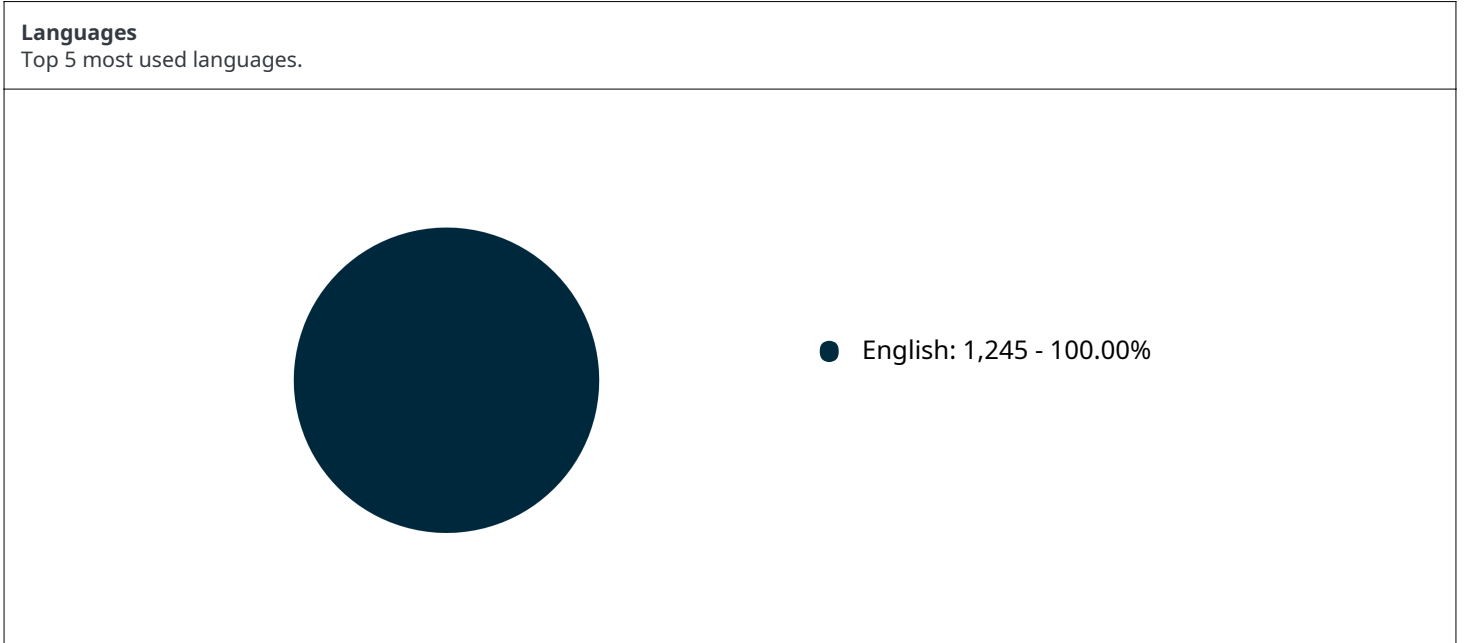
 **1**
Total Recipients

 **100%**
Click-through Rate

Top Campaigns			
Top email campaigns that have activity in your selection, ordered by click-through rate (clicks as a percentage of total recipients).			
Campaign Name	Recipients	Clicks	Click-through Rate
Nelson Hydro Automated Metering Infrastructure	1	1	100%

Translation

Information regarding the languages used by visitors to your site or projects.



Top Languages
Top 5 languages with the number of page views

Language	Page Views
English	1,245

Let's Talk Nelson

Report Type: Social Map Results Summary

Date Range: 06-05-2025 - 07-04-2026

Exported: 14-04-2026 09:41:25

Open

What's your vote?


[Automated Metering Infrastructure](#)

101
Contributors

127
Contributions

Key Statistics

Top-level information about the activity.

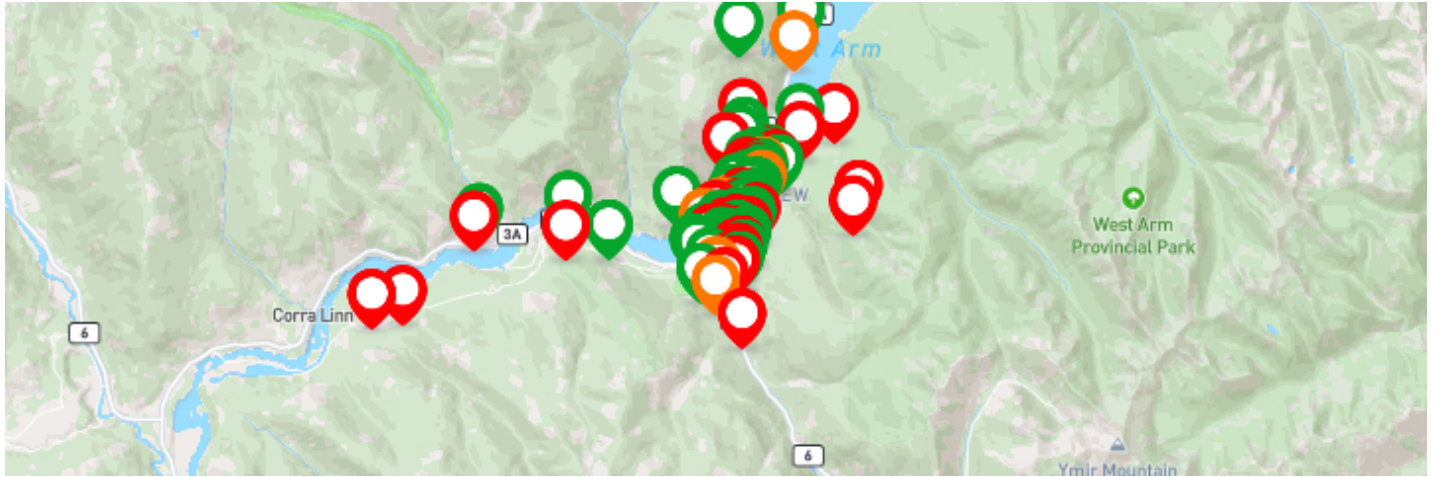
 **126**
Posts
101 contributors

Map Post Summary

Summary of content contributed by participants including location information, voting results and more.

Posts by Location

Map showing all posts contributed by participants.



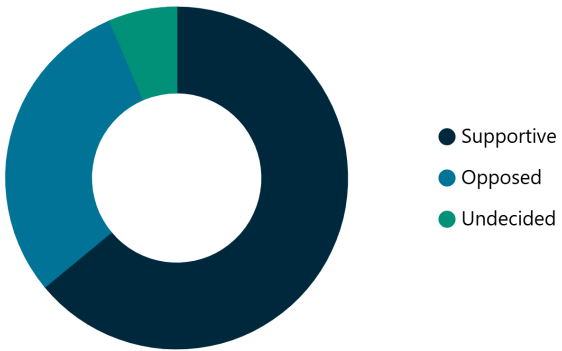
Top Contributions by Location

Top 10 most frequent postal/ZIP codes of posts submitted by participants.

Location	Total Contributions	% Contributions
V1L 6M8, Nelson, Central Kootenay, British Columbia, Canada	81	64.29%
V1L 2J3, Mountain Station, Nelson, Central Kootenay, British Columbia, Canada	38	30.16%
V0G 1C0, Balfour, Central Kootenay, British Columbia, Canada	3	2.38%
V1L 6Y4, Taghum, Nelson, Central Kootenay, British Columbia, Canada	2	1.59%
V1L 0B8, Procter, Central Kootenay, British Columbia, Canada	1	0.79%
V1L 6N7, Longbeach, Nelson, Central Kootenay, British Columbia, Canada	1	0.79%

Posts by Category

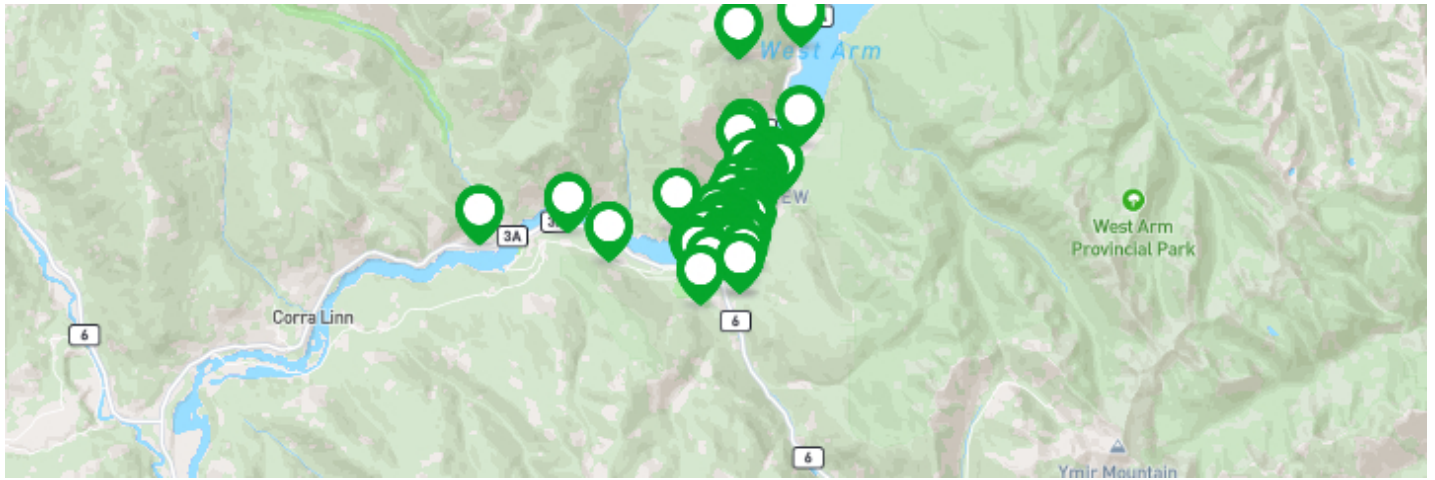
Comparison showing the number of posts for each category, as selected by participants.



Categories - Supportive

Posts by Location

Map showing posts contributed by participants for nominated category.



Top Contributions by Location

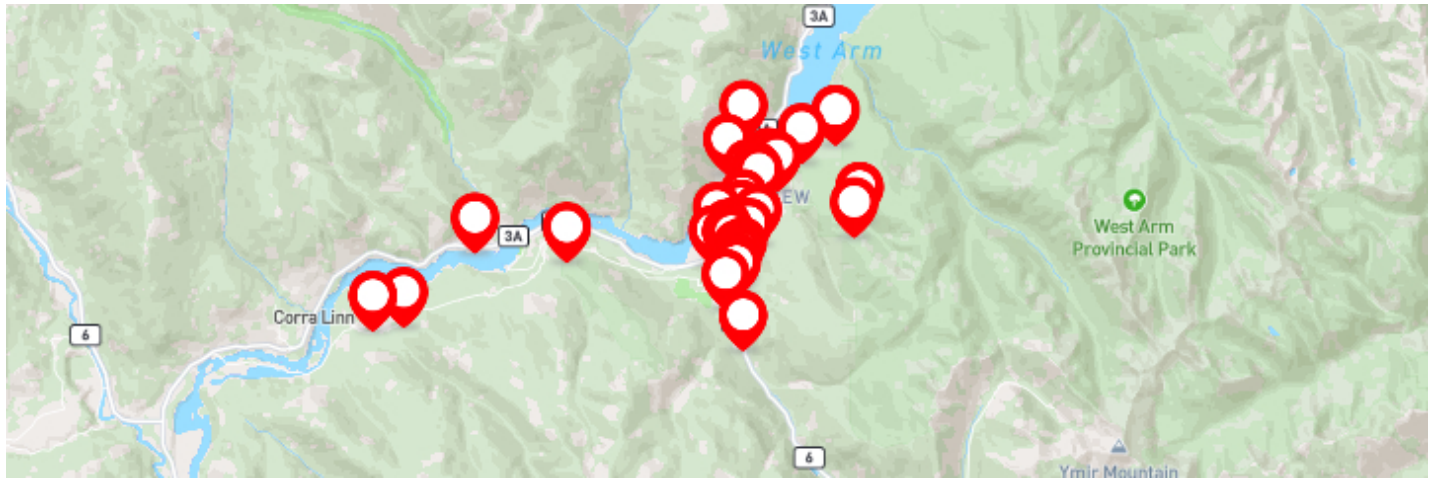
Top 10 most frequent postal/ZIP codes of posts submitted by participants.

Location	Total Contributions	% Contributions
V1L 6H9, Nelson, Central Kootenay, British Columbia, Canada	49	61.25%
V1L 2J3, Mountain Station, Nelson, Central Kootenay, British Columbia, Canada	26	32.5%
V0G 1C0, Balfour, Central Kootenay, British Columbia, Canada	3	3.75%
V1L 0B8, Procter, Central Kootenay, British Columbia, Canada	1	1.25%
V1L 6X9, Taghum, Nelson, Central Kootenay, British Columbia, Canada	1	1.25%

Categories - Opposed

Posts by Location

Map showing posts contributed by participants for nominated category.



Top Contributions by Location

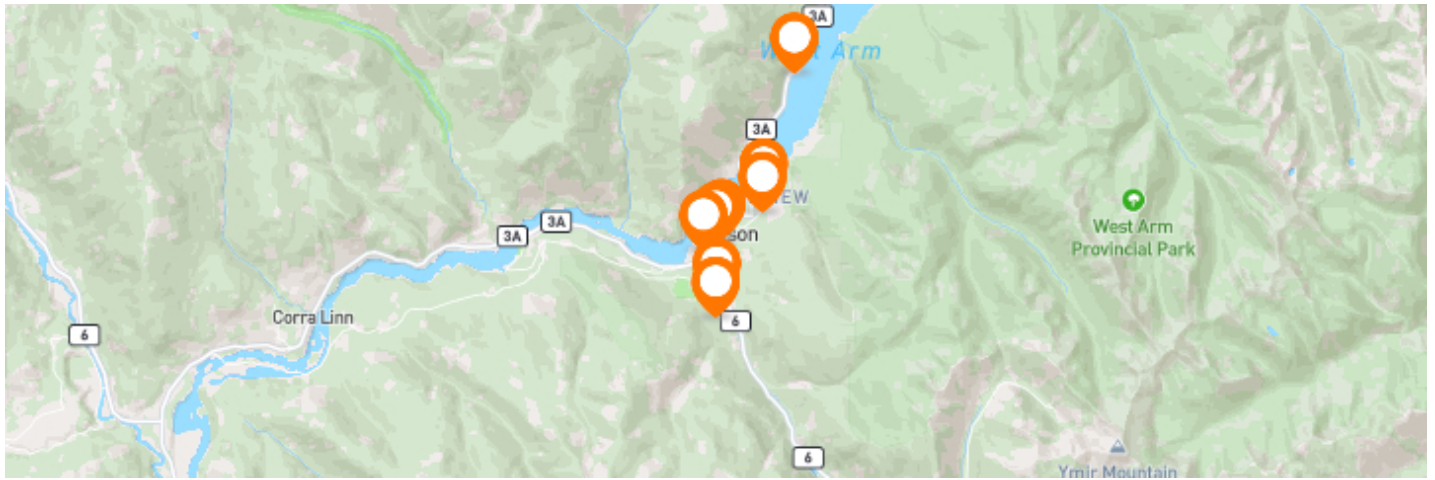
Top 10 most frequent postal/ZIP codes of posts submitted by participants.

Location	Total Contributions	% Contributions
V1L 2J3, Nelson, Central Kootenay, British Columbia, Canada	23	62.16%
V1L 5L5, Mountain Station, Nelson, Central Kootenay, British Columbia, Canada	12	32.43%
V1L 6N7, Longbeach, Nelson, Central Kootenay, British Columbia, Canada	1	2.7%
V1L 6Y4, Taghum, Nelson, Central Kootenay, British Columbia, Canada	1	2.7%

Categories - Undecided

Posts by Location

Map showing posts contributed by participants for nominated category.



Top Contributions by Location

Top 10 most frequent postal/ZIP codes of posts submitted by participants.

Location	Total Contributions	% Contributions
V1L 4E2, Nelson, Central Kootenay, British Columbia, Canada	8	100%

Let's Talk Nelson

Report Type: Fund It Results Summary

Date Range: 22-05-2025 - 07-04-2026

Exported: 14-04-2026 09:43:01

Open

What features do you like?

[Automated Metering Infrastructure](#)

87
Contributors

96
Contributions

Key Statistics

Top-level information about the activity.



52.5 points

Average Spend

100 points total budget



6

Projects

0 sponsors



315

Total Votes

3.28 avg. projects funded / contribution

Contribution Summary

Summary of the activity including details of the included projects, voting results and more.

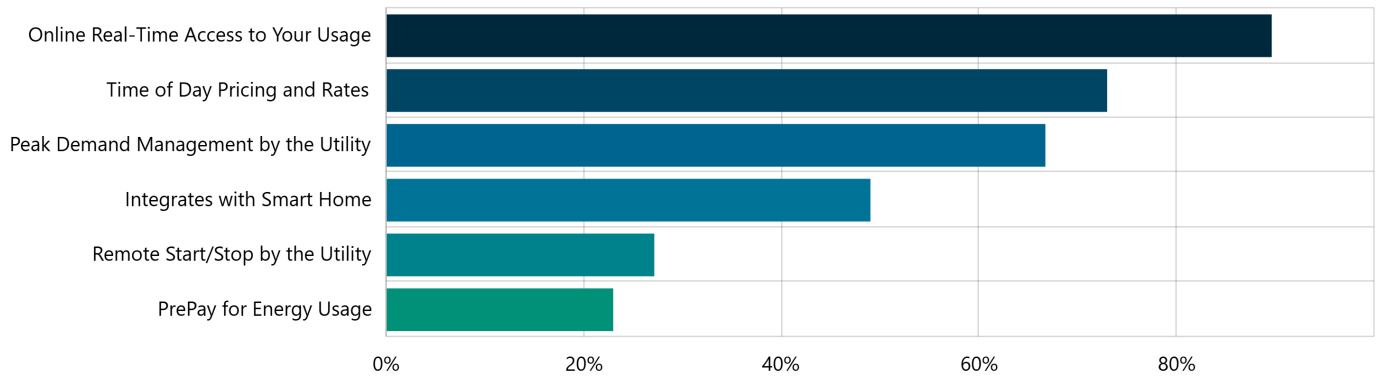
Project Details

Information on the projects included for potential funding including the name, cost, voting and other details.

Project Name	Cost	Total Votes	%
Online Real-Time Access to Your Usage	16 pts	86	27.3%
Time of Day Pricing and Rates	16 pts	70	22.22%
Peak Demand Management by the Utility	16 pts	64	20.32%
Integrates with Smart Home	16 pts	47	14.92%
Remote Start/Stop by the Utility	16 pts	26	8.25%
PrePay for Energy Usage	16 pts	22	6.98%

Voting Results

Results of participant voting showing which projects were most and least funded (calculated as project votes / total contributions).



Suggested Priorities

A prioritized list of projects based on the voting results that maximizes the value of the defined budget.



96 points
Total budget for allocated projects



100%
Contributions that include at least one suggested project



100%
Contributions that include at least half (50%) of all suggested projects



100%
Contributions that include all (100%) of suggested projects



Online Real-Time Access to Your Usage

Cost: 16 pts

Consumption Dashboard

86 votes (27.3%)



Time of Day Pricing and Rates

Cost: 16 pts

New Rate Structures

70 votes (22.22%)



Peak Demand Management by the Utility

Cost: 16 pts

Reduce Consumption On Cold Days

64 votes (20.32%)



Integrates with Smart Home

Cost: 16 pts

Integrate your Meter

47 votes (14.92%)



Remote Start/Stop by the Utility

Cost: 16 pts

Disconnects for Non-Payment

26 votes (8.25%)



PrePay for Energy Usage

Cost: 16 pts

Credit Card Payments

22 votes (6.98%)

Automated Metering Infrastructure

Title/Question: Questions
Tool Type: Question & Answer
Activity ID: 21
Report Date Range: 6 May 2025 - 25 Sep 2025
Date Exported: 14 Apr 2026 12:35 pm
Exported By: JMacKay

Contribution ID	Date Submitted	Screen Name	Email	Question	Question Details	Answer
2995	Sep 25, 2025, 11:59 AM	Green	coop_star1@hotmail.com	Have you guys considered looking for ways to lower electricity BILLS instead of raising them?	As you spearhead this project which will again raise electricity costs for everyone; additionally you have just announced Rural rates are set to rise 14 to 16 per cent in 2026, followed by another three to five per cent increase in 2027. Is anyone at Nelson hydro saying/asking "how can we work to lower energy costs?".	Modernization is one of the initiatives that Nelson Hydro is looking at to reduce the cost of energy. We recognize that the cost of everything goes up annually so to keep rates low, we need to be innovative. AMI is one way that we can do more with less. The business case will attempt to quantify the benefits of AMI like reduced truck rolls and time to restore power when there are outages, identification of power theft and demand side management through programs like time of day rates that reduce our power purchase demand charges.
2596	Sep 06, 2025, 06:07 PM	Elaine	elmodass@telus.net	60-amp service, upgrade for AMI?	If a house still has 60-amp service, does it have to be upgraded before the AMI is installed? Approximately how much would this cost?	A visit to the house would be required to determine the specifics of your situation. It is hard to estimate the cost or even if upgrade would be required without seeing your electrical service.
2587	Sep 04, 2025, 03:57 PM	Green	coop_star1@hotmail.com	"we checked and the widget used for this function doesn't allow a dislike option"	Really Scott, the "widget" is limited to only allowing likes. Imagine the future when we can all have Advanced Metering Infrastructure and, if we are lucky, also Advanced Widget Technology that allows "dislikes". Do you think in that future we could have a more robust interaction on an important change such as this?	Yes, the plan is to open up dialogue in the new year when we have quotes and estimates from the Request for Proposal (RFP) competition currently underway. The RFP process is required for accurate estimates to obtain City Council and BC Utilities Commission approval. Yes, the 3rd party tool that we are using here to share information is limited to some degree and we apologize any frustration you are experiencing.
2576	Aug 27, 2025, 09:17 AM	RCW1111	bwils1111@gmail.com	On schedule? Date for installations to start?	I note the schedule of events on your Feasibility Timeline and wonder if you are on schedule? And if so (or not) is there an approximate date for start of AMI installation?	Thank you for your inquiry. We have just issued a request for proposals from AMI vendors so that we can get firm pricing for the major expenditures to include in the project business case. Based on this, we are behind our schedule originally posted. We have now updated the schedule to reflect the new timeline on this site. We anticipate submitting the final documents to City Council and the BCUC for approval in the new year. If the project is approved, we anticipate starting the project in 2027 with the first meter installations planned for 2028.
2569	Aug 12, 2025, 02:35 PM	Angela	databasegirl@hotmail.com	Will there be a cost to consumers?	If Nelson Hydro chooses to go with AMI will the cost of a new meter and installation be charged to each customer?	The project will cover the cost of the new meters and their installation along with the data collection and processing hardware and software. In a small percentage of cases where meter installations are non-conforming (due to age or modifications made by the property owner), Nelson Hydro may require property owners to bring their electrical service into current electrical safety code compliance. The project will have an impact on electrical rates. Based on the pre-feasibility work completed to date, the estimated project cost is approximately \$9 million. This translates into a approximately 2.7% rate increase spread out over the 4 years of implementation (i.e. ~0.7% per year)

2566	Aug 11, 2025, 08:20 AM	Green	coop_star1@hotmail.com	It seems as though you are intentionally limiting negative feedback by only allowing "likes". Why have you not included the option to dislike?	-I don't appreciate in being limited to positive feedback on an important issue. -This seems intentionally manipulative.	You make a good point. The intention of the "What features do you like?" section is to gain an understanding of the advanced metering options our customers are most in favour of as it will help with project cost estimating. It might be equally important to understand what features our customers dislike as it is a different response than "no opinion". We'll see if we can add that function to options selection in future engagements. Thanks for the input. ...we checked and the widget used for this function doesn't allow a dislike option.
2503	Jun 27, 2025, 07:52 AM	kevin	kdnetto@nelson.ca	Do I have the option to opt-out of AMI?	What is the cost to opt out of the AMI program for customers that want manual reading.	Like our current Automated Meter Reading (AMR) program, there will be an option for customers to pay a manual meter reading fee to opt out of the AMI program. No fees have been determined at this time for this new program, however they are likely to be similar to the the manual meter reading rate schedules M1 and M2 for Urban and Rural customers respectively that can be found in the City of Nelson, Hydro Services Bylaw 3608. The current rates for M1 are a one time fee of \$220.32 and per billing period fee of \$30.39. For M2 these are \$240.65 and \$33.19.
2087	Jun 11, 2025, 04:25 PM	caroleecolter	caroleecolter@gmail.com	Are there any potential downsides or history of complaints accompanying converting to AMI?	All the positive reasons are presented, but no possible drawbacks or complaints from other communities that have transitioned to AMI. I don't have any reliable information, just rumours of increased electric rates and billing errors that are hard to get fixed. I'd appreciate reading about complaints from consumers in other jurisdictions that got been effectively resolved if based on fact, or debunked if not based on fact. Thanks.	Great question. BC Hydro and FortisBC have provided Nelson Hydro with their lesson's learned and there is a lot of information from other utilities and vendors about AMI roll-out challenges that we hope to avoid. Here are some common issues and how we hope to address them: Communication - Many utilities received complaints that ultimately came down to inadequate communication with customers who didn't know about or understand the issue of concern. Nelson Hydro is aware of this challenge and it is one of the reason's we have launched this portal. A robust communications plan will be part of the project. Health concerns - Most utilities report that a segment of the public expressed unease about radio frequency (RF) emissions from smart meters. RF effects have been thoroughly researched and the industry is heavily regulated to ensure public health. Links about RF safety are included on this page. Overbilling complaints / Data mix-ups - Overbilling complaints are common in the utility industry and sometimes these are attributed to AMI. In the majority of cases this has proven to be false. In some instances, utilities discovered that re-used meters carried over data from previous customers. This issue was easily resolved through clearer installation procedures and are now rare. Nelson Hydro will ensure all procedures are clear and staff are trained. Rate increases - AMI deployment comes at a cost. Like all capital, operational and maintenance expenses these costs are included in the rate calculation. Understanding the rate impact is an important part of this phase of the project and will be a key factor Nelson City Council and the British Columbia Utilities Commission will use to determine if the project should proceed.

1 **10.8 Appendix 8: Project Summary Submitted to First Nations**

2



Advanced Metering Infrastructure

Project Overview

December 30, 2025

Revision 1

Nelson Hydro

Suite 101, 310 Ward Street
Nelson, BC V1L 5S4

T 250-352-8240 | E hydro@nelson.ca



1. Project Overview

Nelson Hydro, a department of the City of Nelson, is undertaking an Advanced Metering Infrastructure (AMI) modernization project to improve the safety, reliability, and efficiency of its electric distribution system.

Nelson Hydro provides electricity to customers both within the City of Nelson and throughout its rural service area, which includes communities and properties located on or near the traditional territories of several BC First Nations.

The project involves replacing existing Automated Meter Reading (AMR) digital meters with modern AMI “smart meters,” along with installing the communication equipment required to support automated meter reading and real-time system monitoring.

2. Purpose of the Project

The AMI project is intended to:

- Improve outage detection and response times
- Reduce meter reading and associated vehicle travel
- Enhance billing accuracy and customer service
- Support long-term energy planning and conservation initiatives
- Modernize aging infrastructure to meet future operational needs

This upgrade is part of Nelson Hydro’s ongoing commitment to providing safe, reliable, and sustainable electricity service.

3. Description of AMI Technology

AMI consists of three main components:

- Smart meters that record electricity consumption and communicate securely with the utility
- A communication network, typically using low-power radio frequency (RF) signals, to transmit meter data
- Utility data systems that process meter information for billing, outage management, and system planning

The meters operate within federally regulated RF exposure limits and comply with Health Canada Safety Code 6. No customer-identifying information is transmitted over the wireless network.

4. Project Background

Fortis BC and BC Hydro employ Advanced Metering Infrastructure (AMI). Nelson Hydro currently employs Automated Meter Reading (AMR) technology to capture customer energy use through drive-by meter reading. Meter data is collected bi-monthly through a handheld device then manually uploaded to the Customer Information System (CIS) for billing.

The existing AMR meters are coming to end of life with limited options from Measurement Canada to extend. The first batch of meters expire in 2029. It was also acknowledged that Nelson Hydro and the other BC Municipal Electric Utilities (BCMEU) are among only a few remaining electric utilities in Canada without AMI. Over 90% of all electricity customers in Canada are served by AMI. It is anticipated that AMR meters and support to them will be phased out well before 2054 when any new meters installed in 2029 will expire. To avoid stranding assets and to leverage the latest technology, Nelson Hydro is proposing to transition to AMI meters.

The project is governed by two organizations. For customers who reside within the municipal boundaries of the City of Nelson, the project must be approved by Nelson City Council. For customers served outside of the City of Nelson, Nelson Hydro’s “Rural” customers, the British Columbia Utilities Commission (BCUC) must approve a Certificate of Public Convenience and Necessity (CPCN) application.

5. Project Management

5.1. Scope

The Project will replace approximately 11,300 existing meters within the Nelson Hydro service area which will transmit metering data back to a Meter Data Management System (MDMS) via a new communications network. Key activities include engineering and design, material procurement, communications, network construction, meter deployment, testing and commissioning. Most work will occur at existing customer meter locations. Any communication equipment will be installed on existing poles or utility structures wherever possible to minimize environmental and land impacts.

5.2. Schedule

The following is a draft timeline for the project:

KEY PHASES / WORK PACKAGES / STAGE GATES	Start Date	End Date
Business Case Development	Apr 1, 2025	Apr 30, 2026
Vendor Selection	Aug 25, 2025	Feb 28, 2026
British Columbia Utilities Commission Review of CPCN	May 1, 2026	Dec 31, 2026
Engineering, procurement and MDMS set up	Jan 1, 2027	Jun 30, 2027
Communications Network Installation	Jul 1, 2027	Mar 31, 2029
Meter Deployment	Oct 1, 2027	Sep 30, 2029

Final System Acceptance and Testing	Oct 1, 2029	Dec 31, 2029
-------------------------------------	-------------	--------------

The schedule may be modified as the project proceeds.

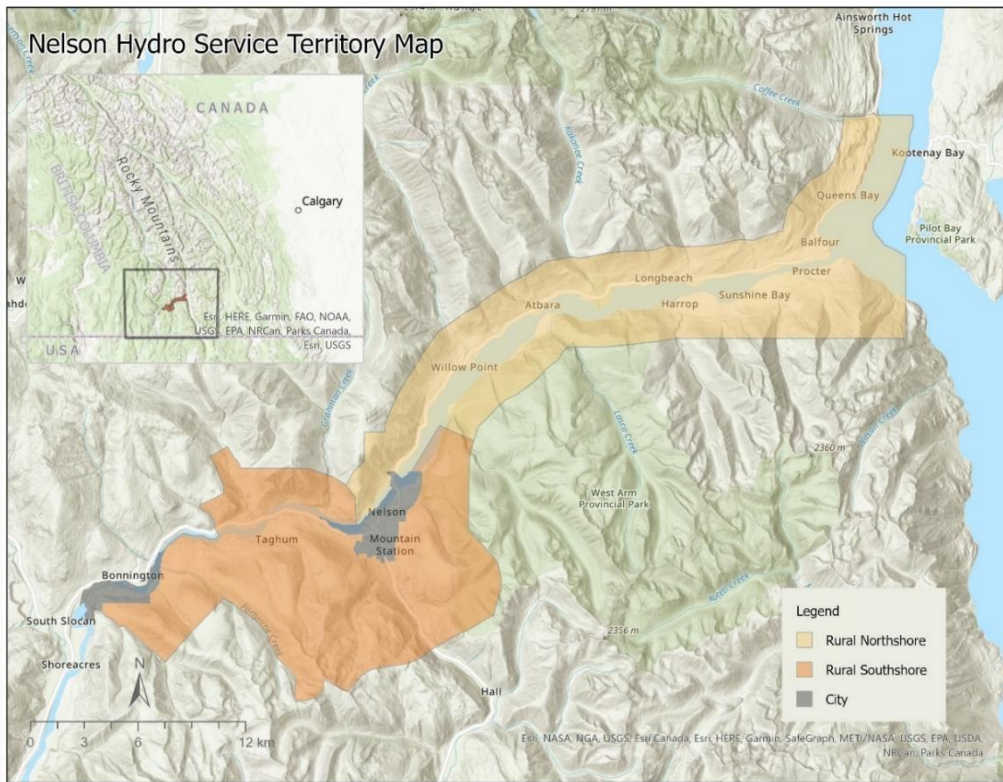
Nelson Hydro will provide advance notice to customers and communities before installation activities begin.

5.3. Project Team

Name	Role	Organization
Casey Smit	Project Sponsor	City of Nelson – Nelson Hydro
Nathan Russ	Financial Officer	City of Nelson – Nelson Hydro
Scott Spencer	Indigenous Consultation	City of Nelson – Nelson Hydro
TBD	Project Manager	Consultant
Jillian MacKay	Communications	City of Nelson – Nelson Hydro
Christian Desrosiers	Meter Technician	City of Nelson – Nelson Hydro

The project team will evolve as the project proceeds.

5.4. Project Location



6. Potential Impacts

6.1. Environmental

- Minimal ground disturbance is expected
- No new access roads or major construction activities
- Old meters will be recycled or disposed of responsibly

6.2. Cultural and Land Considerations

- Work is limited to existing utility infrastructure
- No excavation or land alteration is planned
- Nelson Hydro welcomes input regarding any culturally sensitive areas near planned equipment locations

6.3. Health and Safety

- Smart meters comply with federal Radio Frequency exposure limits
- Meters are certified by Measurement Canada
- Installation will be performed by qualified personnel following safety protocols

There has been discussion with respect to potential effects on human health resulting from exposure to RF electromagnetic fields in the frequency range of 3 kilohertz to 300 Gigahertz. Such concerns were addressed by the BCUC in approving FortisBC's AMI project in decision C-2-23. A detailed analysis of this topic was completed by the BCUC in Section 5 of this February 2023 decision, and the Commission found that there is no credible evidence that systems compliant with Safety Code 6 pose a threat to human or environmental health. Compliance with Health Canada Safety Code 6 is a requirement of the Nelson Hydro AMI solution.

6.4. Privacy

- Data is encrypted and stored securely
- Data collection will be in compliance with the Freedom of Information and Protection of Privacy Act (FOIPPA)

6.5. First Nations and Community Involvement

Nelson Hydro is seeking input from affected First Nations, the local Nelson area community and Nelson Hydro customers prior to submitting the project for approval and throughout the project. An engagement page, [Let's Talk Advanced Metering Infrastructure](#), has been established where interested parties can learn more about the project, provide input and receive updates as the project progresses.

A request for proposals was posted on BC Bid for the supply of the meters and communications equipment along with options to provide the installation and maintenance services. There will be opportunities for local

organizations and qualified individuals related to meter installation or field work as a contractor or subcontractor. As per the City of Nelson purchasing policy, contracting opportunities will be posted on BC Bid.

7. Limitations

The information presented in this project summary is the best information available on the date of its writing and is subject to change. Updated information will be made available where it pertains to comments received on the Project.

If you have any questions or comments about the project, please contact the undersigned to discuss.



Scott Spencer, P.Eng., PMP, MBA | General Manager

Nelson Hydro

sspencer@nelson.ca

Tel: 250.352.8212 | Ext. 212 | Cell: 250.551.4512

Revision History

Revision #	Date	Status	Revision Description	Author
Revision 1	December 30, 2025	FINAL	Initial issuance	Scott Spencer

1 **10.9 Appendix 9: First Nations Response**

2



Penticton Indian Band
Natural Resources Department
841 Westhills Drive | Penticton, B.C.
V2A 0E8
Referrals@pib.ca | www.pib.ca
Telephone: 250-492-0411
Fax: 250-493-2882

Consulting ID:

PIB-2025-1399

Project Name

PIB-2025-1399-Nelson Hydro Advanced Metering Infrastructure Project.

Consulting Organization:

City of Nelson

21-Jan-2026 09:48 PST

Attention: Scott Spencer

We are in receipt of the above referral. This proposed activity is within the snpink'tn (PIB) Area of Interest within the Okanagan Nation's Territory, and the lands and resources are subject to our unextinguished Aboriginal Title and Rights.

The Supreme Court of Canada in the *Tsilhqot'in* case has confirmed that the province and Canada have been applying an incorrect and impoverished view of Aboriginal Title, and that Aboriginal Title includes the exclusive right of Indigenous People to manage the land and resources as well as the right to benefit economically from the land and resources. The Court therefore concluded that when the Crown allocates resources on Aboriginal title lands without the Indigenous peoples' consent, it commits a serious infringement of constitutionally protected rights that will be difficult to justify.

snpink'tn (PIB) has specific referral processing requirements for both government and proponents which are integral to the exercise of our management right and to ensuring that the Crown can meet its duty to consult and accommodate our rights, including our Aboriginal title and management rights. According to this process, proponents are required to pay a \$500 processing fee for each referral. This fee must be paid within 30 days. Proper consultation and consideration of potential impacts cannot occur without the appropriate resources therefore it is only with payment that proper consultation can begin and the proposed activity/development can be reviewed.



Penticton Indian Band
Natural Resources Department
841 Westhills Drive | Penticton, B.C.
V2A 0E8
Referrals@pib.ca | www.pib.ca
Telephone: 250-492-0411
Fax: 250-493-2882

Invoice Number: PIB-2025-1399

Referrals Processing Fee

Sub Total \$ 500.00

Tax \$ 0.00

Total \$ \$500.00

INVOICE AMOUNT FOR PRELIMINARY OFFICE REVIEW \$500.00

We accept cash and cheque via mailing as well as EMT. Our mailing address is 841 Westhills Drive Penticton BC, V2A OE8. Our EMT is PIBPayments@pib.ca.

Please have 'ATTN: Natural Resources File #PIB-2025-1399 PC:132 ' in the notes if you are using EMT or if you are using another method, please supply the referral number with it .

Upon receipt of the processing fee, we will commence our review. You may then expect to receive a letter from us notifying you of the results of our review of potential impacts of the project within 30 to 90 days.

If the proposed activity requires a more in-depth review, snpink'tn (PIB) will notify the proponent and all parties will negotiate a memorandum of agreement regarding a process for review of the proposed activity.

Please note that our participation in the referral and consultation process does not define or amend snpink'tn (PIB) Aboriginal Rights and Title, or limit any priorities afforded to Aboriginal Rights and Title, nor does it limit the positions that we may take in future negotiations or court actions.

If you require further information or clarification, please do not hesitate to contact me.

limləmt,

Caroline Stewart
Office Administrator



Penticton Indian Band
Natural Resources Department
841 Westhills Drive | Penticton, B.C.
V2A 0E8
Referrals@pib.ca | www.pib.ca
Telephone: 250-492-0411
Fax: 250-493-2882

snpink'tn (Penticton) Indian Band səxʷtəxt'am' department

Natural Resources

email: cstewart@pib.ca

office: 250-492-0411 Ext: 241

address: 841 Westhills



3A – 492 Arrow Road
Invermere, BC V0A 1K2



T: 250-341-3678
F: 250-341-3683



www.shuswapband.net

5-Jan-2026 13:40 MST

Weyt-k (Hello),

Shuswap Band is in receipt of the project information for: -Nelson Hydro Advanced Metering Infrastructure Project.

The proposed project is located within Shuswap Band's Caretaker Area, within the greater Secwépemcúlecw (Secwepemc Traditional Territory). As land users and stewards, Shuswap Band members continue to exercise their Section 35 Aboriginal rights as their ancestors have done for generations, including hunting, trapping, gathering, and fishing, along with rights associated with spiritual and cultural traditions that are practiced in accordance with Secwepemc customs, laws, and governance structures. Secwepemc share an obligation of caretaker responsibility (stewardship) which is to act mindfully, learning from and caring for surrounding ecosystems for the health and survival of future generations, as is their Indigenous right (UNDRIP, Bill 41, Bill C15) Secwepemc culture hinges on the belief that the land responds positively to care and respect, and that tmicw (the air, lands, and resources) is interconnected at a watershed level. It is therefore critical for Shuswap Band to be actively engaged and consulted on all developments occurring within their Caretaker Area.

Based on our initial review, the nature of the proposed activity, its location, the current information available to our office at this time, we do not see any apparent significant impacts to our indigenous rights, including title at this time. However, we may at future date want to revisit consultation on this matter should new information become available.

Further, the watersheds in this area are significant to Shuswap Band's cultural heritage, as an area of ancestral land use, and presently significant as an area needing restoration and protection. Currently, Shuswap Band members collect medicines and berries in the surrounding area, fish the area waters, and camp nearby. While the area and its vitality has been impacted by industry developments, Shuswap Band has been actively involved in research and other initiatives which aim to restore this region to an ecologically and culturally thriving place.



3A – 492 Arrow Road
Invermere, BC V0A 1K2



T: 250-341-3678
F: 250-341-3683



www.shuswapband.net

Wherever possible, Shuswap Band recommends the reuse of existing infrastructure so as to avoid unnecessary ground disturbance and additional cumulative impacts to the region. It is Shuswap Bands expectation that all disturbed areas be reclaimed as soon as possible with the areas being monitored and treated for invasive plants to aid the ecosystem in its healing.

The province is responsible for ensuring adequate consultation and where appropriate, accommodation to address potential impacts of proposed developments on asserted Aboriginal rights including title. It is Shuswap Band expectation that continued consultation on projects and on matters that may affect our long-term traditional land use, occupancy and access, including potential cumulative impacts between proposed activity and other previous or future developments within the project footprint and in adjacent areas (watershed, habitat type, aquifer, viewscape, etc).

Kukwstsétsemc (Thank you).

Referrals Coordinator

“Our people are our strength. Our children are our future.”

ec: Barb Cote - Chief, Shuswap Band

Mark Thomas - Councilor, Shuswap Band

Richard Martin - Councilor, Shuswap Band

Braydi Rice – Director, Territorial Stewardship, Shuswap Band

Travis Yeats – Referrals Coordinator, Shuswap Band

Joshua Martin – Guardian Manager, Shuswap Band

Enola Eugene – Culture, Shuswap Band



Remembering where we came from...

Lower Similkameen Indian Band

Mailing Address: PO Box 100 Keremeos, BC V0X 1N0

Physical Address: 1420 Hwy 3, Camston BC

Phone: 250-499-5528 Fax: (250) 499-5538

Project Name: P-8-2-01: Nelson Hydro Advanced Metering Infrastructure Project

Consulting Organization Contact: Scott Spencer

Consulting Organization: City of Nelson

Date Received: 30-December-2025

Project Type: Communications

ATTENTION: Scott Spencer

Re: Scott Spencer, Referral #2688

05 January 2026

The Lower Similkameen Indian Band (LSIB) would like to acknowledge receipt of the above referral. We have conducted a desktop review of it.

The location of the project/activity to which the referral relates is within syilx Territory and may have impacts on inherent and constitutionally protected syilx Title and Rights, which LSIB holds as part of the syilx Nation. However, given the location of the project, we would support Okanagan Indian Band (OKIB), Osoyoos Indian Band (OIB), and Penticton Indian Band (PIB) in taking lead in further consultation and engagement on this project. Please keep us informed of any updates or changes to the project as this may change our assessment and our view on the need for further consultation with LSIB and an invoice will follow at a later date.

If you require further information or clarification, please do not hesitate to contact me at the address below.

limləmpt | Thank you.

Qwaxqwaxliit | Nelson Tallio
Referrals Clerk
Lower Similkameen Indian Band
referralsclerk@lsib.net
250-499-5528 ext.126

Enclosure: Invoice to follow

CC: Chief Keith Crow, Lower Similkameen Indian Band
Kathleen Louie, LSIB Natural Resource Manager

THE CORPORATION OF THE CITY OF NELSON REQUEST FOR DECISION

DATE: June 23, 2026 Special Meeting
TOPIC: 2025 Annual Report
PROPOSAL: Receive the Report for Information
PROPOSED BY: Staff

ANALYSIS SUMMARY:

Pursuant to Part 4, Division 5 of the *Community Charter*, Council must prepare an Annual Report before June 30th of each year, make the report available for public inspection, and must consider the report at a public meeting. The report provides the public with a clear understanding of the financial position and financial activities of the City over the past year. The 2025 Annual Report is now presented for Council's consideration.

BACKGROUND:

The Annual Report provides an overview of the City, including, the City's objectives and measurements to determine progress of the objectives, the organizational structure and the nature and scope of the services provided. In addition, the Annual Report presents the prior year's audited financial statements, notes, supplementary schedules, and the independent auditors' report. The report also contains a variety of statistical and financial information for the year.

The production of the Annual Report was a collaborative effort, produced by the Administration and Finance departments with contributions from all the other City departments and related organizations.

The Annual Report must be presented to the public and considered at an open meeting. The meeting has been advertised for that purpose. The Annual Report was made available to the public, posted on the City web site and advertised as required.

BENEFITS OR DISADVANTAGES AND NEGATIVE IMPACTS:

The public is informed of Council's objectives and priorities for the coming year and what was accomplished in the past year. The Annual Report includes the 2025 audited financial statements for public review.

LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:

Part 4, Division 5 of the *Community Charter* requires that Council prepare an Annual Report before June 30 of each year and hold a public meeting to consider the report and receive submissions from the public. The Annual Report must include the previous year's audited financial statements, a report on permissive tax exemptions, a report respecting municipal services and operations, a progress report on the previous year's objectives and measures, any declarations of disqualification (there were none), a statement of municipal objectives and the measures that will be used to determine progress respecting those objectives for the current and next year, and any other information Council considers advisable.

COSTS AND BUDGET IMPACT - REVENUE GENERATION:

The report was developed in-house, costs of printing are part of the anticipated operations and included in the Financial Plan.

IMPACT ON SUSTAINABILITY OBJECTIVES AND STAFF RESOURCES:

N/A

COMMUNICATION:

The Annual Report is available to view and download from the City of Nelson website. Hard copies will be distributed to Council and senior staff. The Annual Report is available to be viewed or picked up by the public at the Administration counter at City Hall, in addition, a hard copy can be obtained by a request to the Finance Department.

OPTIONS AND ALTERNATIVES:

1. Accept the 2025 Annual Report as presented.
2. Refer the matter to staff

ATTACHMENTS:

- 2025 Annual Report

RECOMMENDATION:

That Council passes the following resolution:

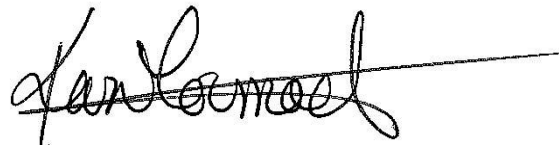
THAT the 2025 Annual Report be accepted as presented to Council at the June 23, 2026 Special meeting.

AUTHOR:



DEPUTY CORPORATE OFFICER

REVIEWED BY:



CITY MANAGER

ANNUAL REPORT 2025

The Corporation of the City of Nelson

The City of Nelson acknowledges that it resides and operates within the unceded traditional territories of the Sinixt, the Syilx, and the Ktunaxa peoples.

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Nelson City Council

The City of Nelson is governed by an elected Council made up of one Mayor and six Councillors. The current Council was elected on October 15, 2022, and serves a four-year term. Councillors represent the whole community and work together to make decisions that support Nelson's services, growth, and quality of life.

Council is responsible for setting the City's budget, approving taxes, and adopting policies and bylaws that guide how the community develops and operates. These decisions are made at Regular Council meetings through resolutions and bylaws.

Council also holds Committee of the Whole meetings. These meetings are more informal and focus on presentations, questions, and discussion. They give Council a chance to review ideas in detail before bringing them forward for a formal decision at a Regular Council meeting.

Regular Council and Committee of the Whole meetings are open to the public. Meeting dates, agendas, minutes, and other information are available on the City's website at nelson.ca.



Left to Right: Councillor Jesse Woodward, Councillor Leslie Payne, Councillor Rik Logtenberg, Mayor Janice Morrison, Councillor Keith Page, Councillor Kate Tait, Councillor Jesse Pineiro.

Message from the Mayor

The City of Nelson's 2025 Annual Report reflects on a year marked by important milestones, long-term planning, and continued investment in our community.

Over the past year, Council and staff remained focused on delivering the priorities identified in our 2023–2026 Strategic Plan. From infrastructure improvements to housing initiatives and community planning, the work completed in 2025 will help shape Nelson for years to come. As this marks the final full year of Council's term, it is also an opportunity to reflect on the progress we have made together and the strong foundation being built for the future of our city.

A major achievement this year was the adoption of Nelson's new Official Community Plan (OCP). Developed through extensive public engagement and collaboration, the OCP provides a shared vision for how our city will grow and evolve over the next 25 years. It will guide decisions related to housing, transportation, climate resilience, economic development, and community well-being, ensuring Nelson remains a livable and vibrant place for future generations.

We were also proud to celebrate the opening of the Victoria Street Transit Exchange. This new transit hub strengthens regional connections and creates a safer, more comfortable experience for transit users. As Nelson continues working toward sustainability and accessibility goals, investments in public transportation infrastructure remain an important part of that effort.

These accomplishments would not be possible without the dedication of City staff, community partners, volun-



teers, and residents who contribute their time, energy, and ideas to making Nelson such a special place. An engaged community is the foundation of strong local government. Residents, businesses, and organizations who participate in civic life by sharing ideas, attending meetings, volunteering, serving on committees, supporting community initiatives, and investing in our local economy help shape the decisions that will guide Nelson's future.

Thank you to my fellow Council members for their leadership, collaboration, and commitment throughout this term. Together, we have worked to address complex challenges, support important projects, and position Nelson for continued success in the years ahead.

I encourage you to read through the 2025 Annual Report to learn more about the initiatives delivered over the past year. Nelson's future is shaped by the people who care deeply about this community, and I remain optimistic about all we can achieve together.

A handwritten signature in black ink that reads "Janice Morrison". The signature is fluid and cursive, with a large loop at the end of the name.

Janice Morrison
Mayor, City of Nelson

Message from the City Manager

I am pleased to present the City of Nelson's 2025 Annual Report, highlighting a year of steady progress and tangible achievements across our organization and community. These results reflect the dedication of City employees and the continued partnership of Council, residents, businesses, and community organizations.



Our work continues to be guided by Council's vision of a future-ready, prosperous, resilient, and inclusive community. In 2025, we delivered meaningful progress across our strategic priorities, with a focus on key infrastructure, climate action, community wellbeing, and service excellence.

In infrastructure and core services, the City advanced several major initiatives critical to long-term sustainability, including the Five-Mile raw water intake replacement, planning for the wastewater forcemain replacement, and ongoing work on the Liquid Waste Management Plan. We also completed facility and fleet improvements, including installation of a new EV charging system at Public Works, gradual fleet electrification, and upgrades to several of our facilities.

The City progressed climate action initiatives by securing funding from the Federation of Canadian Municipalities to advance the HomeSave program which helps residents improve household energy efficiency, and we re-launched the e-bike financing program to support low-carbon transportation choices. These initiatives complement ongoing work to address climate risks and strengthen community resilience.

Building a healthy and inclusive community remained central to our work. The City relaunched the Snow and Leaf Angel program to support seniors and residents with mobility challenges, and introduced the HealthIM digital mental health screening tool to assist Nelson Police and individuals in crisis. We continued to support youth leadership initiatives and expanded collaboration with community organizations.

Engagement and partnerships continue to be key to our success. In 2025, we undertook public engagement on the Liquid Waste Management Plan, the Zoning by-law, and Integrated Pest Management, and supported a wide range of community-led initiatives from Earth Day celebrations to workforce housing in Railtown.

We strengthened organizational capacity, including expanding the Fire Department workforce and completing recruitment of a Deputy Fire Chief, ensuring emergency services align with community risk and service expectations.

The accomplishments outlined in this report represent important progress toward our long-term vision. While many of these initiatives are ongoing, they are essential to maintaining the quality of life that Nelson residents expect.

On behalf of the organization, I would like to thank Mayor and Council for their leadership, as well as City staff, partners, and residents for their continued commitment to our community.

A handwritten signature in black ink, appearing to read 'Kevin Cormack', with a long horizontal line extending to the right.

Kevin Cormack
Chief Administrative Officer



City Administration

The City of Nelson has 331 employees, including all full-time, part-time and casual staff. The City includes the Nelson Police Department, Nelson Fire & Rescue Services, the Nelson Public Library, and Nelson Hydro.

Office of the City Manager

The Office of the City Manager works closely with Council and staff to implement important policy and planning decisions. The office nurtures a culture of inclusion, innovation, diversity, and continuous learning as we deliver important community services.

Finance

The Finance department is responsible for the financial management of the City's assets. The department's primary responsibility is planning, implementing and monitoring the City's five-year financial plan for operations and capital investments. Staff work closely with all other departments, including the Nelson Police Department and the Nelson Public Library. The Finance department also includes Information Technology and Purchasing.

Corporate Services

Corporate Services provides support to ensure that legislated procedures of Council meetings, decision making and record keeping are followed and issues Council agendas, reports and minutes. Corporate Services supports the Mayor and Council with their work and activities. Corporate Services also includes records management, public communications, bylaw services, and youth centre services.

Human Resources

Human Resources supports all departments by helping to build a resilient team of professionals and by providing training and development, leadership, benefits administration, recruitment, and employee relations. The department also provides continuous organization-wide occupational health and safety programs.



Community Planning & Infrastructure

Public Works & Utilities

Public Works operates and maintains our water, sanitary and storm systems as well as our waste and recycling services. The team maintains roads, laneways, bike lanes, curbs, sidewalks, parks, and the cemetery. Public Works provides transit service, manages parking and oversees the Nelson Airport.

Engineering, Capital & Special Projects

The Engineering, Capital & Special Projects technical team delivers a wide range of complex municipal engineering projects involving underground, surface, sub-surface, and building-facility infrastructure.

Climate & Energy

The Climate & Energy team coordinates the implementation of the Nelson Next Climate Plan. The team works in collaboration with all City departments to ensure climate mitigation and adaptation are integrated into municipal operations and decision-making.

Development Services

Development Services ensures development is consistent with the Official Community Plan. This includes developing long-range policies that align with the vision of Council and the community and crafting land-use regulations to implement that vision. Development Services also supports applications through the planning and building approval process.

Nelson Hydro

Nelson Hydro maintains and operates the 16MW Bonnington Falls Generating Station and system substations and repairs, and maintains and upgrades over 300 kilometres of transmission and distribution systems within the service area. Nelson Hydro also manages capital projects and five-year plans to upgrade infrastructure such as generational assets, substations, and control systems.



Protective Services

Nelson Police Department

The Nelson Police Department is an innovative police service that accomplishes goals by using cutting-edge technologies as well as tried and true methods of service delivery, such as the deployment of beat officers in the downtown core. Along with sworn and civilian personnel, the Nelson Police Department employs Victim Services Workers and has a robust Restorative Justice program.

Nelson Fire & Rescue Services

Nelson Fire & Rescue Services delivers emergency response services, fire prevention, and safety programs throughout our community. Emergency response services include fires and explosions, medical first responder, motor vehicle extrication, and technical rescues (such as hazardous material releases, high and low angle rope rescue, confined space, surface water rescue, and other rescues).

Emergency Management Program

The Emergency Management Program builds community resilience by planning for, responding to, and recovering from large-scale emergency incidents. This is accomplished in part by prioritizing public education on emergency preparedness and establishing the Nelson Emergency Notification System. The program also focuses on developing internal capacity through training and maintaining operational readiness of the Emergency Operations Centre. With the support and collaboration of all City departments, Emergency Management strategically aligns plans, policies, and procedures with the four pillars of emergency management: mitigation, preparedness, response, and recovery.

Bylaw Services

Bylaw Services promotes, facilitates and enforces general compliance with bylaws that pertain to the health, safety, and welfare of the community.



Nelson Transit

Nelson has a full bus service as well as HandyDART. Transit schedules, along with route and fare information for bus and handyDART services are available on the BC Transit website at bctransit.com.

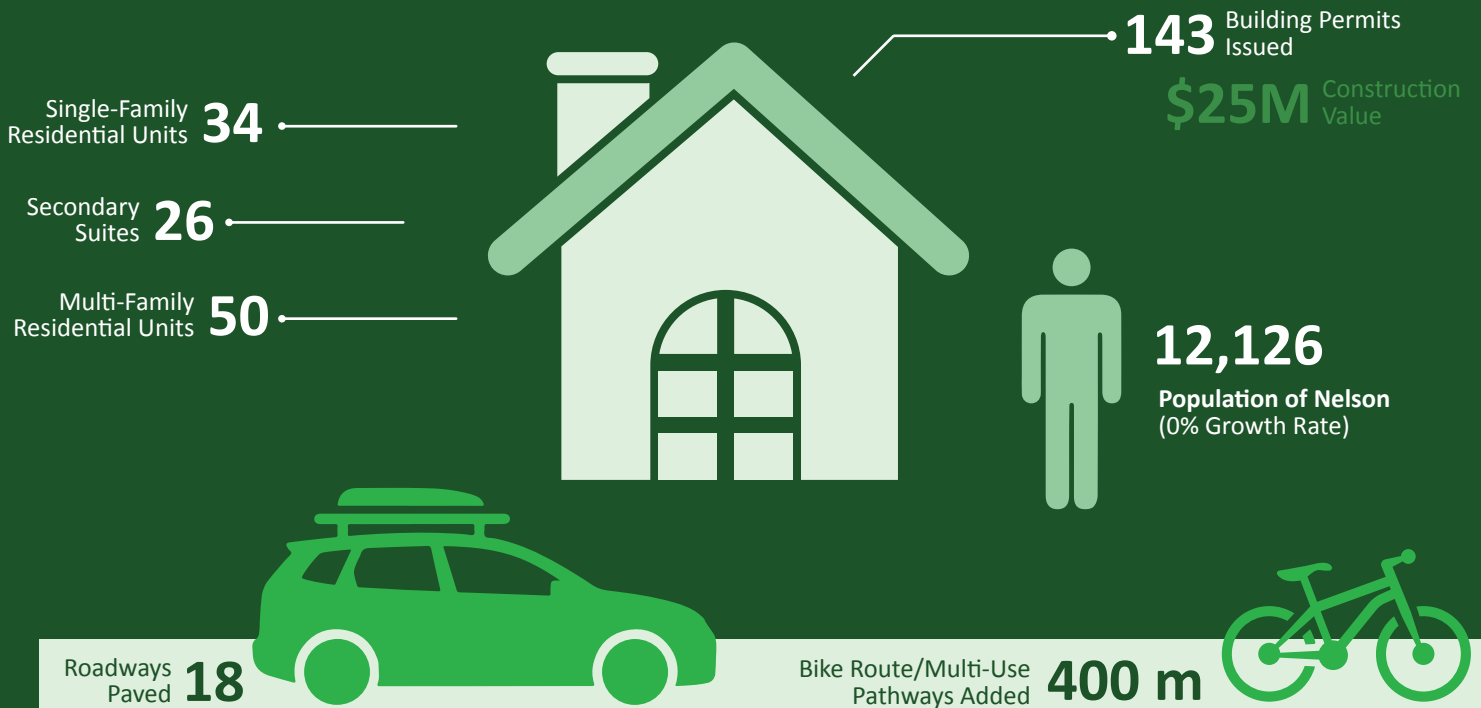
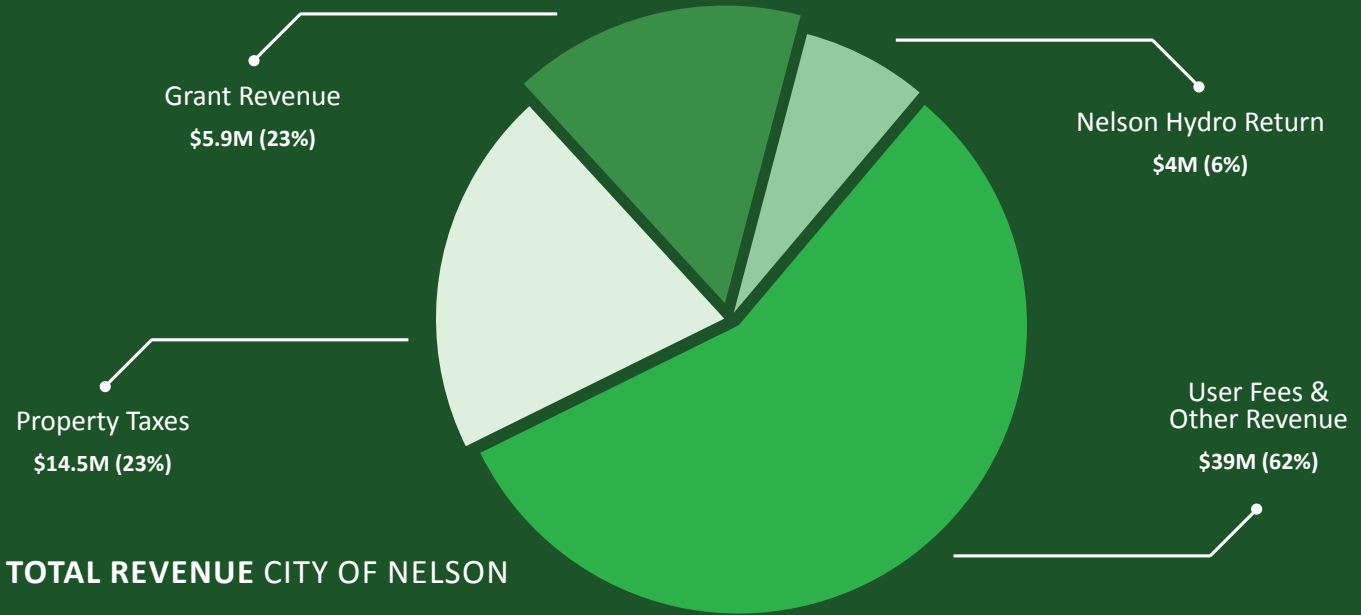
Nelson Public Library

The Nelson Public Library is governed by a volunteer Board representing the City of Nelson and the Regional Districts of Areas F & H, and serves a combined population of just over 21,000. The library is funded through the City of Nelson, Areas F & H and the Provincial government, as well as through fundraising efforts by the Friends of the Library.

Nelson Farmers Market

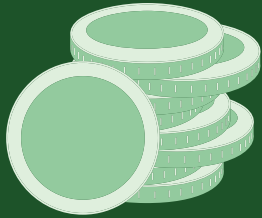
The Nelson Farmers Market proudly supports local farmers and small business owners from around the Kootenay region. The goal of the market is to provide community members access to healthy food and support the direct interactions between farmers and consumers. The Nelson Farmers Market operations are a means of the City of Nelson's goal to promote and support local food sustainability.

2025 By the Numbers



NELSON POLICE DEPARTMENT CALLS

1,765
Business Licenses
Issued



\$16.4M
Capital Expenditures

Non-Emergency
Calls to NPD Dispatch **17,504**

Total Calls
for Service **7,292**

911 Calls
Received **4,611**

Radio Transmissions
Recorded **48,511**



1.4M
Content Views

8,434
Interactions



12,804 Facebook
Followers



1,774 Instagram
Followers



213,614
Website Visitors



2,484
Chatbot Questions



10,427
Documents Viewed



55

Sets of Council Meeting
Minutes Taken

19

Statutory
Right of Ways

21

FOI Requests

7

Privacy Impact
Assessments

80

Legal
Agreements

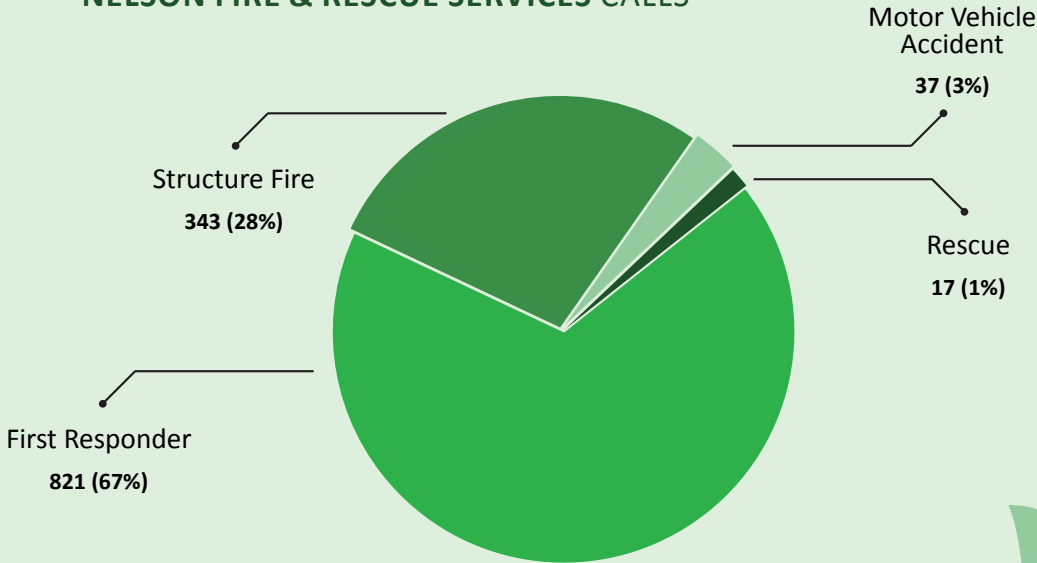
45

Street Works
Permits

CORPORATE SERVICES DOCUMENTS

2025 By the Numbers

NELSON FIRE & RESCUE SERVICES CALLS



14,000

Nelson Fire & Rescue Service Area Population



3.4 ha

Wildfire Mitigation on City-owned Land



11,245

Voyent Alert Registrants
(215 new in 2025)

\$862,369 Tree Trimming Budget Spent



4,854

Customers Registered for Hydro e-Billing

99.94% Nelson Hydro Average Service Availability



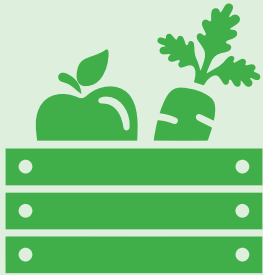
Power Generation from Water

81,503,475 kW

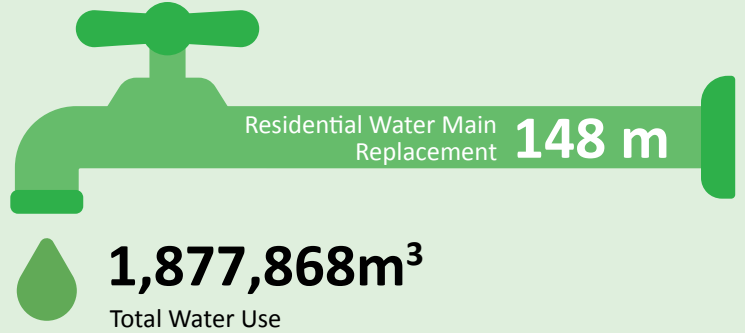
Power Generation from Solar Garden

69,332 kW

Grass Maintained at City Parks **69,689 m²**



\$67,922
Farmers Market
Coupons Redeemed



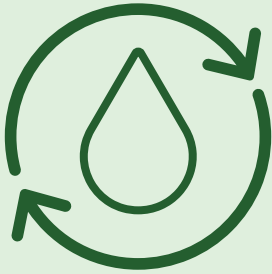
2,400
FoodCyclers Distributed

165 kg
Average Wet Food Waste
Collected per Household



210
eBike Financing
Program Participants

5
Electric Vehicles
in City Fleet



1,498,397m³
Total Wastewater Treated

23,732
Meaningful Climate
Conversations
(2024/2025)



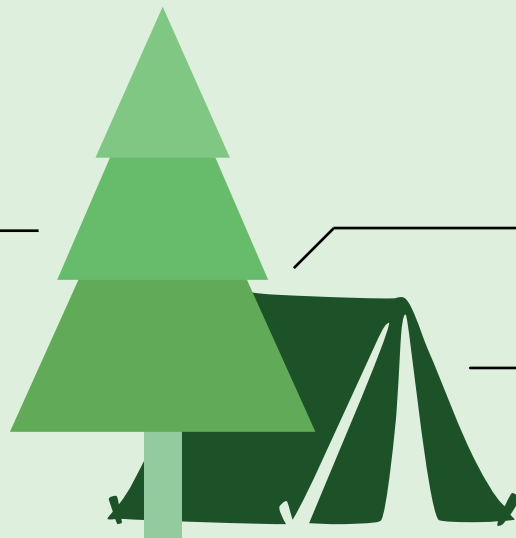
14
Active Climate
Partnerships

31%
Canopy Coverage

Out-of-School
Program Registrants **219**

Summer
Campers **139**

Youth
Programs **180**



\$163,300
Campground
Revenue

2,562
Site Bookings



Celebration at the Hall Street Pier.



Fuel mitigation work being conducted on city-owned land.

Strategic Planning:

The City of Nelson's work is guided by the 2023-2026 Strategic Plan.

Our Strategic Plan is our roadmap, ensuring that initiatives and decisions align with our vision for a Nelson that is inclusive, resilient and vibrant. Together, we can build a future that reflects our shared values and aspirations.

VISION: Nelson is a prosperous and resilient community with robust ecosystems and safe, welcoming neighbourhoods, where diversity, history and culture are celebrated.

This vision is supported by five strategic goals:

2023-2026 Strategic Goals



Our economy is thriving and inclusive.



We foster a healthy built and natural environment.



Our community is diverse and connected.



City services and infrastructure are future-ready.



City governance supports innovation and inclusivity.

OUR ECONOMY IS THRIVING AND INCLUSIVE:

Council supports a thriving and inclusive economy by creating a place where people want to live and work. Council will focus on facilitating vibrancy in sports, arts, culture, and recreation to enhance economic growth through partnerships, events, festivals, and business development.

WE FOSTER A HEALTHY BUILT AND NATURAL ENVIRONMENT:

Council recognizes the interconnectedness of human well-being and the environment, and supports a holistic approach to our community's commitment to a healthy built and natural environment.

OUR COMMUNITY IS DIVERSE AND CONNECTED:

Nelson's richness of character comes from having people from different backgrounds, cultures and experiences that interact with one another, engage in communal activities, share a sense of belonging, and respect each other's differences.

CITY SERVICES AND INFRASTRUCTURE ARE FUTURE-READY:

Council prioritizes prudent financial management policies and ensures sustainable and effective funding strategies are in place to protect our most valuable natural and human-made assets, to support a resilient community now and into the future.

CITY GOVERNANCE SUPPORTS INNOVATION AND INCLUSIVITY:

Council is committed to cultivating a governance environment that values creativity, diversity and equity, adoption of new technologies, and community engagement.



Mayor Morrison joined the Chamber of Commerce for a Business Walk in October.
Photo by Bob Hall, Nelson and District Chamber of Commerce

The economy is thriving and inclusive.

Enhance gathering places for residents and visitors to enjoy our city.

- A new public washroom and streetlights were installed as part of the Transit Exchange and Victoria Street enhancement project
- The Nelson City Campground operated as a seasonal municipal tourism asset
- The Nelson & District Youth Centre delivered daily programming as a dedicated youth gathering space
- Santa on Baker Street returned with support from Nelson Fire & Rescue Services and City Operations, and with partnership from local businesses
- The Nelson & District Youth Centre completed a youth mural onsite to enhance the facility as a welcoming public space
- Additional parking was added on Ward Street to offset parking lost on Victoria Street and to support downtown businesses
- The City supported the Nelson International Mural Festival to create murals throughout the city attracting international creative talent and supporting tourism

Continue to explore opportunities to fund the expansion of key community assets and facilities through grants and partnerships.

- The Nelson Public Library received 13 grants from various sources to support programs and services, including a \$100,000 grant to improve the accessibility of the library
- The Nelson and District Youth Centre advanced phase 2 of the Kitchen Upgrade Project through ReDi grant funding
- The City applied for a \$7 million Strategic Priorities grant to replace the water treatment forcemain

- \$69,640 in FCM grant funding was secured for the Mountain Station Spillway feasibility study, moving a step further toward capital funding for spillway construction
- Nelson Emergency Management secured \$97,000 in Disaster Risk Reduction–Climate Adaptation (DRR-CA) funding to assess City-owned facilities for their resilience and capacity to function as gathering spaces during climate-driven emergencies
- The City secured \$90,000 in funding from Trans Canada Trail to enhance the waterfront multi-use trail along the 900 block of Lakeside Drive, improving accessibility and active transportation connections

Council supports our existing businesses while also working to expand and attract new business to the city's economic base.

- The library's digital literacy and creative programming supported the community's creative economy and workforce readiness
- The City delivered the 2025 Farmer's Market season, supporting local small businesses and food producers
- The Nelson & District Youth Centre employed and supervised youth and seasonal staff across youth and community programs operations
- The City engaged with the local business community through participation in the Greater Nelson Economic Development (GNED) Committee
- The City launched a comprehensive business license bylaw review, which was recognized by the Canadian Federation of Independent Businesses for supporting local businesses
- Downtown patios were able to open earlier than anticipated, supporting local businesses and a thriving tourism economy



Hundreds attended the Save What's Left protest at City Hall, featuring David Suzuki.

We foster a healthy built and natural environment.

Council will work toward a carbon neutral future

- Low-carbon corporate facility upgrades were completed at the Nelson Museum, the Courthouse, and City Hall
- New homes were built to Step Code levels 3 to 5 and Zero Carbon Step Code levels
- The REEP program supported homeowner upgrades
- The City collaborated with community partners to deliver 2025 Earth Week programming, including the Earth Day Parade at the Campground and the Green Film Festival at the Nelson & District Youth Centre
- Two new multi-use trails were completed providing enhanced access to the waterfront and the Great Northern Trail

Council will enhance the natural environment in our community, including air, water, and lands

- The City adopted the Interim Urban Forestry Plan
- Nelson Emergency Management completed wildfire mitigation work on 3.4ha of public lands
- Over 1 tonne of pre-treated food waste was used as a soil amendment in City parks
- The library's new "Seed Library" empowered residents to care for local land through community biodiversity and resilient, sustainable growing practices
- The City secured \$40,000 in Columbia Basin Trust funding to improve water accessibility for wildfire response
- The City partnered with Kootenay Invasive Species Society (KISS) to support ongoing maintenance of the butterfly garden, enhancing biodiversity

- A FireSmart Awareness event was held at Lakeside Park, connecting residents with wildfire risk reduction efforts across jurisdictions and encouraging action on private lands
- The Nelson Boulevard tree project received funding
- The City supported the Cottonwood Restoration Project lead by Living Lakes Canada

Council collaborates with government, private, and Indigenous partners to manage the natural environment and wildlife in and around our community

- During Climate Action Week, the library hosted "Thriving Together," a community conversation that connected climate change to priorities such as health, housing, and affordability
- Through a partnership with CKISS, the City continues to provide invasive species management
- The City continued a partnership with WildSafe BC, seeing positive results in 2025 and few reported animal-wildlife interactions
- Thirty-five new Bear Smart garbage cans were installed downtown
- The City collaborated with Selkirk College and Simon Fraser University on urban forestry projects
- The City worked with a private developer through a land swap to secure a secondary access route from the Gyro neighbourhood. The project will also support fuel mitigation in the surrounding steep forested lands, add new parkland to the City, and enable additional residential housing.



Participants in the 2025 Earth Week Parade.

Our community is diverse and connected.

Council prioritizes healthy, connected neighbourhoods that include a diverse transportation ecosystem.

- Council unanimously adopted the Nelson 2050 Official Community Plan, which supports a diverse range of housing throughout the city.
- The Nelson & District Youth Centre delivered the Walking Bus program to strengthen neighbourhood connectivity between schools and the NDYC
- The City hosted a Learn to Bike event in collaboration with Trafalgar Middle School and NYAN
- The City partnered with the West Kootenay Cycling Coalition to host a GoByBike event at the Nelson City Campground
- The City supported the Snow Angel program through NYAN, coordinating with middle school students to assist residents with snow shovelling within school zones
- The City hosted community organizations free of charge to participate in educational programming at Farmer’s Market events
- The City facilitated a child and games area at the Kootenay Co-op Radio Block Party at Lion’s Park
- In partnership with BC Transit, the City completed the Victoria Street Transit Exchange to improve the transit rider experience and support expanded public transit options in the future
- FireSmart programming supported homeowner-led wildfire risk reduction on private property, including 68 Home Ignition Zone assessments, six community chipper days, and \$29,000 in rebates

Council will expand diverse and inclusive housing options in the city that meet needs now and in the future.

- The City launched a new Housing Dashboard that brought housing data into one centralized place, supporting more informed decisions
- Council supported the 85 Baker Street workforce housing project by providing \$100,000 in pre-development funding, contributing toward Baker Street improvements, approving variances, and establishing a Local Service Area
- Council approved a new Zoning Bylaw that allows greater flexibility for housing and development in line with the new OCP
- Council approved two affordable housing projects on City-owned land at 818 Front Street and 1306 Fell Street, along with \$30,000 in pre-development funding
- The Nelson Public Library welcomed 134,000 visitors: 15 per cent more than 2024
- Through DRR-CA funding, the City is also advancing a Climate Adaptation Plan to identify future facility and infrastructure needs based on risk, vulnerability, and resilience, positioning the City for future implementation funding

City services and infrastructure are future-ready.

Facilities and equipment meet the current and future needs of the community.

- The Nelson Library Board of Trustees hosted a community conversation on the future of the library facility
- The City replaced the roof on the main building at the Nelson City Campground to maintain facility integrity and extend asset lifespan
- Nelson Hydro completed a breakroom and office expansion to improve productivity, safety, and hygiene
- The City installed electric vehicle fleet chargers at the Public Works Complex
- The Civic Centre energy retrofit project was completed
- Crews completed 148 m of water main replacement on Kootenay Street in preparation for Baker Street reconstruction
- The City continued installation of the raw water intake line as crews became available, with the goal of eventually sourcing drinking water from the lake

Roads, sidewalks, and cycling routes are being improved and support a more active community.

- The City connected the Gyro and Fairview neighbourhoods with the Trevor Street land exchange, enabling active transportation
- The 900 block of Lakeside Drive waterfront trail was completed with landscaping, lighting, and benches
- The City installed new pedestrian bump-outs along Josephine and Vernon streets to improve safety
- A new rail trail connection was established from the Gyro neighbourhood, improving access and connectivity
- Through the 2025 Capital Paving Program, the City repaved and renewed critical roadway infrastructure across Nelson, improving safety, drivability, and long-term asset management

Information technological infrastructure is upgraded and improved to meet the current and future needs of the city.

- Nelson Hydro implemented Utility Networks GIS for asset management
- Nelson Hydro updated the SCADA system to support electric system monitoring
- The City transitioned City Dispatch Services and Fire Dispatch Services to third-party providers

The city's utilities meet current and anticipated future regulations, support development, and are sustainable.

- Nelson Hydro began a feasibility study for AMI (smart meters).
- The City installed a new watermain to support growth and development in Railtown
- Nelson Hydro completed intake gate reinforcement for Bonnington Falls Generating Station Units 0 and 1 as part of dam safety upgrades

The city is more resilient to natural hazards.

- The City developed a Natural Hazard Risk Policy Framework to help guide future growth and infrastructure decisions in areas exposed to creek hazards
- The City completed detailed hazard mapping of Anderson Creek to improve understanding of flood risk and support long-term community resilience and emergency preparedness
- The City FireSmarted public lands in identified regions
- The library convened community partners for a Climate Conversation that addressed shared concerns and needs
- The Fairview land swap is complete, strengthening emergency preparedness and community resilience by creating a secondary access route for 114 homes that previously relied on a single route in and out
- The City finished water storage construction in 2025/2026, adding 2,000 cubic metres of water storage to aid in drought conditions and firefighting
- The City completed and received the Fire Strategic Plan, which also included a Community Risk Assessment compliant with National Fire Protection Association (NFPA) 1300
- Wildfire mitigation was completed on 5.1 hectares of public land near Selkirk College's Silver King Campus, reducing risk to the adjacent Perrier Lane neighbourhood and improving emergency egress conditions
- Nelson Emergency Management continued EOC readiness and staff training throughout 2025
- Emergency Management partnered with the Nelson Public Library and ANKORS to provide warming and cooling centres during extreme temperature events



A new EV was added to the fleet of City vehicles.

City governance supports innovation and inclusivity.

Council values citizen and neighbourhood engagement to help solve community challenges and take advantage of new opportunities.

- NYAN supported youth leadership development, enabling youth-driven community initiatives
- The City conducted ongoing vendor and stakeholder engagement to guide improvements to the Nelson Farmers Market portfolio
- The City collaborated with schools, community organizations, and municipal departments to deliver community-responsive programming
- The City relaunched the Snow and Leaf Angel program to support seniors and people with mobility challenges

Staff are supported and empowered to live the city's values in a positive team environment that celebrates success.

- The City provided structured mentorship and meaningful employment opportunities for youth and seasonal staff
- The City fostered inclusive, safe, and youth-centred work environments across all program areas
- Staff completed a variety of professional development courses and activities to further skills and remain current
- The Nelson Police Department hosted the first annual Memorial 5K in honour of officers Mat Nolet and Wade Tittlemore, raising \$5,000 for LV Rogers scholarships
- Staff completed EOC wildfire evacuation training with AB Consulting
- Staff completed an EOC Information Officer workshop and communications training with Butterfly Effect Communications

Council's focus is to ensure our facilities, infrastructure, utilities, and services will be future-ready.

- The City installed heat pumps at the Nelson Museum
- The City added one new electric vehicle to its fleet
- The City made infrastructure improvements at the Nelson City Campground, including securing funding to purchase food cache storage units
- The City launched an engagement session on Let's Talk about the Liquid Waste Management Plan
- The City integrated the HealthIM digital mental health screening tool to assist Nelson Police officers and people in crisis
- The City continued planning, design, engagement, and regulatory and environmental work related to the Five Mile raw water intake replacement, aquatic wastewater forcemain replacement, and the Liquid Waste Management Plan
- The City hired additional firefighters to work toward an adequate firefighting force matched to the built risk of the city, and completed the hiring process for the Deputy Fire Chief position

Nelson Public Library

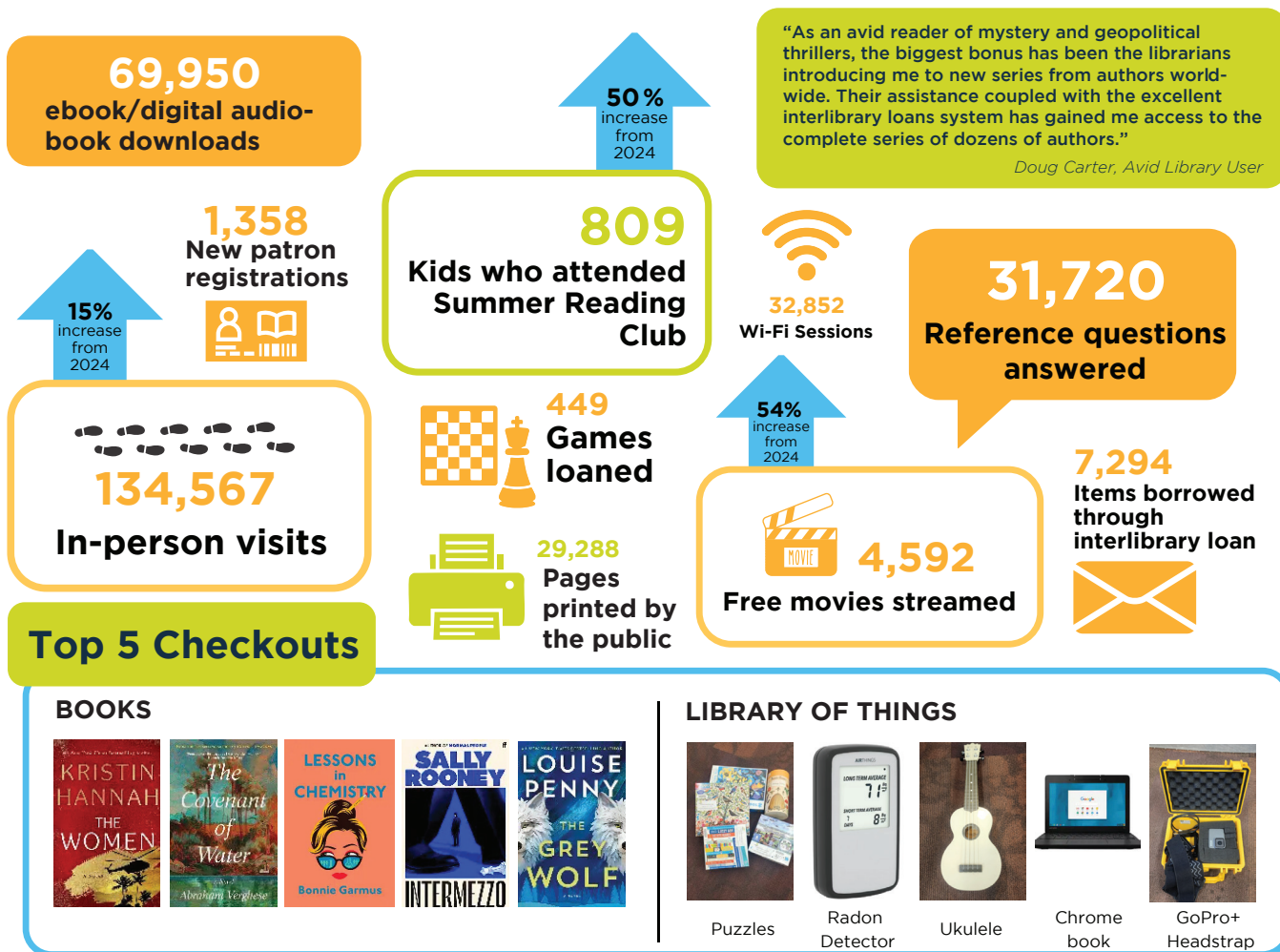
In 2025, the Nelson Public Library continued to be a vital community resource, providing support, connection, and opportunity during a year marked by economic pressures and global uncertainty. Library staff responded with compassion and creativity, adapting services to meet emerging community needs — from extending hours during extreme heat events to creating safe, welcoming after-school spaces for youth. Whether through access to technology, learning opportunities, entertainment, or practical resources, the library remained committed to ensuring residents across the region could access the tools and support they needed to thrive.

Serving more than 25,000 city and regional residents, NPL expanded access to affordable and inclusive ser-

vices that helped reduce barriers and improve quality of life. Sunday openings provided free space for families, students, and remote workers, while digital collections, Kanopy streaming, Gale online courses, and rural delivery services supported learning and reduced household costs.

The Library of Things, Tech Hub, public computers, internet access, and personalized support from librarians empowered residents to create, connect, and learn in new ways. These efforts resulted in record library use, with an average of 500 visitors through the doors each day: a reflection of the library's success in meeting the evolving needs of the community.

For the full annual report, visit <https://nelson.bc.libraries.coop>





Community Safety Officers were a friendly presence throughout the downtown core and beyond.

Nelson Police Department

The Nelson Police Department is the fifth oldest police service in British Columbia, with the first police officer, R.A. Winerals, having been appointed at the Nelson City Council meeting on April 22, 1897. Our police department is the only independent municipal force in British Columbia's interior. The sworn and civilian women and men of the Nelson Police Department strive to provide a safe, crime-free community for its citizens.

The City of Nelson provides funding for the Nelson Police Department, which is administered by a Police Board under the provisions of the BC Police Act. The Board is composed of nine directors, including one appointed by Council, seven appointed by the Province, and one member of City Council (either the Mayor or an elected Councillor). The directors elect one of their members to serve as Board Chair. The Department is under the command of a Chief Constable and has a total complement of 25 sworn officers.

The police department is structured with a Chief Constable, Deputy Chief Constable, and an Operations Inspector. Frontline operations are organized into four platoons led by two Sergeants, with one Corporal and three Constables assigned to each platoon. A Beat Of-

ficer and the Youth Protection and Community Trust Member carry out their respective duties while providing support to the platoons on a regular basis. The department is further supported by two detectives assigned to the General Investigations Section.

Mission:

The Nelson Police Department is a professional, trusted, modern police department partnering with the diverse communities of Nelson to support public safety and community well-being.

Under the command of the Chief Constable is the Community Safety Officer, a three-person Integrated Victim Services Unit, a part-time Restorative Justice coordinator, four full-time and two part-time police dispatchers and three administrative positions. The department also has three positions within the Integrated Road Safety Unit

(IRSU); these positions are integrated with the RCMP and are fully funded by the Province. Restorative Justice volunteers and a volunteer reserve force are used to augment the department's capabilities.

Our officers are actively engaged at the patrol level, with one of the highest case burdens per member among the British Columbia independent municipal police forces. In the spirit of community policing within this thriving and diverse core city, the Department deploys officers to proactively conduct downtown foot patrols and bike patrols, and is engaged in a host of community-focused crime prevention and community and youth programs.



FINANCIAL REPORTS 2025

Chief Financial Officer's Report

On behalf of the Finance Department, I am pleased to present the annual financial report of the City of Nelson for the year ended December 31, 2025. This report provides an overview of the financial health and operations of the City, including the Financial Statements for the year and an Audit Report from Doane Grant Thornton LLP.



The financial statements enclosed, prepared by City staff, are in accordance with Canadian public sector accounting standards and provide a comprehensive view of the City's financial position, results of operations, changes in financial assets, and cash flows for the year. The financial statements have been audited by Doane Grant Thornton Chartered Professional Accountants resulting in an unqualified audit opinion. For further details, please refer to the subsequent pages for a comprehensive review of the audit opinion.

Statement of Financial Position highlights

To ensure long-term financial sustainability, the City aims to maintain reserves at a sustainable level, minimizing short-term pressure on tax rates while meeting the capital replacement requirements outlined in the five-year financial plan. Our asset management plans for water, sewer, hydro, and public works infrastructure will rely on these reserve balances for future funding. In 2025, the City invested \$16 million in the addition and replacement of capital assets. The City completed or neared completion on several significant projects, such as the Civic Centre roof replacement, Next Generation 911, and the Mountain Station Finished Water storage facility. In addition, the City continued to invest

in its transportation, water, sewer and infrastructure systems.

Further details on the City's capital assets can be found in the accompanying notes to the financial statements. Typically, funding for capital asset replacement is accomplished through reserves, external funding such as grants, or long-term borrowing. As of the end of 2025, the City's long-term debt stood at \$4M, representing a decrease of \$1M from the previous year. This reduction in debt reflects the scheduled repayment of borrowing, while no new debt has been added to the balance sheet.

Statement of Operations highlights

Tax revenue increased by \$1.3M or 9.5% compared to the previous year, primarily due to a budgeted tax increase of 8.1% in 2025, as well as additional revenues generated from growth in the tax base resulting from new buildings and construction. Overall, revenue increased compared to the previous year, aided by an increase in taxation and user fees, while offset by a decrease in project-specific conditional grant revenues. Expenses increased by \$3 million or 5.5% in 2025. This increase can be attributed to general wage and inflationary pressures affecting materials and supplies. For a more detailed breakdown of the statement of operations by department, please refer to the notes accompanying the financial statements.

A handwritten signature in black ink, appearing to read 'Chris Jury', with a stylized flourish at the end.

Chris Jury, CPA, CA
Chief Financial Officer

Permissive Tax Exemptions

Through the adoption of a bylaw, the Municipal Council provides a Permissive Tax Exemption (PTE) from municipal taxation to certain groups and organizations, which are evaluated and chosen at the discretion of Council. The legal capacity to provide these exemptions is through powers granted to the Council in the Community Charter.

To be considered for a PTE, an organization must: submit an application; have goals, policies and operating principles that reflect those of the municipality; and provide services that are an extension of municipal services and programs that are deemed to contribute to the well-being of the community. They must be primarily used by residents of the City of Nelson, allow all Nelson residents to participate and adhere to all City bylaws and policies.

To the right is a listing of organizations granted a PTE in 2025 together with the estimated amount of municipal taxes that would have been imposed on the property if it were not considered exempt.

Permissive Tax Exemptions 2025:

Ascension Lutheran Church	\$379
Pentecostal Assemblies of Canada	\$736
Cathedral of Mary Immaculate	\$48
Evangelical Covenant Church	\$54
First Baptist Church	\$218
Jehovah's Witnesses of Nelson	\$430
Nelson United Church	\$126
St Saviors Anglican	\$77
United Pentecostal Church of BC	\$456
Kootenay Kids Society	\$9,334
Nelson CARES Society	\$10,623
Nelson Kiwanis Projects Society	\$2,342
West Kootenay Women's Association	\$1,863
Kootenay Co-op Radio	\$1,673
Kootenay Christian Fellowship	\$246
Canadian Red Cross	\$1,492
Church of Jesus Christ of Latter Day Saints	\$576
Salvation Army	\$5,394
Granite Pointe Golf Club	\$4,469

City Owned Properties:

Civic Theatre	\$4,256
Glacier Gymnastics	\$6,093
Nelson Youth Soccer Association	\$10,656
Boy Scouts/Girl Guides	\$375
Rod and Gun Club	\$11,377
Nelson Curling Club	\$23,784
Capitol Theatre	\$7,303
Nelson Museum (Portnel Holdings)	\$1,467
Nelson Museum (Main)	\$22,934

Historical Revenues and Expenses

Revenues (in thousands)

	2025	2024	2023	2022	2021
Taxes	14,454	13,229	12,297	11,562	11,017
Sales of Services	4,706	4,330	3,880	4,053	4,032
Other Income	3,917	4,208	6,059	4,563	3,734
Investment Income	2,133	2,271	2,580	1,585	879
Grants - Unconditional	807	841	901	917	821
Grants - Conditional	5,119	9,377	9,023	6,142	6,040
Water User Fees	2,984	2,720	2,640	2,572	2,470
Sewer User Fees	5,544	5,093	4,949	4,752	4,630
Transit User Fees	214	286	257	252	228
Transit Service Fees	2,135	1,368	---	---	---
Nelson Hydro Sales	24,305	22,807	21,422	20,728	19,390
Gain on Disposal of Assets	---	---	253	---	142

Expenses (in thousands)

	2025	2024	2023	2022	2021
General Government	5,929	5,647	4,975	4,747	4,010
Protective Services	10,551	9,437	8,834	8,300	7,536
Transportation	4,228	3,811	3,900	4,309	3,480
Environmental Health Services	578	597	566	460	362
Public Health & Welfare	282	266	277	285	222
Parks, Recreation & Cultural Services	2,851	2,689	2,666	2,410	2,252
Interest and Other Debt Charges	440	502	464	488	458
Water Utility Operations	1,883	1,556	1,661	1,555	1,400
Sewer Utility Operations	2,415	2,202	1,948	1,910	1,981
Transit Operations	3,838	3,542	2,025	1,905	1,735
Nelson Hydro Operations	15,490	15,683	14,186	13,307	13,609
Library	1,232	1,138	966	905	912
Amortization	7,620	7,089	6,596	6,155	6,215
Accretion	108	102	75	---	---
Loss on Disposal of Assets	94	88	---	124	---

Property Taxes

Assessments and Taxes by class

	Residential	Utilities	Major Industry
Assessment for General Purposes	2,870,190,400	147,240,000	1,653,000
Percentage of Taxable Values	82.82%	4.25%	0.05%
General Tax Levy by Class	9,282,069	185,594	15,032
Percentage of General Taxation	73.21%	1.46%	0.12%
	Light Industry	Business/Other	Recreational/ Non-Profit
Assessment for General Purposes	3,562,600	432,446,700	10,336,200
Percentage of Taxable Values	0.1%	12.48%	0.3%
General Tax Levy by Class	33,009	3,150,922	12,413
Percentage of General Taxation	0.26%	24.85%	0.1%

2025 Rates (per \$1,000)

	General	Regional Hospital	Regional District	School Tax	BC Assess. Auth.	Municipal Finance	Total Rate
Residential	3.2370	0.1573	1.2700	1.6331	0.0357	0.0002	6.3333
Utility	34.3070	0.5506	4.4450	11.7400	0.4214	0.0007	51.4647
Supportive Housing	3.2370	0.1573	1.2700	0.1000	0.0000	0.0002	4.7645
Major Industry	9.0937	0.5348	4.3180	1.4200	0.4271	0.0007	15.7943
Light Industry	9.2653	0.5348	4.3180	3.5600	0.1004	0.0007	17.7792
Business/Other	7.2904	0.3852	3.1111	3.5600	0.1009	0.0005	14.4481
Managed Forest	3.2370	0.4719	3.8100	2.0400	0.2499	0.0006	9.8094
Recreation/Non-Profit	1.2009	0.1573	1.2700	2.1300	0.0354	0.0002	4.7938
Farm	3.2370	0.1573	1.2700	7.0500	0.0354	0.0002	11.7499



THE CORPORATION OF THE CITY OF NELSON
FINANCIAL STATEMENTS
DECEMBER 31, 2025

THE CORPORATION OF THE CITY OF NELSON
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For the Year Ended December 31, 2025

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Statement of Cash Flows

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Schedule A - Statement of Tangible Capital Assets

Schedule B - Growing Communities Fund Reconciliation

Exhibit 1 - Capacity Funding Reconciliation (Unaudited)

THE CORPORATION OF THE CITY OF NELSON

MANAGEMENT REPORT

For the Year Ended December 31, 2025

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the City of Nelson's financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Corporation of the City of Nelson's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Doane Grant Thornton LLP, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, The Corporation of the City of Nelson's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the financial statements. The report of Doane Grant Thornton LLP follows and outlines the scope of their examination and their opinion on the financial statements.



Chris Jury, CPA, CA
Chief Financial Officer

Independent auditor's report

To the Mayor and Council of
The Corporation of the City of Nelson

Opinion

We have audited the financial statements of the Corporation of the City of Nelson ("the City"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, remeasurement gains and losses, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Nelson as at December 31, 2025, and its results of operations, its remeasurement gains and losses, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Exhibit 1 is presented for the purposes of additional information and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

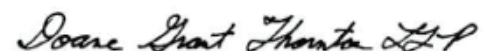
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Castlegar, Canada
April 28, 2026

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash	\$ 5,136,441	\$ 3,753,111
Investments (Note 2)	48,961,679	48,913,344
Accounts receivable (Note 3)	10,862,449	11,317,126
Long-term accounts receivable (Note 4)	757,705	1,162,532
MFA deposits (Note 5)	<u>149,420</u>	<u>289,343</u>
	<u>65,867,694</u>	<u>65,435,456</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	7,263,976	6,380,145
Deferred revenue (Note 7)	7,297,512	7,462,131
Accrued future payroll benefits (Note 8)	2,436,130	2,246,838
Long-term debt (Note 9)	4,013,635	4,982,173
Asset retirement obligations (Note 10)	<u>1,869,553</u>	<u>1,761,330</u>
	<u>22,880,806</u>	<u>22,832,617</u>
Net Financial Assets	42,986,888	42,602,839
Non-Financial Assets		
Tangible capital assets (Note 11)	212,783,114	204,119,471
Inventory (Note 12)	2,404,703	2,800,150
Prepaid expenses	<u>358,623</u>	<u>188,385</u>
	<u>215,546,440</u>	<u>207,108,006</u>
Accumulated Surplus	<u>258,533,328</u>	<u>249,710,845</u>
Accumulated Surplus is comprised of:		
Accumulated surplus (Note 13)	258,489,058	249,710,845
Accumulated rereasurement gain (losses)	<u>44,270</u>	<u>-</u>
	<u>\$258,533,328</u>	<u>\$249,710,845</u>

Commitments and Contingencies (Note 14)



Chris Jury, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2025

	<u>2025 Budget</u> (Note 15)	<u>2025</u>	<u>2024</u>
Revenue			
Taxation revenue (Note 16)	\$ 14,336,403	\$ 14,454,038	\$ 13,229,474
Sale of services	4,553,808	4,706,145	4,330,240
Other revenue from own sources	5,535,748	3,916,842	4,208,104
Investment income	1,503,048	2,133,185	2,270,662
Government transfers - unconditional (Note 17)	836,574	807,149	841,253
Government transfers - conditional (Note 17)	10,818,655	5,119,392	8,008,666
Water user fees	2,915,574	2,984,262	2,720,773
Sewer user fees	5,451,002	5,544,187	5,092,858
Transit user fees	240,559	214,050	286,038
Transit service fees	2,254,859	2,134,751	1,368,481
Nelson Hydro sales	<u>24,548,138</u>	<u>24,305,394</u>	<u>22,807,120</u>
	<u>72,994,368</u>	<u>66,319,395</u>	<u>65,163,669</u>
Expenses			
General government services	6,966,402	5,929,400	5,646,869
Protective services	10,584,950	10,551,280	9,436,636
Transportation services	5,038,213	4,228,174	3,810,831
Environmental health services	687,600	578,066	596,725
Public health and welfare services	305,824	281,737	266,181
Parks, recreation and cultural services	2,916,951	2,851,282	2,688,838
Interest and other debt charges	452,470	440,477	501,938
Water utility operations	1,803,678	1,883,063	1,555,922
Sewer utility operations	2,392,959	2,415,323	2,202,390
Transit operations	4,382,303	3,837,701	3,542,453
Nelson Hydro operations	15,615,105	15,490,362	15,683,010
Library operations	1,294,873	1,232,296	1,138,170
Amortization	7,123,556	7,620,211	7,088,829
Accretion	-	108,223	101,874
Loss on disposal of assets	<u>-</u>	<u>93,587</u>	<u>87,589</u>
	<u>59,564,884</u>	<u>57,541,182</u>	<u>54,348,255</u>
Annual surplus	13,429,484	8,778,213	10,815,414
Accumulated surplus, beginning of the year	<u>249,710,845</u>	<u>249,710,845</u>	<u>238,895,431</u>
Accumulated surplus, end of the year	<u>\$263,140,329</u>	<u>\$258,489,058</u>	<u>\$249,710,845</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2025

	<u>2025 Budget</u>	<u>2025</u>	<u>2024</u>
Annual surplus	\$ 13,429,484	\$ 8,778,213	\$ 10,815,414
Acquisition of tangible capital assets	(28,981,808)	(16,377,442)	(16,870,591)
Amortization of tangible capital assets	7,123,556	7,620,211	7,088,829
Proceeds on sale of tangible capital assets	-	-	15,771
Loss (gain) on disposal of tangible capital assets	-	93,587	87,589
Unrealized gain (losses) on investments	-	44,270	-
	<u>(8,428,768)</u>	<u>158,839</u>	<u>1,137,012</u>
(Acquisition) use of prepaid expenses	-	(170,237)	173,915
(Acquisition) use of supply inventory	-	395,447	(24,593)
	<u>-</u>	<u>225,210</u>	<u>149,322</u>
(Decrease) Increase in net financial assets	(8,428,768)	384,049	1,286,334
Net financial assets, beginning of year	<u>42,602,839</u>	<u>42,602,839</u>	<u>41,316,505</u>
Net financial assets, end of the year	<u>\$ 34,174,071</u>	<u>\$ 42,986,888</u>	<u>\$ 42,602,839</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 8,778,213	\$ 10,815,414
Items not involving cash:		
Amortization of tangible capital assets	7,620,211	7,088,829
Accretion	108,223	101,874
Actuarial adjustments	(461,453)	(424,175)
Loss on disposal of tangible capital assets	<u>93,587</u>	<u>87,589</u>
	<u>16,138,781</u>	<u>17,669,531</u>
(Increase) decrease in non-cash operating items:		
Accounts receivable	454,677	(2,181,993)
Long-term accounts receivable	404,827	333,615
MFA deposits	139,923	(9,737)
Accounts payable and accrued liabilities	883,831	(1,681,331)
Deferred revenue	(164,619)	(802,294)
Accrued future payroll benefits	189,292	334,907
Inventory	395,447	(24,593)
Prepaid expenses	<u>(170,237)</u>	<u>173,915</u>
	<u>18,271,922</u>	<u>13,812,020</u>
Financing Activities		
Long-term debt repayment	<u>(507,085)</u>	<u>(507,087)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	-	15,771
Acquisition of tangible capital assets	<u>(16,377,442)</u>	<u>(16,870,591)</u>
	<u>(16,377,442)</u>	<u>(16,854,820)</u>
Investing Activities		
Net sale (purchase) of investments	<u>(4,065)</u>	<u>2,485,063</u>
Net increase (decrease) in Cash	1,383,330	(1,064,824)
Cash, beginning of year	<u>3,753,111</u>	<u>4,817,935</u>
Cash, end of year	<u>\$ 5,136,441</u>	<u>\$ 3,753,111</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies

The Corporation of the City of Nelson ("the City") is a local government in the Province of British Columbia. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

The following is a summary of the City's significant accounting policies:

(a) Basis of presentation

The City's resources and operations are segregated into General, Water Utility, Sewer Utility, Hydro Utility, Transit, and Reserve Funds for accounting and financial reporting purposes. The financial statements include all the accounts of these funds. All material inter-fund transactions and balances have been eliminated within the financial statements.

(b) Revenue recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues.

Taxation revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Sale of services, user fees, transit service fees, and Nelson Hydro sales

Revenue from these transactions are recorded as the performance obligations are satisfied. Transactions without performance obligations are recognized when the revenue is received or receivable.

Grant revenues

Grant revenues are recognized when the funding becomes receivable. Non-government conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Grants for tangible capital assets are recognized when the eligible expenditures are made. Revenue unearned in the current period is recorded as deferred revenue.

Government transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.

Interest income

Interest income on long-term receivables is recorded on the accrual basis and recognized when earned.

Investment income

Investment income is recorded on the accrual basis and recognized when earned.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies (continued)

(b) Revenue recognition (continued)

A portion of the City's investments are invested in pooled funds of the Municipal Finance Authority of British Columbia. Earnings on these funds are allocated to the members from time to time based on the market value of the pool. The City recognized only its share of the realized earnings of the pool. This revenue is recorded as investment income and the amount is added to the cost base of the investment.

(c) Deferred revenue

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation, or agreement and are not available for general municipal purposes as well as licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and/or projects have not been constructed. These amount will be recognized as revenues in the year in which it is used for the specified purpose, services are performed and/or projects are constructed.

(d) Financial instruments

The City's financial instruments consist of cash and investments, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans, asset retirement obligations, and long-term debt.

Financial instruments are initially measured at fair value and subsequently carried at fair value or cost or amortized cost.

- Fair value category: Investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time when a financial instrument in the fair value category is derecognized, the associated accumulated remeasurement gains and losses are reversed and reclassified to the statement of operations. Transaction costs related to financial instruments recorded at their fair value are expensed as incurred.
- Cost category: Investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost (using the effective interest method). Gains and losses are recognized in the statement of operations when the financial asset is derecognized due to disposal or impairment. Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the City determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies (continued)

(k) Reserves set aside by Council

Reserves set aside by Council are non-statutory reserves which represent an appropriation of surplus for specific purposes. These internally restricted funds are not available for unrestricted purposes without the approval of Council.

(l) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Significant areas requiring estimates include the estimated useful life and related amortization of tangible capital assets, future payroll benefits, allowance for doubtful accounts, provision for contingencies and timing and extent of asset retirement obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

(m) Budget

Budget data presented in these financial statements is based on the City's Five Year Financial Plan for the years 2025-2029, adopted by Council on May 6, 2025.

(n) Municipal Pension Plan

The City's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers is responsible for administering the plan, including investment assets and administration of benefits. The plan is a multi-employer defined benefit plan.

(o) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City is directly responsible, or accepts responsibility;
- it is expected that a future economic benefit will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

There were no liabilities recorded as at December 31, 2025.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies (continued)

(p) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the future cash flows or the discount rate.

2. Investments

	Level	2025	2024
Investments in the fair value category			
Municipal Finance Authority investment funds	2	\$ 44,036,383	\$ 42,376,513
Investments quoted in an active market	1	<u>2,518,943</u>	<u>2,695,333</u>
		46,555,326	45,071,846
Investments in the cost and amortized cost category			
Provincial and bank issued bonds		<u>2,406,353</u>	<u>3,841,498</u>
		<u>\$ 48,961,679</u>	<u>\$ 48,913,344</u>

3. Accounts receivable

Accounts receivable are recorded net of allowance and are comprised of the following:

	2025	2024
Property taxes	\$ 816,868	\$ 641,220
Utility billings	4,832,250	4,955,163
Other governments	719,672	729,972
Grant receivables	2,752,380	3,616,387
Trade & other receivables	<u>1,741,279</u>	<u>1,374,384</u>
	<u>\$ 10,862,449</u>	<u>\$ 11,317,126</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. **Significant accounting policies** (continued)

(p) **Asset retirement obligations**

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the future cash flows or the discount rate.

2. **Investments**

	<u>Level</u>	<u>2025</u>	<u>2024</u>
Investments in the fair value category			
Municipal Finance Authority investment funds	2	\$ 44,036,383	\$ 42,376,513
Investments quoted in an active market	1	<u>2,518,943</u>	<u>2,695,333</u>
		46,555,326	45,071,846
Investments in the cost and amortized cost category			
Provincial and bank issued bonds		<u>2,406,353</u>	<u>3,841,498</u>
		<u>\$ 48,961,679</u>	<u>\$ 48,913,344</u>

3. **Accounts receivable**

Accounts receivable are recorded net of allowance and are comprised of the following:

	<u>2025</u>	<u>2024</u>
Property taxes	\$ 816,868	\$ 641,220
Utility billings	4,832,250	4,955,163
Other governments	719,672	729,972
Grant receivables	2,752,380	3,616,387
Trade & other receivables	<u>1,741,279</u>	<u>1,374,384</u>
	<u>\$ 10,862,449</u>	<u>\$ 11,317,126</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

4. Long-term accounts receivable

The City entered into an agreement with Selkirk College in April 2000, to undertake certain improvements to the Tenth Street Campus. Selkirk College is paying for the improvements over a 25 year term in equal monthly installments at the Municipal Finance Authority lending rate plus 1%.

On-bill financing refers to the financial loan service that the City of Nelson has made available for energy retrofits. The customer repays the on-bill financing loan on their regular Nelson Hydro utility bill through automatic withdrawal. The loan is available to those who reside within the City of Nelson and approval is based on payment history and property ownership verification. The maximum allowable loan is \$16,000 with the choice of a 5 or 10 year repayment term, the current fixed interest rate is 3.5% The interest rate is subject to change for any new loans on January first of each year.

In 2024, the City approved a line of credit for a local not-for-profit organization to a maximum amount of \$1,000,000. Assets of the organization have been pledged as collateral for the loan, and disbursements are made at the discretion of staff for the associated capital project. The balance withdrawn as of December 31, 2025 is \$162,500 (2024 - \$100,000) included in various other agreements.

The City has also entered into agreements with various organizations for goods and services or to repay long-term financing agreements over an extended period of time. Included in

	<u>2025</u>	<u>2024</u>
Selkirk College	\$ -	\$ 369,258
Ecosave energy retrofits on-bill financing loans	489,187	556,618
Various other agreements	<u>268,518</u>	<u>236,656</u>
	<u>\$ 757,705</u>	<u>\$ 1,162,532</u>

5. Municipal Finance Authority debt reserve fund

The Municipal Finance Authority of British Columbia (MFA) provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2025, the total of the Debt Reserve Fund was comprised of:

	<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
	Cash deposit	Demand note	Cash deposit	Demand note
General fund	\$ 16,227	\$ 30,598	\$ 160,022	\$ 230,493
Water utility	15,878	31,435	15,417	31,435
Sewer utility	7,939	15,718	7,708	15,718
Nelson Hydro	<u>109,376</u>	<u>174,898</u>	<u>106,196</u>	<u>174,898</u>
	<u>\$ 149,420</u>	<u>\$ 252,649</u>	<u>\$ 289,343</u>	<u>\$ 452,544</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are payable within 1 year and are comprised of the following:

	<u>2025</u>	<u>2024</u>
Trades payable	\$ 5,889,821	\$ 5,345,498
Accrued wages and benefits	1,070,116	791,181
Accrued interest	72,444	84,437
Funds held on deposit	<u>231,595</u>	<u>159,029</u>
	<u>\$ 7,263,976</u>	<u>\$ 6,380,145</u>

7. Deferred revenue

The City records deferred revenue for the funds received in advanced for services that are not yet rendered. This revenue is recognized during the period in which the related services are provided. Because these funds are restricted in nature, they are shown as a liability.

	<u>Opening Balance</u>	<u>Contributions Received</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Federal Gas Tax grant *	\$ -	\$ 569,111	\$ (569,111)	\$ -
Tax prepayments	2,674,934	2,895,559	(2,674,934)	2,895,559
Utility and Hydro prepayments	2,289,978	2,231,211	(2,289,978)	2,231,211
Other grants	1,666,861	8,409,396	(8,808,036)	1,268,221
Other	<u>830,358</u>	<u>838,041</u>	<u>(765,878)</u>	<u>902,521</u>
	<u>\$ 7,462,131</u>	<u>\$ 14,943,318</u>	<u>\$ (15,107,937)</u>	<u>\$ 7,297,512</u>

* The Federal Gas Tax grant is recognized into revenue and immediately transferred into the Community Works Fund reserve.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

8. Accrued future payroll benefits

	<u>2025</u>	<u>2024</u>
Holiday pay	\$ 1,182,742	\$ 1,031,521
Sick leave	1,028,545	942,125
Banked overtime	<u>224,843</u>	<u>273,192</u>
	<u>\$ 2,436,130</u>	<u>\$ 2,246,838</u>

The City accrues holiday pay, sick leave, and banked overtime as they are earned by the employee, however, it is expected that these substantially funded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

Employees of the City are entitled to accumulate earned benefits related to sick leave. Employees accumulate sick leave on a pro-rata basis at a rate dependent on the relevant contract or collective agreement with the City. Upon retirement from the City, employees are entitled to a portion of their accumulated sick leave based on years of service in excess of 5 years.

The deferred liability related to sick leave is valued at management's best estimate, which is based on past experience and assumptions about retirement, wage, and salary increases and employee turnover.

9. Long-term debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2025 Balance	2024 Balance
<u>General purposes:</u>						
3107	Catacombs	4.52%	2033	\$ 275,000	\$ 135,654	\$ 150,134
3108	Baker Street bridge	4.52%	2033	900,000	443,958	491,347
2863	Tenth Street campus	2.40%	2025	<u>6,080,000</u>	<u>-</u>	<u>398,253</u>
				<u>7,255,000</u>	<u>579,612</u>	<u>1,039,734</u>
<u>Water purposes:</u>						
3110	Water improvements	4.10%	2029	<u>1,000,000</u>	<u>267,094</u>	<u>327,573</u>
<u>Sewer purposes:</u>						
3109	Sewer improvements	4.10%	2029	<u>500,000</u>	<u>133,547</u>	<u>163,786</u>
<u>Hydro purposes:</u>						
3106	Hydro improvements	4.10%	2029	1,500,000	400,641	491,359
3223	Hydro improvements	3.39%	2032	<u>6,000,000</u>	<u>2,632,741</u>	<u>2,959,721</u>
				<u>7,500,000</u>	<u>3,033,382</u>	<u>3,451,080</u>
Total long-term debt					<u>\$ 4,013,635</u>	<u>\$ 4,982,173</u>

Interest on long-term debt is charged on the original issue amount of the loan throughout the term of the loan.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

9. **Long-term debt** (continued)

Principal payments and expected actuarial additions are as follows:

	General	Water	Sewer	Hydro	Total
2026	\$ 64,034	\$ 62,898	\$ 31,449	\$ 432,771	\$ 591,152
2027	66,275	65,414	32,707	448,390	612,786
2028	68,594	68,030	34,015	464,574	635,213
2029	70,995	70,752	35,376	481,345	658,468
2030	73,480	-	-	388,350	461,830
Thereafter	<u>236,234</u>	<u>-</u>	<u>-</u>	<u>817,952</u>	<u>1,054,186</u>
	<u>\$ 579,612</u>	<u>\$ 267,094</u>	<u>\$ 133,547</u>	<u>\$ 3,033,382</u>	<u>\$ 4,013,635</u>

10. **Asset retirement obligations**

Existing laws and regulations require the City to take specific actions regarding the removal and disposal of certain capital assets at the end of their useful life. Asset retirement obligations related to the buildings, sewer, and storm sewer infrastructure capital assets are amortized on a straight-line basis over the remaining expected useful life of the related assets.

Estimated costs totaling \$3,493,176 have been discounted using a present value calculation with a discount rate of 4.14%. The discount rate used was based on borrowing rate for liabilities with similar risks and maturity. The timing of these expenditures is estimated to occur between 2026 and 2071 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

The following is a summary of asset retirement obligation transactions for the year:

	2025	2024
Opening asset retirement obligation	\$ 1,761,330	\$ 1,659,456
Increase due to accretion	<u>108,223</u>	<u>101,874</u>
Closing asset retirement obligation	<u>\$ 1,869,553</u>	<u>\$ 1,761,330</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

11. Tangible capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2025 Net book value</u>	<u>2024 Net book value</u>
Land	\$ 9,019,405	\$ -	\$ 9,019,405	\$ 8,801,152
Buildings	47,065,073	32,932,607	14,132,466	8,305,070
Vehicles	14,437,313	7,856,173	6,581,140	6,153,101
IT, equipment & furniture	6,566,582	3,904,841	2,661,741	2,791,058
Library	296,577	229,636	66,941	91,841
Transportation infrastructure	44,492,254	18,247,842	26,244,412	25,700,799
Parks & cemetery	15,439,003	5,084,722	10,354,281	10,599,571
Water infrastructure	63,963,366	19,460,989	44,502,377	44,748,641
Sewer infrastructure	36,546,115	17,187,174	19,358,941	19,382,423
Storm sewer infrastructure	21,683,868	9,143,548	12,540,320	12,415,090
Hydro generators & substations	33,565,197	11,072,832	22,492,365	22,261,160
Hydro infrastructure	49,957,446	13,244,307	36,713,139	35,576,324
Assets under construction	8,115,586	-	8,115,586	7,293,241
	<u>\$351,147,785</u>	<u>\$138,364,671</u>	<u>\$212,783,114</u>	<u>\$204,119,471</u>

See schedule of tangible capital assets for more information.

12. Inventory

Inventories recognized in the statement of financial position are comprised of:

	<u>2025</u>	<u>2024</u>
General, water, sewer, transit, garage and library supplies	\$ 757,257	\$ 957,407
Fuel	93,174	74,163
Hydro operating supplies	<u>1,554,272</u>	<u>1,768,580</u>
	<u>\$ 2,404,703</u>	<u>\$ 2,800,150</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

16. Taxation revenue

In addition to taxes levied for municipal purposes, the City is legally obligated to collect and remit taxes levied for other government authorities. These collections and remittances are not recorded as revenue and expenses.

	<u>2025</u>	<u>2024</u>
Taxation collected	\$ 31,384,946	\$ 29,016,656
Payments in lieu of taxes and other	<u>1,227,330</u>	<u>1,199,137</u>
	32,612,276	30,215,793
Less: Taxation levied for other paid authorities		
Provincial Government - school taxes	10,892,552	10,285,499
Regional District of Central Kootenay	6,339,417	5,819,083
West Kootenay - Boundary Regional Hospital District	711,659	681,096
British Columbia Assessment Authority	213,700	199,772
Municipal Finance Authority	<u>910</u>	<u>869</u>
	<u>18,158,238</u>	<u>16,986,319</u>
Municipal taxes	<u>\$ 14,454,038</u>	<u>\$ 13,229,474</u>

17. Government transfers

Grants received during the year were composed of the following government transfers and other:

	<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
	Unconditional	Conditional	Unconditional	Conditional
Federal government	\$ 170,737	\$ 912,118	\$ 168,267	\$ 2,401,824
Provincial government	412,721	3,944,297	456,020	4,850,888
Regional/other	<u>223,691</u>	<u>262,977</u>	<u>216,966</u>	<u>755,954</u>
	<u>\$ 807,149</u>	<u>\$ 5,119,392</u>	<u>\$ 841,253</u>	<u>\$ 8,008,666</u>

18. Trust funds

The Cemetery Care, Cemetery Replacement, Justice McDonald, Better Gardens, Spurway Estate and Habitat for Humanity trust funds are not reported in these financial statements. The following is a summary of trust fund transactions for the year:

	<u>2025</u>	<u>2024</u>
Balances, beginning of year	\$ 1,109,822	\$ 1,057,608
Contributions received	23,392	14,412
Interest earned	32,981	38,835
Expenses and transfers	<u>-</u>	<u>(1,033)</u>
Balances, end of year	<u>\$ 1,166,195</u>	<u>\$ 1,109,822</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

19. Pension plan

The City of Nelson and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis. The City of Nelson paid \$2,072,793 (2024 - \$1,801,143) for employer contributions to the plan in fiscal 2025.

The next valuation will be as at December 31, 2027 with results available in 2028.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

20. Comparative figures

Prior year comparative figures have been reclassified to conform with the current year's presentation.

21. Segmented information

The City is a diversified municipal government institution that provides a wide range of services. City services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information and the services they provide, are as follows:

General government services

The departments and divisions within general government services are responsible for bylaws, administrative policy, taxes and utilities billing, developing and maintaining information technology systems, ensuring effective financial management and communication, administering City grants, developing an effective labour force, administering collective agreements and payroll, emergency planning, economic development, monitoring and reporting performance, preparing land use plans, bylaws and policies for sustainable development of the City, and ensuring that high quality City service standards are met.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

21. **Segmented information** (continued)

Protective services

Protective services comprises police and fire services. The mandate of police services is to keep our community safe by enforcing the law, and by preventing and reducing crime. Bylaw services is responsible for parking and other bylaw enforcement, and domestic animal control. The mandate of the fire and rescue services is to protect life, property and the environment through emergency response, inspections, code enforcement and public education, ensuring safety for the public.

Transportation services

Transportation services is responsible for planning, building, operating and maintaining the City's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for storm sewer services and fleet services.

Environmental health services

Environmental health is responsible for the City's solid waste and recycling collection services.

Public health and welfare services

Public health and welfare maintains the cemetery grounds and operations for the City.

Parks, culture and recreation services

Parks, culture and recreation is responsible for providing, developing, and maintaining high quality parks, recreation facilities and programs, the youth centre and cultural services.

Water and sewer utility operations

The water utility operates and distributes over 8 million cubic meters of drinking water annually, and maintains water mains and pump stations. The sewer and drainage utility is responsible for the collection, treatment and disposal of sanitary sewage and drainage, as well as the network of sewer mains and pump stations.

Transit operations

Transit is tasked with providing safe, timely and efficient public transit services for the City.

Nelson Hydro operations

This segment includes all the operating activities related to the generation, distribution and supply of the City's electricity.

Library operations

As a controlled entity, the City reports and is responsible for the successful operations of the Nelson Public Library.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

21. Segmented information (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Environmental health	Public health & welfare
Revenues					
Taxes	\$14,389,013	\$ -	\$ 65,025	\$ -	\$ -
Sales of service	350,406	2,026,756	466,577	987,108	75,627
Other revenue from own sources	1,495,810	489,603	164,748	3,176	-
Investment income	994,001	-	-	-	-
Grant transfers - unconditional	407,800	116,200	-	-	-
Grant transfers - conditional	2,060,596	856,820	25,000	-	-
Water and sewer user fees	-	-	-	-	-
Transit user fees	-	-	-	-	-
Transit service fees	-	-	-	-	-
Nelson Hydro sales	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
	<u>19,697,626</u>	<u>3,489,379</u>	<u>721,350</u>	<u>990,284</u>	<u>75,627</u>
Expenditures					
Wages and benefits	3,805,032	8,605,472	2,722,789	398,871	235,810
Supplies and services	2,124,367	1,945,808	1,505,385	179,195	45,927
Interest and other debt charges	60,967	-	53,110	-	-
Amortization	1,132,346	186,256	2,438,383	217,260	-
Accretion	74,452	-	-	-	-
Loss on disposal of assets	524	-	4,052	-	-
	<u>7,197,688</u>	<u>10,737,536</u>	<u>6,723,719</u>	<u>795,326</u>	<u>281,737</u>
Annual Surplus (Deficit)	<u>\$12,499,938</u>	<u>\$(7,248,157)</u>	<u>\$(6,002,369)</u>	<u>\$ 194,958</u>	<u>\$(206,110)</u>

<u>Parks, recreation & cultural</u>	<u>Water & sewer utilities</u>	<u>Transit</u>	<u>Nelson Hydro</u>	<u>Library</u>	<u>2025 Total</u>	<u>2024 Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,454,038	\$ 13,229,474
789,098	-	-	-	10,573	4,706,145	4,330,240
139,323	475,320	-	1,099,398	49,464	3,916,842	4,208,104
-	767,822	-	345,788	25,574	2,133,185	2,270,662
-	-	-	-	283,149	807,149	841,253
902,021	12,209	1,110,740	400	151,606	5,119,392	8,008,666
-	8,528,449	-	-	-	8,528,449	7,813,631
-	-	214,050	-	-	214,050	286,038
-	-	2,134,751	-	-	2,134,751	1,368,481
-	-	-	24,305,394	-	24,305,394	22,807,120
<u>1,830,442</u>	<u>9,783,800</u>	<u>3,459,541</u>	<u>25,750,980</u>	<u>520,366</u>	<u>66,319,395</u>	<u>65,163,669</u>
1,573,003	2,817,458	2,649,883	3,901,248	927,337	27,636,903	24,840,397
1,278,279	1,480,928	1,187,818	11,589,115	304,959	21,641,781	21,727,628
-	61,500	-	264,900	-	440,477	501,938
388,980	1,559,164	-	1,697,822	-	7,620,211	7,088,829
-	33,771	-	-	-	108,223	101,874
-	42,200	-	46,811	-	93,587	87,589
<u>3,240,262</u>	<u>5,995,021</u>	<u>3,837,701</u>	<u>17,499,896</u>	<u>1,232,296</u>	<u>57,541,182</u>	<u>54,348,255</u>
<u>\$(1,409,820)</u>	<u>\$ 3,788,779</u>	<u>\$ (378,160)</u>	<u>\$ 8,251,084</u>	<u>\$ (711,930)</u>	<u>\$ 8,778,213</u>	<u>\$ 10,815,414</u>

22. Financial instruments and risk management

Financial instruments include cash and investments, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long-term debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, interest risk, currency risk and liquidity risk. Management is responsible for safe guarding resources, managing risks, and implementing appropriate policies.

Credit risk

Credit risk refers to the risk of financial loss to the City if a debtor fails to discharge their obligation. The City is exposed to this arising from its cash, investments and receivables. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash, investments and receivables as outlined in Notes 2, 3, and 4. The City mitigates credit risk in its investments by adhering to the City's Financial Management Investment policy and regulations set out by the Community Charter. Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Community Charter grants legislative authority for the City to enforce the collection of unpaid property taxes. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City's historical experience regarding collections. In the current and prior years, all of the impairment allowance relate to trade and other receivables. As at December 31, 2025, there were no significant collection issues related to outstanding receivable accounts. There have been no significant changes from the prior year in the exposure risk or policies, procedures and methods used to measure the risk. Credit risk from cash, investments and receivables are assessed as low.

Interest risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The City is exposed to this risk through its interest-bearing investments and debt. There have been no significant changes from the prior year in the exposure to risk or policies, procedures and methods used to measure risk.

Currency risk

Currency risk arises from exposure to transactions throughout the year that are denominated in a foreign currency. The City's investment portfolio has minimal exposure to foreign exchange risk as the securities held are mainly denominated in Canadian currency. Furthermore, the City issues debentures, which has no exposure to currency risk as debt repayments and interest payments are denominated in Canadian currency. There have been no significant changes from the prior year in the exposure risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk arises when the City is not able to meet its financial obligations as they fall due. The City is exposed to this arising from its accounts payable and accrued liabilities, accrued future payroll benefits, long-term debt, and asset retirement obligations. The maturity of these financial obligations are outlined in Notes 6, 7, 9 and 10. The City mitigates that risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cashflows arise. There have been no significant changes from the prior year in the exposure risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2025

	Opening balance	Additions	Disposals	Closing balance	Accumulated amortization opening balance	Amortization expense	Reduction on disposals	Accumulated amortization closing balance	Net carrying amount end of year
Tangible capital assets									
Land	\$ 8,801,152	\$ 218,253	\$ -	\$ 9,019,405	\$ -	\$ -	\$ -	\$ -	\$ 9,019,405
Buildings	40,398,116	6,666,957	-	47,065,073	32,093,046	839,561	-	32,932,607	14,132,466
Vehicles	13,184,630	1,252,683	-	14,437,313	7,031,529	824,644	-	7,856,173	6,581,140
IT, equipment & furniture	6,142,343	434,239	(10,000)	6,566,582	3,351,285	563,556	(10,000)	3,904,841	2,661,741
Library	297,307	-	(730)	296,577	205,466	24,900	(730)	229,636	66,941
Transportation infrastructure	42,574,801	1,976,977	(59,524)	44,492,254	16,874,002	1,433,326	(59,486)	18,247,842	26,244,412
Parks and cemetery	15,295,313	143,690	-	15,439,003	4,695,742	388,980	-	5,084,722	10,354,281
Water infrastructure	63,340,114	688,536	(65,284)	63,963,366	18,591,473	892,338	(22,822)	19,460,989	44,502,377
Sewer infrastructure	35,904,861	643,606	(2,352)	36,546,115	16,522,438	666,826	(2,090)	17,187,174	19,358,941
Storm sewer infrastructure	21,279,995	417,503	(13,630)	21,683,868	8,864,905	288,259	(9,616)	9,143,548	12,540,320
Hydro generators & substations	32,622,853	942,344	-	33,565,197	10,361,693	711,139	-	11,072,832	22,492,365
Hydro infrastructure	47,872,304	2,170,309	(85,167)	49,957,446	12,295,980	986,682	(38,355)	13,244,307	36,713,139
Assets under construction	7,293,241	822,345	-	8,115,586	-	-	-	-	8,115,586
2025 Totals	\$ 335,007,030	\$ 16,377,442	\$ (236,687)	\$ 351,147,785	\$ 130,887,559	\$ 7,620,211	\$ (143,099)	\$ 138,364,671	\$ 212,783,114
2024 Totals	\$ 318,545,157	\$ 16,870,591	\$ (408,718)	\$ 335,007,030	\$ 124,104,089	\$ 7,088,829	\$ (305,359)	\$ 130,887,559	\$ 204,119,471

Additions during the year also include reallocation of assets under construction.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE B - GROWING COMMUNITIES FUND RECONCILIATION
 December 31, 2025

Province of BC Growing Communities Fund reconciliation

The following is a summary of fund transactions for the current year:

	<u>2025</u>	<u>2024</u>
Growing Communities Fund opening balance	\$ 3,847,546	\$ 4,275,530
Initial funds	-	-
Interest earned during the year	90,641	160,788
Less: Eligible use of funds	<u>-</u>	<u>588,772</u>
Remaining grant	<u>\$ 3,938,187</u>	<u>\$ 3,847,546</u>

THE CORPORATION OF THE CITY OF NELSON
EXHIBIT 1 - CAPACITY FUNDING RECONCILIATION (UNAUDITED)
December 31, 2025

Province of BC Capacity Funding Grant reconciliation

The following is a summary of grant transactions for the current year:

	<u>2025</u>	<u>2024</u>
Capacity Fund opening balance	\$ 154,023	\$ -
Initial funds	-	200,766
Interest earned during the year	-	-
Less: Eligible use of funds	<u>79,753</u>	<u>46,743</u>
Remaining grant	<u>\$ 74,270</u>	<u>\$ 154,023</u>



City of
NELSON

101-310 Ward Street
Nelson, British Columbia V1L 5S4
reception@nelson.ca | 250-352-5511 | nelson.ca

THE CORPORATION OF THE CITY OF NELSON REQUEST FOR DECISION

DATE: June 23, 2026 Special Meeting
TOPIC: 2025 Statement of Financial Information (SOFI) Report
PROPOSAL: Accept 2025 SOFI Report
PROPOSED BY: Staff

ANALYSIS SUMMARY:

Annually, all local governments must prepare a Statement of Financial Information (SOFI) in accordance with the *Financial Information Act* Legislation. The SOFI Report is to be presented to Council for acceptance and approval before the report is submitted to the Ministry of Municipal Affairs & Housing.

BACKGROUND:

The information contained in the SOFI is required under the *Financial Information Act* and has been prepared by management in accordance with generally accepted accounting principles. Management is responsible for all the statements and schedules and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

By legislation the SOFI must include:

- Statement of Financial information Approval
- Management Report
- Financial Statements
- Schedule of Debts
- Schedule of Guarantees and Indemnities Agreements
- Statement of Severance Agreements
- Council Remuneration
- Staff Remuneration (detail for those employees who earn over \$75K)
- Schedule of Payments made for the Provision of Goods or Service (detail for those Suppliers over \$25K)

As per direction given by the Ministry of Municipal Affairs & Housing, Nelson Police employees are not included on the SOFI as they are employed by the Nelson Police Board. By legislation, municipal police boards are not required to submit a SOFI report.

In addition, the Nelson Municipal Library is also required to submit a separate SOFI report and thus they are also not included.

The Financial Statements, which are included in the SOFI, are presented to Council for approval as part of the 2025 Annual Report.

BENEFITS OR DISADVANTAGES AND NEGATIVE IMPACTS:

The information contained in the SOFI report helps ensure that the financial reporting of the municipality is transparent to the public.

LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:

As per Section 2(1) the *Financial Information Act*, the City is required to prepare the SOFIs and make such statements available to the public.

COSTS AND BUDGET IMPACT - REVENUE GENERATION:

The report was developed in house; costs of printing are part of the anticipated operations and included in the Financial Plan.

IMPACT ON SUSTAINABILITY OBJECTIVES AND STAFF RESOURCES:

N/A

COMMUNICATION:

The approved 2025 SOFI Report will be submitted to the Ministry of Municipal Affairs & Housing. In addition, the SOFI will be available on the City of Nelson website, from where the public can download an electronic version, or a hard copy can be obtained by a request to the Finance Department.

OPTIONS AND ALTERNATIVES:

1. Accept the 2025 SOFI Report as presented
2. Refer the matter to staff

ATTACHMENTS:

- 2025 SOFI Report

RECOMMENDATION:

That Council passes the following resolution:

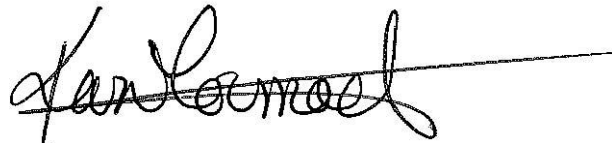
THAT the 2025 SOFI Report be accepted and approved as presented to Council at the June 23, 2026 Special meeting.

AUTHOR:



DEPUTY CHIEF FINANCIAL OFFICER

REVIEWED BY:



CITY MANAGER



The Corporation of the City of Nelson
2025 STATEMENT OF FINANCIAL INFORMATION

Statement of Financial Information (SOFI)
THE CORPORATION OF THE CITY OF NELSON
Fiscal Year Ended December 31, 2025

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Documents are arranged in the following order:

1. Statement of Financial Information Approval
2. Management Report
3. Audited Financial Statements
4. Schedule of Debt
5. Schedule of Guarantee and Indemnity Agreements
6. Statement of Severance Agreements
7. Schedule of Remuneration and Expenses
8. Schedule of Payments for the Provision of Goods and Services
9. Explanation of differences to Audited Financial Statements

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2025

STATEMENT OF FINANCIAL INFORMATION APPROVAL

We, the undersigned, approve the attached statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.

Janice Morrison
Mayor

Chris Jury, CPA, CA
Chief Financial Officer

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2025

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility.

Management is also responsible for all other schedules of financial information and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and for approving the financial information included in the Statement of Financial Information.

The external auditors, Grant Thornton, Chartered Professional Accountants, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules of financial information required by the *Financial Information Act*. Their examination includes a review and evaluation of the City's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of The Corporation of the City of Nelson

Chris Jury, CPA, CA
Chief Financial Officer
June 23, 2026



THE CORPORATION OF THE CITY OF NELSON
FINANCIAL STATEMENTS
DECEMBER 31, 2025

THE CORPORATION OF THE CITY OF NELSON
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For the Year Ended December 31, 2025

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Statement of Changes in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule A - Statement of Tangible Capital Assets

Schedule B - Growing Communities Fund Reconciliation

Exhibit 1 - Capacity Funding Reconciliation (Unaudited)

THE CORPORATION OF THE CITY OF NELSON

MANAGEMENT REPORT

For the Year Ended December 31, 2025

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the City of Nelson's financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Corporation of the City of Nelson's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Doane Grant Thornton LLP, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, The Corporation of the City of Nelson's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the financial statements. The report of Doane Grant Thornton LLP follows and outlines the scope of their examination and their opinion on the financial statements.



Chris Jury, CPA, CA
Chief Financial Officer

Independent auditor's report

To the Mayor and Council of
The Corporation of the City of Nelson

Opinion

We have audited the financial statements of the Corporation of the City of Nelson ("the City"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, remeasurement gains and losses, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Nelson as at December 31, 2025, and its results of operations, its remeasurement gains and losses, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Exhibit 1 is presented for the purposes of additional information and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

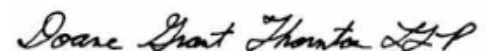
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Castlegar, Canada
April 28, 2026

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash	\$ 5,136,441	\$ 3,753,111
Investments (Note 2)	48,961,679	48,913,344
Accounts receivable (Note 3)	10,862,449	11,317,126
Long-term accounts receivable (Note 4)	757,705	1,162,532
MFA deposits (Note 5)	<u>149,420</u>	<u>289,343</u>
	<u>65,867,694</u>	<u>65,435,456</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	7,263,976	6,380,145
Deferred revenue (Note 7)	7,297,512	7,462,131
Accrued future payroll benefits (Note 8)	2,436,130	2,246,838
Long-term debt (Note 9)	4,013,635	4,982,173
Asset retirement obligations (Note 10)	<u>1,869,553</u>	<u>1,761,330</u>
	<u>22,880,806</u>	<u>22,832,617</u>
Net Financial Assets	42,986,888	42,602,839
Non-Financial Assets		
Tangible capital assets (Note 11)	212,783,114	204,119,471
Inventory (Note 12)	2,404,703	2,800,150
Prepaid expenses	<u>358,623</u>	<u>188,385</u>
	<u>215,546,440</u>	<u>207,108,006</u>
Accumulated Surplus	<u>258,533,328</u>	<u>249,710,845</u>
Accumulated Surplus is comprised of:		
Accumulated surplus (Note 13)	258,489,058	249,710,845
Accumulated remeasurement gain (losses)	<u>44,270</u>	<u>-</u>
	<u>\$258,533,328</u>	<u>\$249,710,845</u>

Commitments and Contingencies (Note 14)



Chris Jury, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2025

	<u>2025 Budget</u> (Note 15)	<u>2025</u>	<u>2024</u>
Revenue			
Taxation revenue (Note 16)	\$ 14,336,403	\$ 14,454,038	\$ 13,229,474
Sale of services	4,553,808	4,706,145	4,330,240
Other revenue from own sources	5,535,748	3,916,842	4,208,104
Investment income	1,503,048	2,133,185	2,270,662
Government transfers - unconditional (Note 17)	836,574	807,149	841,253
Government transfers - conditional (Note 17)	10,818,655	5,119,392	8,008,666
Water user fees	2,915,574	2,984,262	2,720,773
Sewer user fees	5,451,002	5,544,187	5,092,858
Transit user fees	240,559	214,050	286,038
Transit service fees	2,254,859	2,134,751	1,368,481
Nelson Hydro sales	<u>24,548,138</u>	<u>24,305,394</u>	<u>22,807,120</u>
	<u>72,994,368</u>	<u>66,319,395</u>	<u>65,163,669</u>
Expenses			
General government services	6,966,402	5,929,400	5,646,869
Protective services	10,584,950	10,551,280	9,436,636
Transportation services	5,038,213	4,228,174	3,810,831
Environmental health services	687,600	578,066	596,725
Public health and welfare services	305,824	281,737	266,181
Parks, recreation and cultural services	2,916,951	2,851,282	2,688,838
Interest and other debt charges	452,470	440,477	501,938
Water utility operations	1,803,678	1,883,063	1,555,922
Sewer utility operations	2,392,959	2,415,323	2,202,390
Transit operations	4,382,303	3,837,701	3,542,453
Nelson Hydro operations	15,615,105	15,490,362	15,683,010
Library operations	1,294,873	1,232,296	1,138,170
Amortization	7,123,556	7,620,211	7,088,829
Accretion	-	108,223	101,874
Loss on disposal of assets	-	93,587	87,589
	<u>59,564,884</u>	<u>57,541,182</u>	<u>54,348,255</u>
Annual surplus	13,429,484	8,778,213	10,815,414
Accumulated surplus, beginning of the year	<u>249,710,845</u>	<u>249,710,845</u>	<u>238,895,431</u>
Accumulated surplus, end of the year	<u>\$263,140,329</u>	<u>\$258,489,058</u>	<u>\$249,710,845</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized gain (losses) attributable to:		
Investments	44,270	-
Realized (gains) losses attributable to:		
Investments	<u>-</u>	<u>-</u>
Accumulated remeasurement gains (losses), end of year	<u>\$ 44,270</u>	<u>\$ -</u>

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2025

	<u>2025 Budget</u>	<u>2025</u>	<u>2024</u>
Annual surplus	\$ 13,429,484	\$ 8,778,213	\$ 10,815,414
Acquisition of tangible capital assets	(28,981,808)	(16,377,442)	(16,870,591)
Amortization of tangible capital assets	7,123,556	7,620,211	7,088,829
Proceeds on sale of tangible capital assets	-	-	15,771
Loss (gain) on disposal of tangible capital assets	-	93,587	87,589
Unrealized gain (losses) on investments	-	44,270	-
	<u>(8,428,768)</u>	<u>158,839</u>	<u>1,137,012</u>
(Acquisition) use of prepaid expenses	-	(170,237)	173,915
(Acquisition) use of supply inventory	-	395,447	(24,593)
	<u>-</u>	<u>225,210</u>	<u>149,322</u>
(Decrease) Increase in net financial assets	(8,428,768)	384,049	1,286,334
Net financial assets, beginning of year	<u>42,602,839</u>	<u>42,602,839</u>	<u>41,316,505</u>
Net financial assets, end of the year	<u>\$ 34,174,071</u>	<u>\$ 42,986,888</u>	<u>\$ 42,602,839</u>

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 8,778,213	\$ 10,815,414
Items not involving cash:		
Amortization of tangible capital assets	7,620,211	7,088,829
Accretion	108,223	101,874
Actuarial adjustments	(461,453)	(424,175)
Loss on disposal of tangible capital assets	<u>93,587</u>	<u>87,589</u>
	<u>16,138,781</u>	<u>17,669,531</u>
(Increase) decrease in non-cash operating items:		
Accounts receivable	454,677	(2,181,993)
Long-term accounts receivable	404,827	333,615
MFA deposits	139,923	(9,737)
Accounts payable and accrued liabilities	883,831	(1,681,331)
Deferred revenue	(164,619)	(802,294)
Accrued future payroll benefits	189,292	334,907
Inventory	395,447	(24,593)
Prepaid expenses	<u>(170,237)</u>	<u>173,915</u>
	<u>18,271,922</u>	<u>13,812,020</u>
Financing Activities		
Long-term debt repayment	<u>(507,085)</u>	<u>(507,087)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	-	15,771
Acquisition of tangible capital assets	<u>(16,377,442)</u>	<u>(16,870,591)</u>
	<u>(16,377,442)</u>	<u>(16,854,820)</u>
Investing Activities		
Net sale (purchase) of investments	<u>(4,065)</u>	<u>2,485,063</u>
Net increase (decrease) in Cash	1,383,330	(1,064,824)
Cash, beginning of year	<u>3,753,111</u>	<u>4,817,935</u>
Cash, end of year	<u>\$ 5,136,441</u>	<u>\$ 3,753,111</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies

The Corporation of the City of Nelson ("the City") is a local government in the Province of British Columbia. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

The following is a summary of the City's significant accounting policies:

(a) Basis of presentation

The City's resources and operations are segregated into General, Water Utility, Sewer Utility, Hydro Utility, Transit, and Reserve Funds for accounting and financial reporting purposes. The financial statements include all the accounts of these funds. All material inter-fund transactions and balances have been eliminated within the financial statements.

(b) Revenue recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues.

Taxation revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Sale of services, user fees, transit service fees, and Nelson Hydro sales

Revenue from these transactions are recorded as the performance obligations are satisfied. Transactions without performance obligations are recognized when the revenue is received or receivable.

Grant revenues

Grant revenues are recognized when the funding becomes receivable. Non-government conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Grants for tangible capital assets are recognized when the eligible expenditures are made. Revenue unearned in the current period is recorded as deferred revenue.

Government transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.

Interest income

Interest income on long-term receivables is recorded on the accrual basis and recognized when earned.

Investment income

Investment income is recorded on the accrual basis and recognized when earned.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies (continued)

(b) Revenue recognition (continued)

A portion of the City's investments are invested in pooled funds of the Municipal Finance Authority of British Columbia. Earnings on these funds are allocated to the members from time to time based on the market value of the pool. The City recognized only its share of the realized earnings of the pool. This revenue is recorded as investment income and the amount is added to the cost base of the investment.

(c) Deferred revenue

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation, or agreement and are not available for general municipal purposes as well as licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and/or projects have not been constructed. These amount will be recognized as revenues in the year in which it is used for the specified purpose, services are performed and/or projects are constructed.

(d) Financial instruments

The City's financial instruments consist of cash and investments, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans, asset retirement obligations, and long-term debt.

Financial instruments are initially measured at fair value and subsequently carried at fair value or cost or amortized cost.

- Fair value category: Investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time when a financial instrument in the fair value category is derecognized, the associated accumulated remeasurement gains and losses are reversed and reclassified to the statement of operations. Transaction costs related to financial instruments recorded at their fair value are expensed as incurred.
- Cost category: Investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost (using the effective interest method). Gains and losses are recognized in the statement of operations when the financial asset is derecognized due to disposal or impairment. Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the City determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies (continued)

(d) Financial Instruments (continued)

Financial instruments recorded at fair value are classified as level 1, 2, or 3, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Market-based inputs other than quote prices that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction

(e) Accrued future payroll benefits

The City records the cost of future payroll benefits over the employee's term of employment. Upon retirement, a portion of accumulated sick leave credits are paid to the employee based on years of service.

(f) Interest and actuarial gains on long-term debt

The City records interest expense on long-term debt on an accrual basis and actuarial gains when realized as a reduction of the principal balance.

(g) Tangible capital assets

Tangible capital assets, comprised of tangible capital assets and tangible capital assets under construction, are recorded at cost and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Buildings	3 to 75 years
Library, furniture, equipment, and vehicles	3 to 30 years
Technology	3 to 50 years
Transportation infrastructure	10 to 100 years
Parks and cemetery	10 to 100 years
Water, sewer, and storm drain infrastructure	10 to 100 years
Nelson Hydro infrastructure	5 to 100 years

(h) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Inventory

Inventory of supplies held for consumption are recorded at the lower of weighted average cost and replacement cost.

(j) Statutory reserves

Statutory reserves are funds that have been restricted by Council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies (continued)

(k) Reserves set aside by Council

Reserves set aside by Council are non-statutory reserves which represent an appropriation of surplus for specific purposes. These internally restricted funds are not available for unrestricted purposes without the approval of Council.

(l) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Significant areas requiring estimates include the estimated useful life and related amortization of tangible capital assets, future payroll benefits, allowance for doubtful accounts, provision for contingencies and timing and extent of asset retirement obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

(m) Budget

Budget data presented in these financial statements is based on the City's Five Year Financial Plan for the years 2025-2029, adopted by Council on May 6, 2025.

(n) Municipal Pension Plan

The City's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers is responsible for administering the plan, including investment assets and administration of benefits. The plan is a multi-employer defined benefit plan.

(o) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City is directly responsible, or accepts responsibility;
- it is expected that a future economic benefit will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

There were no liabilities recorded as at December 31, 2025.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant accounting policies (continued)

(p) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the future cash flows or the discount rate.

2. Investments

	Level	2025	2024
Investments in the fair value category			
Municipal Finance Authority investment funds	2	\$ 44,036,383	\$ 42,376,513
Investments quoted in an active market	1	<u>2,518,943</u>	<u>2,695,333</u>
		46,555,326	45,071,846
Investments in the cost and amortized cost category			
Provincial and bank issued bonds		<u>2,406,353</u>	<u>3,841,498</u>
		<u>\$ 48,961,679</u>	<u>\$ 48,913,344</u>

3. Accounts receivable

Accounts receivable are recorded net of allowance and are comprised of the following:

	2025	2024
Property taxes	\$ 816,868	\$ 641,220
Utility billings	4,832,250	4,955,163
Other governments	719,672	729,972
Grant receivables	2,752,380	3,616,387
Trade & other receivables	<u>1,741,279</u>	<u>1,374,384</u>
	<u>\$ 10,862,449</u>	<u>\$ 11,317,126</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

4. Long-term accounts receivable

The City entered into an agreement with Selkirk College in April 2000, to undertake certain improvements to the Tenth Street Campus. Selkirk College is paying for the improvements over a 25 year term in equal monthly installments at the Municipal Finance Authority lending rate plus 1%.

On-bill financing refers to the financial loan service that the City of Nelson has made available for energy retrofits. The customer repays the on-bill financing loan on their regular Nelson Hydro utility bill through automatic withdrawal. The loan is available to those who reside within the City of Nelson and approval is based on payment history and property ownership verification. The maximum allowable loan is \$16,000 with the choice of a 5 or 10 year repayment term, the current fixed interest rate is 3.5% The interest rate is subject to change for any new loans on January first of each year.

In 2024, the City approved a line of credit for a local not-for-profit organization to a maximum amount of \$1,000,000. Assets of the organization have been pledged as collateral for the loan, and disbursements are made at the discretion of staff for the associated capital project. The balance withdrawn as of December 31, 2025 is \$162,500 (2024 - \$100,000) included in various other agreements.

The City has also entered into agreements with various organizations for goods and services or to repay long-term financing agreements over an extended period of time. Included in

	<u>2025</u>	<u>2024</u>
Selkirk College	\$ -	\$ 369,258
Ecosave energy retrofits on-bill financing loans	489,187	556,618
Various other agreements	<u>268,518</u>	<u>236,656</u>
	<u>\$ 757,705</u>	<u>\$ 1,162,532</u>

5. Municipal Finance Authority debt reserve fund

The Municipal Finance Authority of British Columbia (MFA) provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2025, the total of the Debt Reserve Fund was comprised of:

	<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
	Cash deposit	Demand note	Cash deposit	Demand note
General fund	\$ 16,227	\$ 30,598	\$ 160,022	\$ 230,493
Water utility	15,878	31,435	15,417	31,435
Sewer utility	7,939	15,718	7,708	15,718
Nelson Hydro	<u>109,376</u>	<u>174,898</u>	<u>106,196</u>	<u>174,898</u>
	<u>\$ 149,420</u>	<u>\$ 252,649</u>	<u>\$ 289,343</u>	<u>\$ 452,544</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are payable within 1 year and are comprised of the following:

	<u>2025</u>	<u>2024</u>
Trades payable	\$ 5,889,821	\$ 5,345,498
Accrued wages and benefits	1,070,116	791,181
Accrued interest	72,444	84,437
Funds held on deposit	<u>231,595</u>	<u>159,029</u>
	<u>\$ 7,263,976</u>	<u>\$ 6,380,145</u>

7. Deferred revenue

The City records deferred revenue for the funds received in advanced for services that are not yet rendered. This revenue is recognized during the period in which the related services are provided. Because these funds are restricted in nature, they are shown as a liability.

	<u>Opening Balance</u>	<u>Contributions Received</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Federal Gas Tax grant *	\$ -	\$ 569,111	\$ (569,111)	\$ -
Tax prepayments	2,674,934	2,895,559	(2,674,934)	2,895,559
Utility and Hydro prepayments	2,289,978	2,231,211	(2,289,978)	2,231,211
Other grants	1,666,861	8,409,396	(8,808,036)	1,268,221
Other	<u>830,358</u>	<u>838,041</u>	<u>(765,878)</u>	<u>902,521</u>
	<u>\$ 7,462,131</u>	<u>\$ 14,943,318</u>	<u>\$ (15,107,937)</u>	<u>\$ 7,297,512</u>

* The Federal Gas Tax grant is recognized into revenue and immediately transferred into the Community Works Fund reserve.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

8. Accrued future payroll benefits

	2025	2024
Holiday pay	\$ 1,182,742	\$ 1,031,521
Sick leave	1,028,545	942,125
Banked overtime	<u>224,843</u>	<u>273,192</u>
	<u>\$ 2,436,130</u>	<u>\$ 2,246,838</u>

The City accrues holiday pay, sick leave, and banked overtime as they are earned by the employee, however, it is expected that these substantially funded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

Employees of the City are entitled to accumulate earned benefits related to sick leave. Employees accumulate sick leave on a pro-rata basis at a rate dependent on the relevant contract or collective agreement with the City. Upon retirement from the City, employees are entitled to a portion of their accumulated sick leave based on years of service in excess of 5 years.

The deferred liability related to sick leave is valued at management's best estimate, which is based on past experience and assumptions about retirement, wage, and salary increases and employee turnover.

9. Long-term debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2025 Balance	2024 Balance
<u>General purposes:</u>						
3107	Catacombs	4.52%	2033	\$ 275,000	\$ 135,654	\$ 150,134
3108	Baker Street bridge	4.52%	2033	900,000	443,958	491,347
2863	Tenth Street campus	2.40%	2025	<u>6,080,000</u>	-	<u>398,253</u>
				<u>7,255,000</u>	<u>579,612</u>	<u>1,039,734</u>
<u>Water purposes:</u>						
3110	Water improvements	4.10%	2029	<u>1,000,000</u>	<u>267,094</u>	<u>327,573</u>
<u>Sewer purposes:</u>						
3109	Sewer improvements	4.10%	2029	<u>500,000</u>	<u>133,547</u>	<u>163,786</u>
<u>Hydro purposes:</u>						
3106	Hydro improvements	4.10%	2029	1,500,000	400,641	491,359
3223	Hydro improvements	3.39%	2032	<u>6,000,000</u>	<u>2,632,741</u>	<u>2,959,721</u>
				<u>7,500,000</u>	<u>3,033,382</u>	<u>3,451,080</u>
Total long-term debt					<u>\$ 4,013,635</u>	<u>\$ 4,982,173</u>

Interest on long-term debt is charged on the original issue amount of the loan throughout the term of the loan.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

9. Long-term debt (continued)

Principal payments and expected actuarial additions are as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Hydro</u>	<u>Total</u>
2026	\$ 64,034	\$ 62,898	\$ 31,449	\$ 432,771	\$ 591,152
2027	66,275	65,414	32,707	448,390	612,786
2028	68,594	68,030	34,015	464,574	635,213
2029	70,995	70,752	35,376	481,345	658,468
2030	73,480	-	-	388,350	461,830
Thereafter	<u>236,234</u>	<u>-</u>	<u>-</u>	<u>817,952</u>	<u>1,054,186</u>
	<u>\$ 579,612</u>	<u>\$ 267,094</u>	<u>\$ 133,547</u>	<u>\$ 3,033,382</u>	<u>\$ 4,013,635</u>

10. Asset retirement obligations

Existing laws and regulations require the City to take specific actions regarding the removal and disposal of certain capital assets at the end of their useful life. Asset retirement obligations related to the buildings, sewer, and storm sewer infrastructure capital assets are amortized on a straight-line basis over the remaining expected useful life of the related assets.

Estimated costs totaling \$3,493,176 have been discounted using a present value calculation with a discount rate of 4.14%. The discount rate used was based on borrowing rate for liabilities with similar risks and maturity. The timing of these expenditures is estimated to occur between 2026 and 2071 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

The following is a summary of asset retirement obligation transactions for the year:

	<u>2025</u>	<u>2024</u>
Opening asset retirement obligation	\$ 1,761,330	\$ 1,659,456
Increase due to accretion	<u>108,223</u>	<u>101,874</u>
Closing asset retirement obligation	<u>\$ 1,869,553</u>	<u>\$ 1,761,330</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

11. Tangible capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2025 Net book value</u>	<u>2024 Net book value</u>
Land	\$ 9,019,405	\$ -	\$ 9,019,405	\$ 8,801,152
Buildings	47,065,073	32,932,607	14,132,466	8,305,070
Vehicles	14,437,313	7,856,173	6,581,140	6,153,101
IT, equipment & furniture	6,566,582	3,904,841	2,661,741	2,791,058
Library	296,577	229,636	66,941	91,841
Transportation infrastructure	44,492,254	18,247,842	26,244,412	25,700,799
Parks & cemetery	15,439,003	5,084,722	10,354,281	10,599,571
Water infrastructure	63,963,366	19,460,989	44,502,377	44,748,641
Sewer infrastructure	36,546,115	17,187,174	19,358,941	19,382,423
Storm sewer infrastructure	21,683,868	9,143,548	12,540,320	12,415,090
Hydro generators & substations	33,565,197	11,072,832	22,492,365	22,261,160
Hydro infrastructure	49,957,446	13,244,307	36,713,139	35,576,324
Assets under construction	<u>8,115,586</u>	<u>-</u>	<u>8,115,586</u>	<u>7,293,241</u>
	<u>\$351,147,785</u>	<u>\$138,364,671</u>	<u>\$212,783,114</u>	<u>\$204,119,471</u>

See schedule of tangible capital assets for more information.

12. Inventory

Inventories recognized in the statement of financial position are comprised of:

	<u>2025</u>	<u>2024</u>
General, water, sewer, transit, garage and library supplies	\$ 757,257	\$ 957,407
Fuel	93,174	74,163
Hydro operating supplies	<u>1,554,272</u>	<u>1,768,580</u>
	<u>\$ 2,404,703</u>	<u>\$ 2,800,150</u>

THE CORPORATION OF THE CITY OF NELSON**NOTES TO THE FINANCIAL STATEMENTS**December 31, 2025

13. Accumulated surplus

	<u>2025</u>	<u>2024</u>
Reserves		
Set aside by Council		
Affordable housing	\$ 239,091	\$ 212,803
Capital projects	911,269	953,486
Community works fund	2,080,947	2,203,090
Equipment replacement	3,078,062	3,631,566
Financial stabilization	1,062,050	1,037,606
Future power purchase	1,333,147	1,295,192
Growing communities	3,938,187	3,847,546
Legacy	1,564,723	1,528,709
Nelson Hydro capital	3,023,245	2,223,636
Sewer utility capital	21,281,506	18,899,156
Waterfront development	36,126	35,294
Water licence	944,767	562,760
Water utility capital	<u>3,222,610</u>	<u>5,994,015</u>
	42,715,730	42,424,859
Statutory reserves		
Active transportation	123,401	100,909
Land sales	261,978	770,548
Parks acquisition	54,697	53,438
Tax sale	<u>27,595</u>	<u>26,960</u>
	<u>467,671</u>	<u>951,855</u>
Total reserves	<u>43,183,401</u>	<u>43,376,714</u>
Surplus		
Surplus set aside by Council		
Airport	196,595	163,595
Art in public places	38,926	32,113
Bridge	439,789	399,789
Building reserve	2,123,266	2,562,502
Economic development	345,710	345,710
Downtown & waterfront	529,657	467,103
Insurance	401,102	437,272
Legal	20,000	20,000
Parking	7,863	7,863
Recycling reserve	227,633	49,726
911	121,589	114,089
10th street	<u>235,501</u>	<u>275,497</u>
	4,687,631	4,875,259
Unappropriated surplus	<u>3,740,136</u>	<u>3,713,642</u>
Total surplus	<u>8,427,767</u>	<u>8,588,901</u>
Invested in tangible capital assets	<u>206,877,890</u>	<u>197,745,230</u>
Total accumulated surplus	<u>\$258,489,058</u>	<u>\$249,710,845</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

14. Commitments and contingencies

Regional District debt

Regional District debt is, under the provisions of the Community Charter of B.C., a direct, joint and several liability of the District and each member municipality within the District including the City of Nelson.

Claims for damages

In the normal course of a year, the City is faced with lawsuits and claims for damages of a diverse nature. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful, will be recorded when a liability is likely and determinable.

Reciprocal insurance exchange agreement

The City is a subscribed member of the Municipal Insurance Association of British Columbia ("The Exchange") as provided by Section 3.02 of the Insurance Act of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange agreement, the Municipality is assessed a premium and specific deductible based on population and claims experience. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several and not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.

Commitments

The City has entered into various agreements and contracts for services related to both operating and capital projects with periods ranging from one to five years.

15. Budget data

The reconciliation of the approved budget for the current year to the budget figures reported in these financial statement is as follows:

	<u>2025</u>
Budget surplus per statement of operations	\$ 13,429,484
Less: Capital expenditures	28,981,808
Long-term debt principal repayments	507,086
Budgeted transfers to reserves	1,195,073
Add: Budgeted transfers from surplus and reserves	7,570,394
Amortization	7,123,556
Debt proceeds	<u>2,560,533</u>
Net annual budget	<u>\$ -</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

16. Taxation revenue

In addition to taxes levied for municipal purposes, the City is legally obligated to collect and remit taxes levied for other government authorities. These collections and remittances are not recorded as revenue and expenses.

	<u>2025</u>	<u>2024</u>
Taxation collected	\$ 31,384,946	\$ 29,016,656
Payments in lieu of taxes and other	<u>1,227,330</u>	<u>1,199,137</u>
	32,612,276	30,215,793
Less: Taxation levied for other paid authorities		
Provincial Government - school taxes	10,892,552	10,285,499
Regional District of Central Kootenay	6,339,417	5,819,083
West Kootenay - Boundary Regional Hospital District	711,659	681,096
British Columbia Assessment Authority	213,700	199,772
Municipal Finance Authority	<u>910</u>	<u>869</u>
	<u>18,158,238</u>	<u>16,986,319</u>
Municipal taxes	<u>\$ 14,454,038</u>	<u>\$ 13,229,474</u>

17. Government transfers

Grants received during the year were composed of the following government transfers and other:

	<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
	Unconditional	Conditional	Unconditional	Conditional
Federal government	\$ 170,737	\$ 912,118	\$ 168,267	\$ 2,401,824
Provincial government	412,721	3,944,297	456,020	4,850,888
Regional/other	<u>223,691</u>	<u>262,977</u>	<u>216,966</u>	<u>755,954</u>
	<u>\$ 807,149</u>	<u>\$ 5,119,392</u>	<u>\$ 841,253</u>	<u>\$ 8,008,666</u>

18. Trust funds

The Cemetery Care, Cemetery Replacement, Justice McDonald, Better Gardens, Spurway Estate and Habitat for Humanity trust funds are not reported in these financial statements. The following is a summary of trust fund transactions for the year:

	<u>2025</u>	<u>2024</u>
Balances, beginning of year	\$ 1,109,822	\$ 1,057,608
Contributions received	23,392	14,412
Interest earned	32,981	38,835
Expenses and transfers	<u>-</u>	<u>(1,033)</u>
Balances, end of year	<u>\$ 1,166,195</u>	<u>\$ 1,109,822</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

19. Pension plan

The City of Nelson and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis. The City of Nelson paid \$2,072,793 (2024 - \$1,801,143) for employer contributions to the plan in fiscal 2025.

The next valuation will be as at December 31, 2027 with results available in 2028.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

20. Comparative figures

Prior year comparative figures have been reclassified to conform with the current year's presentation.

21. Segmented information

The City is a diversified municipal government institution that provides a wide range of services. City services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information and the services they provide, are as follows:

General government services

The departments and divisions within general government services are responsible for bylaws, administrative policy, taxes and utilities billing, developing and maintaining information technology systems, ensuring effective financial management and communication, administering City grants, developing an effective labour force, administering collective agreements and payroll, emergency planning, economic development, monitoring and reporting performance, preparing land use plans, bylaws and policies for sustainable development of the City, and ensuring that high quality City service standards are met.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

21. Segmented information (continued)

Protective services

Protective services comprises police and fire services. The mandate of police services is to keep our community safe by enforcing the law, and by preventing and reducing crime. Bylaw services is responsible for parking and other bylaw enforcement, and domestic animal control. The mandate of the fire and rescue services is to protect life, property and the environment through emergency response, inspections, code enforcement and public education, ensuring safety for the public.

Transportation services

Transportation services is responsible for planning, building, operating and maintaining the City's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for storm sewer services and fleet services.

Environmental health services

Environmental health is responsible for the City's solid waste and recycling collection services.

Public health and welfare services

Public health and welfare maintains the cemetery grounds and operations for the City.

Parks, culture and recreation services

Parks, culture and recreation is responsible for providing, developing, and maintaining high quality parks, recreation facilities and programs, the youth centre and cultural services.

Water and sewer utility operations

The water utility operates and distributes over 8 million cubic meters of drinking water annually, and maintains water mains and pump stations. The sewer and drainage utility is responsible for the collection, treatment and disposal of sanitary sewage and drainage, as well as the network of sewer mains and pump stations.

Transit operations

Transit is tasked with providing safe, timely and efficient public transit services for the City.

Nelson Hydro operations

This segment includes all the operating activities related to the generation, distribution and supply of the City's electricity.

Library operations

As a controlled entity, the City reports and is responsible for the successful operations of the Nelson Public Library.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

21. Segmented information (continued)

Statement of operations by object and function:

	<u>General government</u>	<u>Protective services</u>	<u>Transportation services</u>	<u>Environmental health</u>	<u>Public health & welfare</u>
Revenues					
Taxes	\$14,389,013	\$ -	\$ 65,025	\$ -	\$ -
Sales of service	350,406	2,026,756	466,577	987,108	75,627
Other revenue from own sources	1,495,810	489,603	164,748	3,176	-
Investment income	994,001	-	-	-	-
Grant transfers - unconditional	407,800	116,200	-	-	-
Grant transfers - conditional	2,060,596	856,820	25,000	-	-
Water and sewer user fees	-	-	-	-	-
Transit user fees	-	-	-	-	-
Transit service fees	-	-	-	-	-
Nelson Hydro sales	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
	<u>19,697,626</u>	<u>3,489,379</u>	<u>721,350</u>	<u>990,284</u>	<u>75,627</u>
Expenditures					
Wages and benefits	3,805,032	8,605,472	2,722,789	398,871	235,810
Supplies and services	2,124,367	1,945,808	1,505,385	179,195	45,927
Interest and other debt charges	60,967	-	53,110	-	-
Amortization	1,132,346	186,256	2,438,383	217,260	-
Accretion	74,452	-	-	-	-
Loss on disposal of assets	524	-	4,052	-	-
	<u>7,197,688</u>	<u>10,737,536</u>	<u>6,723,719</u>	<u>795,326</u>	<u>281,737</u>
Annual Surplus (Deficit)	<u>\$12,499,938</u>	<u>\$(7,248,157)</u>	<u>\$(6,002,369)</u>	<u>\$ 194,958</u>	<u>\$(206,110)</u>

Parks, recreation & cultural	Water & sewer utilities	Transit	Nelson Hydro	Library	2025 Total	2024 Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,454,038	\$ 13,229,474
789,098	-	-	-	10,573	4,706,145	4,330,240
139,323	475,320	-	1,099,398	49,464	3,916,842	4,208,104
-	767,822	-	345,788	25,574	2,133,185	2,270,662
-	-	-	-	283,149	807,149	841,253
902,021	12,209	1,110,740	400	151,606	5,119,392	8,008,666
-	8,528,449	-	-	-	8,528,449	7,813,631
-	-	214,050	-	-	214,050	286,038
-	-	2,134,751	-	-	2,134,751	1,368,481
-	-	-	24,305,394	-	24,305,394	22,807,120
<u>1,830,442</u>	<u>9,783,800</u>	<u>3,459,541</u>	<u>25,750,980</u>	<u>520,366</u>	<u>66,319,395</u>	<u>65,163,669</u>
1,573,003	2,817,458	2,649,883	3,901,248	927,337	27,636,903	24,840,397
1,278,279	1,480,928	1,187,818	11,589,115	304,959	21,641,781	21,727,628
-	61,500	-	264,900	-	440,477	501,938
388,980	1,559,164	-	1,697,822	-	7,620,211	7,088,829
-	33,771	-	-	-	108,223	101,874
-	<u>42,200</u>	-	<u>46,811</u>	-	<u>93,587</u>	<u>87,589</u>
<u>3,240,262</u>	<u>5,995,021</u>	<u>3,837,701</u>	<u>17,499,896</u>	<u>1,232,296</u>	<u>57,541,182</u>	<u>54,348,255</u>
<u>\$(1,409,820)</u>	<u>\$ 3,788,779</u>	<u>\$ (378,160)</u>	<u>\$ 8,251,084</u>	<u>\$ (711,930)</u>	<u>\$ 8,778,213</u>	<u>\$ 10,815,414</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

22. Financial instruments and risk management

Financial instruments include cash and investments, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long-term debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, interest risk, currency risk and liquidity risk. Management is responsible for safe guarding resources, managing risks, and implementing appropriate policies.

Credit risk

Credit risk refers to the risk of financial loss to the City if a debtor fails to discharge their obligation. The City is exposed to this arising from its cash, investments and receivables. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash, investments and receivables as outlined in Notes 2, 3, and 4. The City mitigates credit risk in its investments by adhering to the City's Financial Management Investment policy and regulations set out by the Community Charter. Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Community Charter grants legislative authority for the City to enforce the collection of unpaid property taxes. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City's historical experience regarding collections. In the current and prior years, all of the impairment allowance relate to trade and other receivables. As at December 31, 2025, there were no significant collection issues related to outstanding receivable accounts. There have been no significant changes from the prior year in the exposure risk or policies, procedures and methods used to measure the risk. Credit risk from cash, investments and receivables are assessed as low.

Interest risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The City is exposed to this risk through its interest-bearing investments and debt. There have been no significant changes from the prior year in the exposure to risk or policies, procedures and methods used to measure risk.

Currency risk

Currency risk arises from exposure to transactions throughout the year that are denominated in a foreign currency. The City's investment portfolio has minimal exposure to foreign exchange risk as the securities held are mainly denominated in Canadian currency. Furthermore, the City issues debentures, which has no exposure to currency risk as debt repayments and interest payments are denominated in Canadian currency. There have been no significant changes from the prior year in the exposure risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk arises when the City is not able to meet its financial obligations as they fall due. The City is exposed to this arising from its accounts payable and accrued liabilities, accrued future payroll benefits, long-term debt, and asset retirement obligations. The maturity of these financial obligations are outlined in Notes 6, 7, 9 and 10. The City mitigates that risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cashflows arise. There have been no significant changes from the prior year in the exposure risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2025

	Opening balance	Additions	Disposals	Closing balance	Accumulated amortization opening balance	Amortization expense	Reduction on disposals	Accumulated amortization closing balance	Net carrying amount end of year
Tangible capital assets									
Land	\$ 8,801,152	\$ 218,253	\$ -	\$ 9,019,405	\$ -	\$ -	\$ -	\$ -	\$ 9,019,405
Buildings	40,398,116	6,666,957	-	47,065,073	32,093,046	839,561	-	32,932,607	14,132,466
Vehicles	13,184,630	1,252,683	-	14,437,313	7,031,529	824,644	-	7,856,173	6,581,140
IT, equipment & furniture	6,142,343	434,239	(10,000)	6,566,582	3,351,285	563,556	(10,000)	3,904,841	2,661,741
Library	297,307	-	(730)	296,577	205,466	24,900	(730)	229,636	66,941
Transportation infrastructure	42,574,801	1,976,977	(59,524)	44,492,254	16,874,002	1,433,326	(59,486)	18,247,842	26,244,412
Parks and cemetery	15,295,313	143,690	-	15,439,003	4,695,742	388,980	-	5,084,722	10,354,281
Water infrastructure	63,340,114	688,536	(65,284)	63,963,366	18,591,473	892,338	(22,822)	19,460,989	44,502,377
Sewer infrastructure	35,904,861	643,606	(2,352)	36,546,115	16,522,438	666,826	(2,090)	17,187,174	19,358,941
Storm sewer infrastructure	21,279,995	417,503	(13,630)	21,683,868	8,864,905	288,259	(9,616)	9,143,548	12,540,320
Hydro generators & substations	32,622,853	942,344	-	33,565,197	10,361,693	711,139	-	11,072,832	22,492,365
Hydro infrastructure	47,872,304	2,170,309	(85,167)	49,957,446	12,295,980	986,682	(38,355)	13,244,307	36,713,139
Assets under construction	<u>7,293,241</u>	<u>822,345</u>	<u>-</u>	<u>8,115,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,115,586</u>
2025 Totals	<u>\$ 335,007,030</u>	<u>\$ 16,377,442</u>	<u>\$ (236,687)</u>	<u>\$ 351,147,785</u>	<u>\$ 130,887,559</u>	<u>\$ 7,620,211</u>	<u>\$ (143,099)</u>	<u>\$ 138,364,671</u>	<u>\$ 212,783,114</u>
2024 Totals	<u>\$ 318,545,157</u>	<u>\$ 16,870,591</u>	<u>\$ (408,718)</u>	<u>\$ 335,007,030</u>	<u>\$ 124,104,089</u>	<u>\$ 7,088,829</u>	<u>\$ (305,359)</u>	<u>\$ 130,887,559</u>	<u>\$ 204,119,471</u>

Additions during the year also include reallocation of assets under construction.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE B - GROWING COMMUNITIES FUND RECONCILIATION
December 31, 2025

Province of BC Growing Communities Fund reconciliation

The following is a summary of fund transactions for the current year:

	<u>2025</u>	<u>2024</u>
Growing Communities Fund opening balance	\$ 3,847,546	\$ 4,275,530
Initial funds	-	-
Interest earned during the year	90,641	160,788
Less: Eligible use of funds	<u>-</u>	<u>588,772</u>
Remaining grant	<u>\$ 3,938,187</u>	<u>\$ 3,847,546</u>

THE CORPORATION OF THE CITY OF NELSON
EXHIBIT 1 - CAPACITY FUNDING RECONCILIATION (UNAUDITED)
December 31, 2025

Province of BC Capacity Funding Grant reconciliation

The following is a summary of grant transactions for the current year:

	<u>2025</u>	<u>2024</u>
Capacity Fund opening balance	\$ 154,023	\$ -
Initial funds	-	200,766
Interest earned during the year	-	-
Less: Eligible use of funds	<u>79,753</u>	<u>46,743</u>
Remaining grant	<u>\$ 74,270</u>	<u>\$ 154,023</u>

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2025

SCHEDULE OF DEBT

Information on all long term debt is included in the Audited Financial Statements of The Corporation of the City of Nelson.

Prepared as required by *Financial Information Regulation*, Schedule 1, section 4

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2025

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

The Corporation of the City of Nelson has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Prepared under the Financial Information Regulation, Schedule 1, section 5

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2025

STATEMENT OF SEVERANCE AGREEMENTS

There were no severance agreements made between the Corporation of the City of Nelson and its non-unionized employees during the fiscal year ended December 31, 2025.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE OF REMUNERATION AND EXPENSE
YEAR ENDED DECEMBER 31, 2025

NAME		REMUNERATION	EXPENSE
ELECTED OFFICIALS			
	POSITION		
Logtenberg, R	Councillor	\$ 28,989	\$ 9,550
Morrison, J	Mayor	73,672	15,586
Page, K	Councillor	29,689	8,745
Payne, L	Councillor	28,989	7,919
Pineiro, J	Councillor	28,989	1,095
Tait, E	Councillor	28,989	10,802
Woodward, J	Councillor	28,989	11,384
TOTAL ELECTED OFFICIALS		248,306	65,081
DETAILED EMPLOYEES > \$75,000			
Adams, J		\$ 87,445	\$ 2,318
Allum, J		89,998	1,807
Andrijancic, N		146,384	830
Antoniuk, D		82,283	697
Arjun, J		79,813	886
Atkinson, R		79,269	-
Austin, T		119,940	398
Banilevic, A		133,612	998
Bennett, H		77,655	-
Berkeley, S		75,627	-
Berndt, C		128,144	250
Berthier, V		94,315	4,779
Birch, K		80,022	-
Block, M		90,649	2,399
Blomme, B		133,902	4,708
Bourdeau, K		110,083	3,870
Bouvet-Boisclair, G		133,622	1,028
Centrone, D		106,316	1,902
Chabot, E		97,436	805
Chambers, D		148,108	3,498
Christie, R		82,329	-
Cimolai, D		106,162	747
Coen, M		91,194	4,119
Cormack, K		226,433	12,115
Cortese, D		78,165	441
Craig, M		92,996	698
Dermody, N		152,829	-
Desrosiers, C		134,906	398
D'Netto, K		113,926	6,306
Donohoe, M		138,223	9,016
Drane, D		91,667	1,301
Droucker, C		79,006	-
Dryden, I		83,457	398
Eagleson, S		122,719	3,430
Ellison, S		123,457	4,151

Eldson, M	95,193	-
Espinoza, L	91,405	470
Ferguson, S	84,137	800
Fleming, J	81,895	1,331
Flemming, S	79,847	-
Fortier, L	89,272	-
Gerhardt, J	75,781	-
Gould, B	99,122	163
Grill, M	104,739	1,607
Hamilton, D	174,550	3,978
Harding, T	153,224	199
Harvey, T	86,927	2,671
Hebert, J	162,197	3,319
Henderson, C	161,407	1,072
Henderson, L	107,664	3,382
Hill, M	84,712	982
Innes, C	160,977	1,999
Jameson, R	84,483	-
Jansen, C	118,357	825
Jay, T	78,179	-
Jeffery, S	156,995	2,174
Jmaeff, N	89,280	-
Jmaiff, B	91,590	1,852
Johnson, C	175,184	10,302
Jury, C	166,443	2,885
Kelly, P	99,535	1,151
Kilpatrick, G	79,867	483
Koehle, J	134,396	4,902
Kratz, S	81,876	189
Kuntz, K	75,720	-
Laminski, C	105,708	2,656
Lauritzen, K	102,360	-
Lautner, A	85,434	1,101
Leblanc, L	76,001	958
Leland, R	78,275	1,967
Lynn, L	144,955	163
Lyon, C	94,338	163
Maccharles, K	79,915	138
Mackay, J	75,554	155
Mackinnon, C	89,803	-
Mackinnon, M	81,586	-
Maida, R	149,829	2,138
Marshall, B	85,087	398
Martin, J	95,990	1,086
Martineau, S	112,490	9,291
Mask, E	90,898	3,903
Matchett, L	78,775	-
Mcivor, D	142,275	199
Mcneil, B	102,245	2,760
Misener, C	99,625	1,423
Mooney, A	128,530	1,782
Mooney, T	87,047	5,379
Moyle, J	91,972	2,344

Muldoon, J	82,944	-
Nay, C	81,005	-
Neilson, J	75,590	672
Nystrom, R	135,425	2,321
Ordish, L	79,418	-
Ouellette, M	158,180	2,383
Patterson, S	80,234	241
Penner, M	93,747	1,887
Pickering, S	92,671	321
Plewes, D	83,265	-
Powell, D	89,517	-
Proctor, C	105,683	320
Proctor, G	147,251	699
Procyshyn, J	171,274	8,448
Quillan, H	81,317	2,414
Reese, A	95,685	1,887
Riome, B	91,053	1,832
Rokeby-Thomas, B	107,081	962
Rorick, S	118,933	2,017
Russ, N	128,530	4,026
Sabo, S	81,392	483
Saprikin, A	81,398	-
Schmidtke, G	135,136	4,897
Shaw, S	89,703	4,038
Slack, H	92,039	8,877
Smit, C	155,207	3,000
Smith, S	93,307	1,635
Spencer, S	217,211	2,451
St Thomas, K	80,989	438
Stefiuk, M	89,756	488
Swetlishoff, H	86,990	-
Tatlow, W	94,720	-
Tetrault, D	81,501	163
Thast, C	149,465	-
Thibault, M	168,431	2,027
Tocher, D	79,013	-
Wilkinson, T	91,563	4,751
Winton, S	155,793	12,365
Yanke, D	80,820	438
Young, M	81,721	160
TOTAL DETAILED EMPLOYEES > \$75,000	<u>13,700,696</u>	<u>235,674</u>
TOTAL EMPLOYEES <= \$75,000	<u>3,997,866</u>	<u>40,808</u>
TOTAL	<u>\$ 17,946,868</u>	<u>\$ 341,563</u>
TOTAL EMPLOYER PREMIUM FOR CPP/EI		\$ 920,981

Prepared under the Financial Information Regulation, Schedule 1, section 6 to subsection 6(6)

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES
YEAR ENDED DECEMBER 31, 2025

DETAILED SUPPLIERS >\$25,000

<u>SUPPLIER NAME</u>	<u>EXPENSE</u>
A.C.E. Courier Services	\$ 25,314
Aardvark Pavement Marking Services	81,214
AB Consulting	40,972
Acklands-Grainger Inc.	57,048
ADAM Integrated Industries Inc.	144,108
Advanced Utility Systems	157,786
AdvantageOne Technology Inc	32,237
Air Canada	32,567
Altec Industries Ltd.	787,019
Aluma Systems B.C. Ltd.	188,815
Alumichem Canada Inc	69,706
AM Ford (Sales) Ltd	220,238
A-Mais Technologies Inc.	46,089
Andrew Sheret Limited	77,608
Anixter Power Solutions Canada Inc	49,854
Aon Reed Stenhouse Inc.	490,368
Arcright Plumbing & Heating Ltd	48,867
Arrow Professional Landscaping	42,000
ASI Group Ltd.	64,491
AtkinsRealis Canada Inc	240,220
BC Eco Industrial Services Ltd	100,837
BC Transit	787,047
Bee-Clean Building Maintenance Inc	72,946
Better Lawn & Garden	30,343
BGC Engineering Inc.	184,915
Bill's Heavy Duty Enterprises (2004) Ltd	57,782
BIS Safety Software Inc	28,331
Borden Ladner Gervais LLP in Trust	275,000
Brisco Wood Preservers Ltd	86,751
Canadian Dewatering LP	139,822
Caro Analytical Services Ltd.	37,765
Carrier McGill Enterprises Ltd.	40,163
Cataford Drywall	75,821
Cathro Consulting Ltd.	32,340
Central Kootenay Invasive Species	52,116
Centrix Control Solutions LP	25,524
Charter Telecom Inc	154,668
CIMA Canada Inc	27,194

Cintas Canada Limited	49,657
Cleaning Genies	109,007
Columbia Fuels	745,428
Comtex Micro System Inc.	61,565
Cornerstone General Contracting Ltd.	868,478
Cowan's Office Supplies Ltd	89,911
Cummins Canada ULC	25,960
Darrin B.C. Connatty B.C.L.S.	26,045
DBS Energy Services Inc.	27,154
DDC Excavating Ltd	211,597
DHC Communications Inc	106,527
Doane Grant Thornton LLP	53,334
Domino Highvoltage Supply Inc	83,743
E. Lees & Associates Consulting Ltd.	69,857
E.B. Horsman & Son	219,359
EffiStruc Consulting Inc.	36,031
Engen Services Ltd.	70,519
Fabwell Industries Inc.	212,202
Fall Line Forestry Ltd.	292,418
Flight Fuels LP	61,503
Flowsystems Distribution Inc.	52,921
FortisBC - Electricity	9,419,131
Fred Surridge Ltd.	209,591
Gall Legge Grant Zwack LLP	81,821
Geographic Technologies Group Inc.	62,750
Geo-Rope Limited	125,754
GFL Environmental Inc	82,039
Gilbert Parts Depot	54,465
GreatPacific Consulting Ltd.	88,023
Grey Owl Moving Service Inc	29,525
Guillevin International Co.	34,162
Hall Printing	63,871
HARTerra Spatial Solutions	132,358
Heritage Roofing & Sheet Metal Ltd	45,319
HHBG Lawyers	32,455
Hurricane Construction Ltd.	103,950
Hywood Truck & Equipment Ltd	67,268
ICBC	80,722
Inland Allcare	79,081
Insight Canada Inc.	47,407
Integrity Pole Inspections Inc.	34,113
Joy of Art	68,691
Kal-Tire	130,763
Kays Road Contracting Ltd.	138,555
Kon Kast Concrete Products Inc	43,200
Kontzamanis Graumann Smith MacMillan Inc	57,342

Kootenay Complete Tree Service Ltd	285,417
Kootenay Lake Painting	30,482
Kootenay Precision Mechanical	103,628
Kootenay-Columbia Environmental	60,650
Lidstone & Company	53,237
LineStar Utility Supply Inc.	50,481
Local Government Management	25,070
Loewen Window Centre of Vancouver	72,517
Lordco Auto Parts	66,105
Main Jet Motorsports Inc.	32,534
Maple Leaf Power Corporation	81,784
Martech Electrical Systems Ltd	1,241,381
Martech Motor Winding Ltd	296,774
Marwest Industries Ltd	2,037,535
Master Care Janitorial and Facility	38,646
McNally Excavating Inc.	32,358
Metercor Inc.	136,380
Michelin North America	32,196
Midwest Mechanical Ltd.	62,262
Minister of Finance	367,808
Mountain Bin Service Ltd	75,344
Mountain Logic Solutions Inc	45,142
Municipal Finance Authority	898,056
Municipal Insurance Assoc. of BC	149,732
MX Webb Consulting Incorporated	59,502
Napa Auto Parts	31,325
Nelson & District Airport Society	39,690
Nelson Building Centre Limited	77,504
Nelson Farmers Supply Ltd.	36,797
Nelson Ford Sales (2003) Inc.	104,030
Noramco	99,461
Northern Transformer Corporation	59,304
Norton Rose Fulbright Canada LLP InTrust	40,062
Nova Pole International Inc	38,080
NSC Minerals Ltd.	25,590
Nupqu Resource Limited Partnership	28,496
O'Connor Electrical Contracting	38,911
Okanagan Office Systems	30,822
Opus Consulting Group Ltd.	232,809
Pacific Powertech Inc.	156,696
PayByPhone Technologies Inc.	40,136
Paymentus (Canada) Corporation	58,881
Peak Air Industrial Ltd.	123,401
PetroValue Products Canada Inc.	62,232
Primary Engineering and Construction	79,282
Procurement Law Office Professional Corp	48,406

Red Dog Carpentry Ltd.	211,996
Regional District of Central Kootenay	225,616
Rexel Canada Electrical Inc - Utility	167,493
Riteway Mechanical Repairs Ltd	196,897
Rocky Mountain Phoenix	29,564
Rokform Solutions Ltd.	168,231
Sapphire Sound Inc.	50,370
Sensible Solutions Inc	99,064
Sharp Resurfacing Ltd.	46,273
Shasheen Machine	64,450
Shermco Industries Canada Inc	41,221
SK Electronics Ltd.	44,779
SLR Consulting (Canada) Ltd.	44,436
SNT Engineering Ltd	33,955
SolidCAD	25,979
Spartan Controls Ltd	28,262
Sphere Environmental Ltd.	27,604
Steven Alex Leffelaar	26,427
Superior Propane Inc.	58,629
System Innovators	27,856
T2 Systems Canada Inc.	28,653
Tamarack	51,180
Telus Mobility (BC)	87,694
Terus Construction Ltd	1,325,988
The Nelson Arborist	47,744
Tim Pley & Associates Ltd.	70,555
Tim Reeve Consulting Inc.	44,205
TK Elevator (Canada) Limited	51,933
Traditional Timber Framing Co. Inc	57,750
Trainor Mechanical Contractors Ltd	225,455
Troy Life & Fire Safety Ltd.	42,006
Tu-Dor Lock & Security	39,028
Twin Rivers Controls Ltd	146,836
United Rentals of Canada Inc	35,471
Urban Systems Ltd	603,110
Util-Assist Inc.	46,301
Valerie Jean Johnson	494,821
Valhalla Septic Services Ltd	42,544
Valor Painting	62,832
Vimar Equipment Ltd	107,493
Wesco Distribution Canada LP	52,910
West Arm Silviculture Inc.	33,763
West Coast Machinery Ltd	109,312
Westech Industrial Ltd.	26,078
WFR Wholesale Fire & Rescue Ltd.	25,391
WorkSafe BC	812,409

X10 Technologies Inc	99,587
TOTAL DETAILED SUPPLIERS >\$25,000	<u>34,068,545</u>
TOTAL SUPPLIERS <= \$25,000	4,271,247
TOTAL SUPPLIERS	<u>38,339,792</u>
GRANTS AND CONTRIBUTIONS >\$25,000	
Capitol Theatre	84,214
Community Futures Central Kootenay	90,000
Nelson & District Arts Council	28,800
Nelson & District Chamber of Commerce	79,613
Nelson Civic Theatre Society	30,000
Nelson Museum Archives & Gallery	272,155
Regional District of Central Kootenay	184,200
TOTAL GRANTS AND CONTRIBUTIONS >\$25,000	<u>768,982</u>
TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS	<u><u>\$ 39,108,774</u></u>

Prepared under the Financial Information Regulation, Schedule 1, section 7(1) and (2)

THE CORPORATION OF THE CITY OF NELSON
PAYMENT TO FINANCIAL STATEMENT RECONCILIATION
YEAR ENDED DECEMBER 31, 2025

S.O.F.I. Report Scheduled Payments

Remuneration	\$ 17,946,868	
Employee expenses	341,563	
Employer CPP/EI	920,981	19,209,413
	<hr/>	
Payments for Goods and Services		39,108,774
		<hr/>
Total of Scheduled Payments		58,318,187
Total of Financial Statement Expenditures		57,541,182

The difference between the Total of Scheduled Payments and the Total Financial Statements Expenditures are due to:

- Adjustments to account for the difference between payments made on a cash basis, and the audited financial statements reporting expenditures on an accrual basis of accounting. This would include adjustments for opening and closing balances of inventories, prepaid expenses, and accrued liabilities.
- List of payments to suppliers include 100% GST while the expenditures in the financial statements are net of the applicable GST rebate.
- Capital expenditures are shown as payments to the vendor in this report. However, the total financial statement expenditures do not reflect these payments as they report amortization of all the capital assets.
- The Schedule of Payments of Goods and Services includes payments made on behalf of third parties, which are recovered from these parties and the expense is excluded from the Financial Statements.
- Payments to some suppliers are reported directly to the Balance Sheet and therefore are not reported as expenditures

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(2d) and subsection 7(1b)