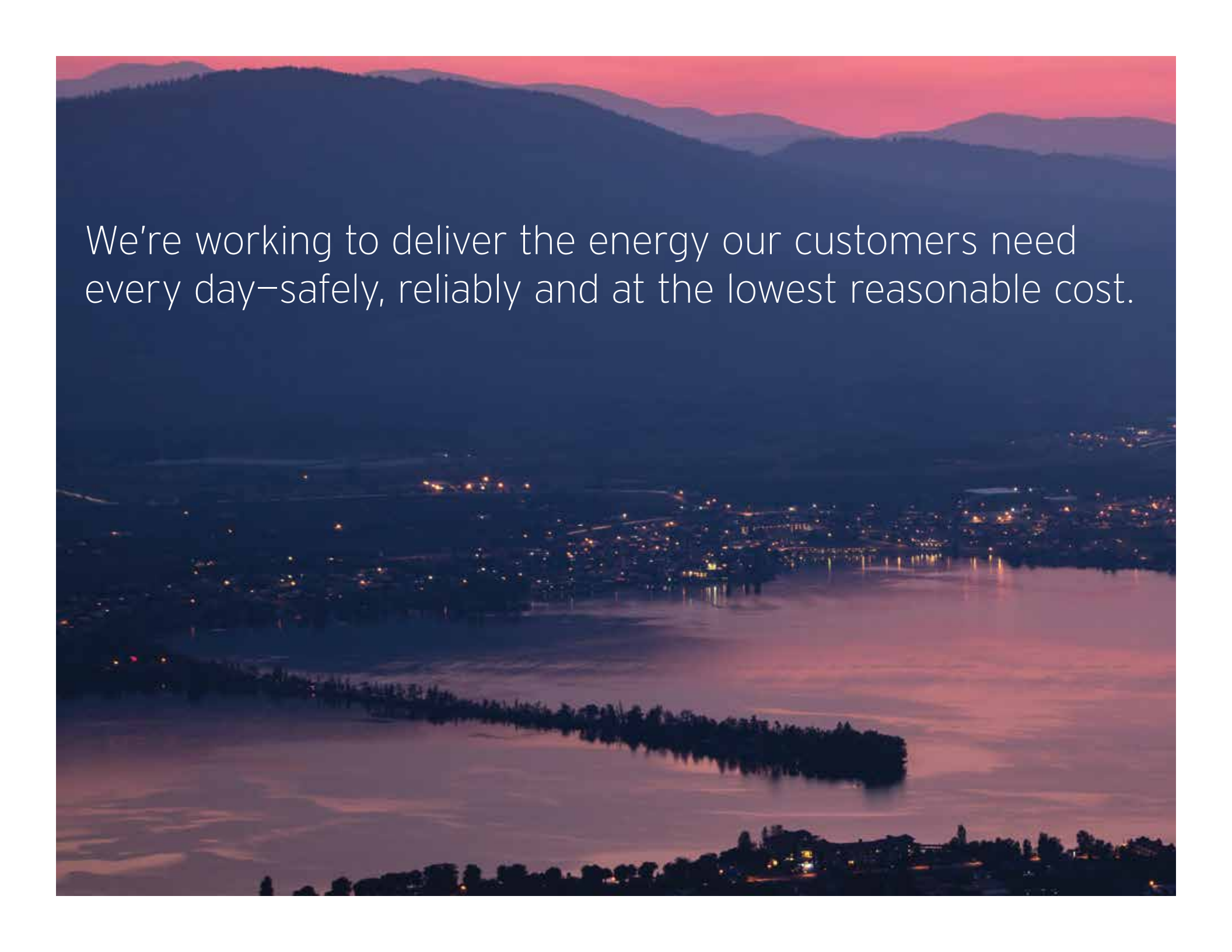




FORTIS BC™

Energy at work

Corporate Report 2015

A scenic view of a city at night, reflected in a body of water, with mountains in the background under a pink and purple sky. The city lights are visible across the water, and the mountains are silhouetted against the colorful sky. The text is overlaid on the upper left portion of the image.

We're working to deliver the energy our customers need every day—safely, reliably and at the lowest reasonable cost.



Contents

| | | | | | | | |
|--|---|-------------------------------------|----|---------------------------------------|----|-----------------------------|----|
| Performance | 2 | Safety | 8 | Community investment..... | 16 | Looking ahead to 2016 | 24 |
| Area of operations..... | 3 | Employees | 10 | Aboriginal relations | 18 | Leadership team..... | 26 |
| A message from the President & CEO..... | 4 | Reliable energy, every day | 12 | Optimizing energy use..... | 20 | Board of directors..... | 27 |
| Customers..... | 6 | Major projects..... | 14 | Environmental responsibility | 22 | | |

Performance

Looking back at 2015

We deliver approximately 21 per cent of the total energy consumed in British Columbia, which is the most energy delivered by any utility in the province. Whether delivering electricity, natural gas or propane, our more than 2,200 employees serve approximately 1.1 million customers in 135 communities.

FortisBC owns and operates approximately 48,200 kilometres of natural gas transmission and distribution pipelines and approximately 7,200 kilometres of transmission and distribution power lines. Under our regulated utility operations, we also own and operate two liquefied natural gas (LNG) storage facilities and four hydroelectric generating plants.

FortisBC Inc. and FortisBC Energy Inc. do business as FortisBC. We are indirectly wholly owned by our parent company, Fortis Inc., a leader in the North American electric and gas utility business. Through its subsidiaries, Fortis Inc. serves more than three million natural gas and electricity customers.

Performance

| FortisBC Energy Inc. Natural gas & piped propane | 2014 | 2015 |
|---|-------|-------|
| Peak day demand (TJ) | 1,324 | 1,074 |
| Gas volumes (PJ) | 195 | 186 |
| Customer satisfaction index | 85% | 86% |

| FortisBC Inc. Electricity | 2014 | 2015 |
|------------------------------|-------|-------|
| Generating capacity (MW) | 225 | 225 |
| Peak demand each year (MW) | 684 | 624 |
| Energy | | |
| Walden (GWh) | 33 | 37 |
| Regulated (GWh) | 3,180 | 3,116 |
| Customer satisfaction index | 81% | 81% |

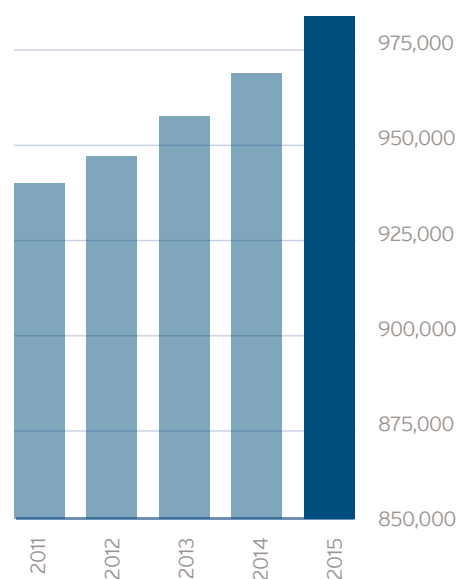
Financial highlights (in millions of dollars)

| FortisBC Energy Inc. Natural gas & piped propane | 2014 | 2015 |
|---|---------|---------|
| Net earnings | \$142 | \$151 |
| Revenues | \$1,489 | \$1,353 |
| Operating expenses | \$284 | \$292 |
| Capital expenditures ¹ | \$332 | \$460 |

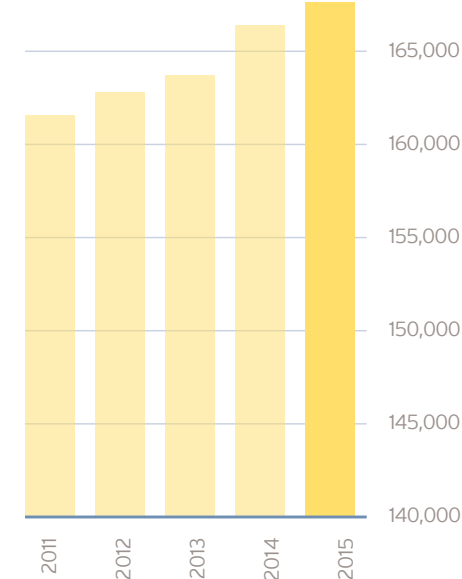
| FortisBC Inc. Electricity | 2014 | 2015 |
|-----------------------------------|-------|-------|
| Net earnings | \$45 | \$46 |
| Revenues | \$325 | \$346 |
| Operating expenses | \$82 | \$80 |
| Capital expenditures ¹ | \$93 | \$104 |

¹Capital expenditures before contributions in aid of construction and including cost of removal.

FortisBC gas customers^{2,3} (Approximately 982,000 in 2015)



FortisBC electricity customers⁴ (Approximately 167,600 in 2015)



²Includes piped propane customers. ³With the implementation of the Customer Care Enhancement Project on January 1, 2012, the definition of customer changed, thereby reducing gas customers by approximately 18,000 customers effective January 1, 2012. All comparative periods have been restated to reflect this change. ⁴Includes direct and indirect customers.

Area of operations

Yukon

Northwest
Territories

- Natural gas service area
- Electric service area
- Combined natural gas & electric service area
- Propane service area
- FortisBC pipeline
- Spectra Energy pipeline
- FortisBC electric transmission lines

British
Columbia

Alberta

PACIFIC OCEAN

United States

A message from the President & CEO



Michael Mulcahy

The accomplishments in 2015 were achieved in no small part by the efforts of our employees, who embody the theme of this report, Energy at Work. Our business was strong in 2015, with improved financial results over 2014. Our electric operations reported a net income of \$46 million and the gas operations reported a net income of \$151 million. Capital spending for electric operations was \$104 million and \$460 million for gas operations.

We are dedicated to challenging the status quo to provide better customer service. In 2015, we continued our initiative of working closer to our customers through regionalization. Relocating specific business groups enables regional teams to make more front-line decisions, collaborate locally and provide customized customer service.

Throughout the year, our field crews and office staff worked long days, nights and holidays to ensure the public was safe and customers had the energy they needed. Notable challenges in our electricity service territory included the Rock Creek forest fire and an intense storm affecting Castlegar. A joint response from both the gas and electric sides of our business effectively protected assets threatened by the Stickpin fire, and gas crews worked through the night to restore service to more than 300 Pritchard customers during an extended outage.

Despite major events, there were fewer interruptions to our electricity distribution system than in previous years; we continue to make improvements to our system to increase reliability. From 2007 to 2015, third-party damage to our natural gas infrastructure decreased by 50 per cent, marking a continued downward trend. This success can be attributed to increased safety awareness of our Call Before You Dig message, which helped boost calls to BC One Call to locate underground utilities.

This was the second year FortisBC operated under a performance-based regulatory structure. Through it, we have been successful in achieving business efficiencies while maintaining high-quality service. We intend to continue this focus on productivity to deliver on value to our stakeholders.

It was also a busy year on the regulatory front. We obtained the approval of the British Columbia Utilities Commission (BCUC) to proceed with the \$256 million Lower Mainland Intermediate Pressure System Upgrade (LMIPSU) Project. Project construction will begin in 2018 and result in the replacement of more than 20 kilometres of intermediate pressure gas line that either is nearing the end of its useful life or requires seismic upgrades. This will ensure continued safe, reliable delivery of natural gas to our customers in the Lower Mainland.

We also submitted an application to construct a Kootenay Operations Centre in the Castlegar area, a facility designed to replace aging assets in the Kootenay region and unify our long-term space requirements.

Another initiative we continue to pursue is making it easier for customers and the public to do business with us. In 2015, we revised a number of our current system extension policies and anticipate a decision on our application to the BCUC in 2016. If successful, we will be able to reduce the costs of system extensions, allowing many prospective customers to connect to our system at no cost other than a small application fee. Additionally, we are developing an online tool for those who would like a self-serve option when applying for a natural gas connection or electricity service. 2015 marked the first full year of a three-year phase-in of common rates. By 2018, natural gas customers will pay the same for service, regardless of location.

Following approval by the BCUC, operating agreements were approved for 26 municipalities on Vancouver Island where we provide natural gas. These agreements will standardize operating practices on Vancouver Island, creating efficiencies for the benefit of our customers.

In 2015, we achieved a number of milestones for our major projects. We completed the installation of more than 125,000 advanced meters throughout our electricity service territory. Over the past five years, a dedicated project team has worked alongside almost every employee in the electricity division of our company to complete this project.

Premier Christy Clark autographs the inside of the new storage tank during the one-year milestone celebration of the Tilbury expansion project as Fortis Inc. president and CEO Barry Perry looks on.



The Tilbury Island liquefied natural gas (LNG) facility expansion in Delta has entered its second year of construction. The expanded facility will serve the growing need for natural gas for transportation, and the project itself has led to substantial job creation and benefits to the local economy. In 2015, BC Ferries announced that their three new vessels would be fuelled with LNG from FortisBC, and Teck Resources announced a pilot project to convert six mine haul trucks to dual fuel, intended to be fuelled primarily by LNG from FortisBC.

Safety continues to be our first priority, and initiatives begun in 2015 will continue into 2016. We will increase our focus on employee education initiatives such as attention to ergonomics, warming up before performing physical tasks and empowering our employees to be accountable for safety in the workplace.

We take pride in listening to and working with the communities in which we live and work. Our employees demonstrated exceptional responsiveness to input received from Squamish Nation and municipal stakeholders to resolve environmental impact concerns over the proposed Eagle Mountain-Woodfibre Gas Pipeline Project. Employees also worked with the residents of Burnaby to relocate the route for the LMIPSU. This goes to show that working from a statement of principles and a community-oriented perspective creates win-win results for all involved.

I would like to thank our Board of Directors for their strong guidance and support in 2015. Changes to the board include the retirement of John Walker following a career with the Fortis group of companies spanning more than 30 years. I would like to thank him for his tremendous contribution to the success of FortisBC. We're also proud that the Greater Vancouver Board of Trade's 2016 Rix Award for Engaged Community Citizenship will be presented to FortisBC Board Chair David Podmore. Mr. Podmore was chosen as a Rix Award recipient based on his dedicated efforts to give back to the community, both professionally and personally.

Our achievements in 2015 would not have been possible without the dedication of our more than 2,200 employees, whose service every day embodies the true meaning of energy at work.

A handwritten signature in black ink, appearing to read 'Michael Mulcahy'.

Michael Mulcahy
President and CEO
FortisBC

Customers



We're always working to maintain a high level of service.

George Thompson, a supervisor in our Trail contact centre, helped the team celebrate the 10-year anniversary of in-house customer service for FortisBC electricity customers.



Stefan Hartmann, executive chef at Bauhaus Restaurant in Vancouver, uses natural gas in his kitchen to create the “ultimate customer experience.” The restaurant received rebates for high-efficiency cooking equipment, and natural gas space and water heating helps save on energy costs.

Great service for every customer

With the amalgamation of our natural gas companies on January 1, 2015, customers across our service territory moved toward common rates and programs. Whistler, Vancouver Island, Sunshine Coast and Powell River customers benefited from an immediate rate decrease of 13 per cent, and when the phase-in period is complete by 2018, customers will pay the same rates for their natural gas, no matter where they live. We’ve now extended programs like Customer Choice and renewable natural gas to these customers as well.

Due to historical rate differences, Fort Nelson will continue to maintain a separate rate structure from common rates.

Making it easier to switch

The cost savings of natural gas compared to other heating energy sources and the introduction of common rates helped make natural gas an easy choice in 2015. More than 16,000 customers were connected to natural gas in 2015, a 20 per cent increase in new attachments from 2014 and 49 per cent from 2013.

These customer additions were also driven by improving how we deliver service. We simplified how customers get gas service, including applying for installation, learning about available energy-efficiency rebates and finding a licensed gas contractor. An online tool customers can use to create and manage service requests will be launched in 2016.

Staying in touch

Our in-house customer contact centres are a vital part of delivering excellent customer service. In June, our Trail contact centre marked its 10th anniversary of serving electricity customers, and our contact centres in Burnaby and Prince George for natural gas customers will enter their fifth year of service in 2016. Receiving knowledgeable service from people who live and work in their communities is something customers appreciate.

Upgrading service

With the installation of approximately 125,000 advanced meters for electricity now substantially complete, customers in Kelowna, the Kootenays and the South Okanagan are now receiving bills based on automated meter readings—realizing the benefit of fewer estimates and more accurate billing. We are now working to give customers access to timely and useful information about their electricity use in 2016.

Notable numbers

Gas and electricity customers who have gone paperless to date:

278,761

Gas and electricity customers who signed up for Account Online in 2015:

83,774

“FortisBC has been a pleasure to do business with... From the various people we spoke with on the telephone, to the fellow who looked at the job beforehand, all the way to the installers of the pipe and meter, each and every single person was courteous, knowledgeable, patient with all our questions, and professional.”

Cathy and John, customers in Victoria who switched their wood-burning fireplace to natural gas

Safety

Safety is our number one priority, every day.

Employees work with first responders during an emergency preparedness exercise simulating a natural gas leak at our Huntingdon transmission station in Abbotsford.

Creating public awareness

As a leading energy provider, we think it's vital to ensure everyone goes home safe each day and to share our commitment to safety with customers and the public.

We regularly communicate with customers about safety topics such as knowing what to do if you smell gas. We also work with the Cooperative Safety Program, a regional alliance of 10 utilities, Southern Interior municipalities and organizations such as the BC Safety Authority, WorkSafeBC and BC One Call to increase public awareness of staying safe around energy infrastructure.

In 2015, employee volunteers and Conservation and Energy Management energy specialists presented *Energy Is Awesome* to 28 elementary schools and community groups across the province. This classroom program engages students from kindergarten to Grade 7 to learn about energy safety and conservation in a fun, interactive format, while providing employees with opportunities to act as safety ambassadors in their communities.

Digging safely

The Call Before You Dig campaign with BC One Call has been successful in encouraging the public to find out the locations of underground utilities before they dig. The number of contacts with natural gas line infrastructure has been reduced by 50 per cent since 2007. Our employees kept this top of mind while volunteering for a community project to plant trees in Kelowna's Rotary Park in April—they called BC One Call a few days beforehand to find out where it was safe to dig.

"It's become second nature to call before you dig. But it's just as important to make sure you understand the information you receive and then follow safe digging practices, like hand digging near underground utilities."

*Chris Hyland,
Regional Manager at
FortisBC and President of
BC One Call*

Working safely

For our comprehensive workplace safety program, we received WorkSafeBC's Certificate of Recognition with scores in the mid-90 per cent range.

We're working toward achieving zero preventable injuries and accidents by engaging our employees as safety leaders. The Target Zero program builds on employee input to maintain a safety culture where all employees are focused on safety, whether working in an office or on our utility infrastructure and equipment.

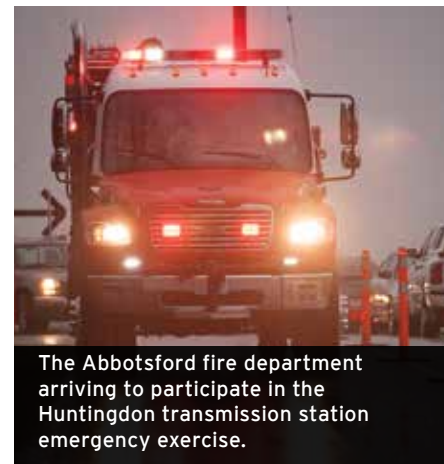
The BC Safety Authority recognized our employees' commitment to safety by giving Dave Nicolson, operations manager of the Mount Hayes LNG storage facility, the 2015 Lieutenant Governor Safety Award for Excellence in Systems Safety. The BC Safety Authority noted, "His collaborative, practical and knowledgeable approach to emergency management is key in his vision of developing an enhanced safety culture at the facility."

Practising our plans

Being prepared for emergencies is integral to maintaining an excellent safety record. In 2015, we conducted three full-scale and 15 tabletop exercises to practise our emergency plans and participated in two exercises developed by external agencies. Including agencies such as fire, police and government officials helps us test the plan completely and ensures everyone's safety.

In May, we shared a video of a full-scale emergency exercise. The exercise simulated a natural gas leak and involved more than 85 team members and the Abbotsford fire department. Viewers could see how we work with emergency responders to protect public safety and minimize disruption to customers. The successful exercise also earned kudos from the National Energy Board.

On October 15, we participated in the annual Great British Columbia ShakeOut Earthquake Drill. Employees across B.C. practised how to Drop, Cover and Hold On at their workplaces and learned how to prepare their homes and families for earthquakes, severe weather and natural disasters.



Notable numbers

Decrease in third-party damage to our pipelines between 2007 and 2015:

50%

Students who participated in the *Energy is Awesome* educational presentation:

1,815

Increase in BC One Call requests over 2014:

14%

BC One Call requests in 2015:

122,627

Employees

The passion and energy of our people make FortisBC a great place to work.

A student learns why we add an odourant called mercaptan to natural gas during Take Our Kids to Work Day. In November, Grade 9 students visited our facilities in Burnaby, Surrey, Kelowna and Langford to see what delivering energy is all about.

A well-connected team

More than 2,200 employees work together every day to meet the energy needs of our customers. With head offices in Surrey and Kelowna; contact centres in Burnaby, Prince George and Trail; and regional offices and facilities located throughout B.C., we have a diverse workforce united by the goal of great customer service.

We invest in developing employees throughout their careers at FortisBC. We support skills training programs in the communities we serve, including trades training, work experience for high school students and post-secondary co-op positions in engineering, finance and technology. Several co-op students have gone on to success in our Engineer-in-Training program.

Dedicated to service

Summer and fall 2015 brought severe storms and wildfires to B.C.'s Southern Interior. Employees from across the company worked together to restore service to our customers as quickly and safely as possible.

After a June storm near Castlegar, crews responded immediately to restore power to about 11,000 customers. Employees helped coordinate the restoration of electrical infrastructure damaged by heavy winds, and field crews and contractors came from the Kootenays, the Okanagan and Vancouver, and worked around the clock. The citizens of Castlegar showed their appreciation with a round of applause for FortisBC at a Canada Day event a few days later. In November, a windstorm downed trees and caused power outages, and crews again worked together and responded quickly to safeguard the public and restore service.

"The intensity of the storm was shocking, and a number of houses and vehicles were damaged by falling trees. In addition, our city's electrical infrastructure was seriously damaged. We would like to especially thank FortisBC for responding so decisively and quickly to the city's needs. The city was very pleased with and grateful to FortisBC's commitment to our community."

Mayor Lawrence Chernoff, City of Castlegar

In August, wildfires caused damage to the communities of Rock Creek, Westbridge and Oliver. The Rock Creek fire damaged about 60 electrical poles, causing downed lines and power outages. FortisBC crews worked to clear downed lines from roads so residents, emergency responders and firefighters could get through safely, and brought a temporary generator to Beavercreek to help restore power quickly to the area. We rebuilt a fire-damaged 10-kilometre section of wire between Rock Creek and Westbridge one week ahead of schedule, restoring permanent power much sooner for customers.

Leading in the field

We continued with regionalizing our natural gas operations this year. The process began in 2014, when planning and engineering employees were added to regional offices, and evolved further in 2015. Our goal is to improve service through moving resources and decision-making closer to the field and to our customers.

Improving for the future

In July, we applied to the British Columbia Utilities Commission for a Certificate of Public Convenience and Necessity to build a new Kootenay Operations Centre. Projected to replace the aging South Slokan administration office and warehouse, it will be centrally located in Ootischenia, near Castlegar. The new facility will accommodate more staff and equipment and support operations and emergency response functions. The application was approved and we expect to begin construction in spring 2016.

Working toward shared goals

In May, approximately 500 employees in administrative and operations support in our gas business, represented by MoveUP (formerly called COPE 378), ratified a memorandum of agreement to renew the collective agreement through to March 31, 2018. The bargaining process achieved an agreement that balances the needs of employees, customers and the company as we work toward our business goals.

Notable numbers

Leadership, safety and development courses offered to employees:

250

Participants trained:

5,549

Employees celebrating a service milestone with the company:

318

A man and a woman are standing in front of a house with light green siding and dark brown window frames. In the foreground, there are several large, bright yellow flowers. The man is wearing a blue and white plaid short-sleeved shirt and the woman is wearing a dark blue cardigan over a grey top and glasses. They are both smiling at the camera.

Reliable energy, every day

We deliver the energy that more than 1.1 million customers in B.C. use in their homes, businesses and for transportation.

Renewable natural gas customers since 2011, Leslie and Stuart of Fort Langley increased their blend to 50 per cent soon after new options became available.

Renewable energy

Renewable natural gas, a carbon-neutral* energy source made from organic waste from landfills, wastewater treatment facilities and agriculture, continued to grow in 2015. We now have four suppliers, who have the capacity to produce up to 260,000 gigajoules a year of renewable natural gas, enough to heat about 2,800 B.C. homes.

Thanks to the introduction of common rates, residential and commercial customers in Whistler and on Vancouver Island, the Sunshine Coast and Powell River can now subscribe to renewable natural gas, which has been available to Lower Mainland, Squamish, Fraser Valley and Interior customers since 2011.

Customers can choose a five, 10, 25 or 50 per cent blend of renewable and conventional natural gas, or 100 per cent renewable natural gas. After blend options were introduced in fall 2014, many subscribers increased their blend from the previous 10 per cent, and about 95 customers are leading the way with 100 per cent renewable natural gas for their homes or businesses.

Natural gas for transportation

Fleet owners are turning to natural gas for transportation fuel, saving on fuel costs and reducing emissions. To date, we have announced nearly \$32 million in incentives for up to 100 per cent of the cost difference to upgrade to compressed natural gas (CNG) or LNG-fuelled vehicles versus equivalent diesel vehicles.

Seaspan Ferries and BC Ferries both announced the construction of ferries that can be fuelled by LNG, some of the first marine vessels of their kind in Canada. Teck Resources also marked a Canadian first with a pilot project to add six mine haul trucks that can run on LNG at its Fording River coal operation. We helped Teck convert engines, upgrade their maintenance shop, install fuelling facilities and implement a safety program.

In 2015, we introduced a pilot program to encourage owners of diesel vehicles to convert engines to use CNG or LNG fuel. This program will demonstrate dual-fuel engine technology, diversifying and increasing the market for natural gas transportation throughout B.C. These programs benefit all of our natural gas customers, as better year-round use of our natural gas system will help keep delivery rates stable.

New heights for natural gas

We work with builders and developers to bring innovative energy solutions to multi-family developments in B.C. In May, we finished installing natural gas piping in Stratus, phase one of SOLO District in Burnaby. The 45-storey building is the tallest tower with vertical subdivision metering in Metro Vancouver. When all four phases of the development are complete in 2020, about 1,300 new customers will enjoy natural gas appliances in their suites, with individual meters. The geothermal heating and cooling system at SOLO District will be owned and operated by FortisBC Alternative Energy Services Inc.

Growing capacity

In July, stakeholders, contractors, government representatives and First Nations involved in the \$900-million Waneta Expansion gathered to celebrate its grand opening. Construction finished on budget and six weeks ahead of schedule, and it began producing power in spring 2015. Built in partnership between Fortis Inc., Columbia Power Corporation and Columbia Basin Trust, the Waneta Expansion adds 335 megawatts of clean, renewable hydroelectricity generation, enough to power about 60,000 B.C. homes. FortisBC electricity customers will benefit from the security of a long-term capacity purchase agreement.

Planning for the future

As part of long-term resource planning, we held stakeholder consultations and resource planning workshops in three communities with representatives of 12 Southern Interior municipalities, four regional districts, First Nations, government, customers and organizations focused on energy issues. This feedback is critical for developing our next Long-Term Electricity Resource Plan, which we expect to file with the British Columbia Utilities Commission in 2016. Through this plan, we continue to pursue our goal of providing safe, reliable and cost-effective energy to customers over the next 20 years and beyond.

Notable numbers

LNG and CNG vehicles and vessels funded by our incentives to date:

435

Approximate number of gigajoules of LNG and CNG consumed by customers for natural gas vehicles and vessels and remote community power generation since 2011:

2.4 million

Number of residential and commercial customers now subscribing to renewable natural gas:

7,000



**FortisBC's renewable natural gas has been designated as carbon neutral in B.C. by Offsetters.*



Major projects

We're building to meet the energy needs of our customers, now and in the future.

The additional liquefied natural gas storage tank is under construction at our Tilbury LNG storage facility. The Tilbury expansion project allows us to better support the province in the development of natural gas for transportation, remote communities and the marketplace.

Advanced metering infrastructure

We substantially completed installation of advanced meters in 2015, replacing about 125,000 electricity meters throughout the Southern Interior. The \$51 million project is now moving forward to the next phase. We have received regulatory approval from the British Columbia Utilities Commission to introduce new billing options for electricity customers, including monthly billing, the ability to choose a billing date and fewer bill estimates since meter readings are available more often.

Liquefied natural gas helps all gas customers

All of our natural gas customers benefit from the use of LNG. Liquefying and storing natural gas at our two LNG storage facilities help us manage costs for customers while ensuring they have a reliable supply of natural gas to heat their homes and businesses on the coldest days of the year. We have owned and operated the Tilbury LNG facility, currently undergoing an expansion, since 1971 and completed the Mount Hayes LNG facility near Ladysmith in 2011.

Customers will continue to realize these benefits if more commercial and industrial LNG customers come online. Large industrial LNG customers will pay a rate that covers the cost of infrastructure upgrades, and these rates are designed so that additional volumes of natural gas moving through our pipeline system will help keep delivery rates stable for all of our natural gas customers.

Engaging the public in planning processes

We continued to engage with the public, stakeholders and local First Nations on our plan for providing natural gas service to the proposed Woodfibre LNG facility near Squamish. Over the past two years, we've participated in more than 100 small group meetings, 10 open houses and 50 meetings with First Nations groups, community members, local stakeholders and government. The input we've received through the B.C. Environmental Assessment Office (EAO) process and Squamish Nation's independent environmental assessment is helping us improve our plans moving forward.

Supporting B.C. workers and local economies

On November 16, 2015, we celebrated a milestone: the one-year anniversary of breaking ground on the Tilbury expansion project. To date, we have committed more than \$50 million in local contracts. Through our general contractor Bechtel Canada Co., we've engaged more than 100 businesses across 10 Lower Mainland municipalities. The project has created more than 65,000 full-time equivalent hours of well-paying trades work in the community. It's allowing workers to stay close to home and contribute to B.C.'s economy while helping the province and industry meet environmental commitments.

Tilbury facts:

- more than 475 tradespeople are registered for work on the project
- 130 people are working full time on the project
- 90 per cent of full-time employees are local residents

Lower Mainland system upgrades

We received approvals to invest \$427 million in necessary upgrades to our Coastal Transmission System, which include the Lower Mainland Intermediate Pressure System Upgrade Project to replace a section of the system in the Lower Mainland that is nearing the end of its useful life. These upgrades will help us in our goal of continuing to deliver a safe, reliable supply of natural gas to a rapidly growing population. Construction work will begin in spring 2017 and be complete by spring 2019.

Notable numbers

Capital program investment:

\$564 million

Regulatory filings submitted:

570

Responses to regulatory information requests:

5,550

Annual property taxes paid by FortisBC to B.C. communities:

\$76 million

Community investment

We work toward strengthening the communities in which we live and work.

A group of FortisBC employees, including Randy Loski, operations supervisor (left), and Chris Hyland, regional manager (right), get together several times a year to volunteer for local community projects such as planting trees in Kelowna's Rotary Marsh Park.

"Community investments of this magnitude clearly acknowledge the significance which companies such as FortisBC place on small and rural communities in our province and genuinely demonstrate a commitment to maintaining and enhancing positive relationships with the communities they serve."

Village of Keremeos, thanking FortisBC for a \$15,000 donation to improve a local walking trail

Supporting communities

The Greater Vancouver Board of Trade nominated FortisBC to receive the 2016 Rix Award for Engaged Corporate Citizenship, recognizing our commitment to working with stakeholders, Aboriginal communities and local organizations to improve the well-being of the communities we serve. Much of this honour is due to fostering a corporate culture of volunteering and giving to local causes.

We participate in many community events throughout B.C., and we were particularly proud to support the Rock Creek Fall Fair in 2015. Wildfires had damaged several homes and farms in the area, but the annual fair went ahead and helped the community come together and celebrate the spirit of rebuilding, recovering and helping each other.

Employees gave in a variety of ways throughout the year, from charitable payroll contributions to participating in food, blanket and holiday toy drives. Our employee-run charity, Warm Hearts, donated more than \$48,000 to local charities in 2015, in addition to approximately \$107,000 donated by FortisBC to charities by either matching an employee's donation by 50 per cent or donating \$300 to an organization where they volunteer. Causes we support include United Way, BC Children's Hospital, Kelowna General Hospital Foundation and local food banks.

In December, we helped the annual CKNW Orphans' Fund Pledge Day raise funds for children with special needs. Along with a corporate donation, our employees took calls from donors during the live broadcast on News Talk 980 CKNW and Global BC.

In April, employees from Surrey Operations and Willingdon Contact Centre teamed up to build our entry in the annual Canstruction competition. "Counting Trees"—a forest scene inspired by the trees saved by paperless billing—was constructed from 10,500 cans of food. This is the eighth year FortisBC has sponsored the event, and we're proud to donate thousands of non-perishable food items to the Greater Vancouver Food Bank annually.

Creating opportunities

Residential Energy Efficiency Works (REnEW) entered its fifth year in 2015. Created by FortisBC in partnership with BC Hydro, REnEW is delivered by community groups to train deserving participants in construction and energy-efficiency retrofitting. The 2015 REnEW graduates put their skills to work on a social housing project for Habitat for Humanity in Peachland. Participants installed roofing, windows and insulation while gaining confidence and experience for future employment.

Investing in local communities

As part of the 2015 Union of B.C. Municipalities (UBCM) convention, we asked municipalities to nominate local non-profit organizations to receive one of four \$15,000 community investments. The four local projects selected were:

- Hope CARE Transit Society, for a wheelchair-accessible van to drive seniors to outings and appointments
- Prince George Naturalists Club, for a viewing platform overlooking the preserved Hudson's Bay Wetland Project
- Similkameen Trails Society, for solar LED lighting along a two-kilometre walking trail connecting Keremeos to the Similkameen River
- Powell River Brain Injury Society, for improving its garden and building a greenhouse to grow food for people at its drop-in centre

During the UBCM convention, we also awarded \$1,500 to the Village of Clinton, which in turn donated the funds to the South Cariboo Historical Museum Society. The donation will help the museum restore and protect items in its collection and digitize historical photos for preservation.

Notable numbers

Total employee donations to charities through our giving programs:

\$68,400

Events we participated in:

523



REnEW participant Dorian learned new skills and secured a full-time job through support from the program.

Aboriginal relations



We are committed to building our relationships with Aboriginal communities.

Tsawwassen First Nation chief Bryce Williams gives a traditional welcome to guests at the one-year anniversary of breaking ground on the Tilbury expansion project.

Stronger together

Guided by principles of understanding, respect, open communication and trust, we work with Aboriginal peoples in B.C. toward mutually beneficial relationships and developing stronger communities.

We worked closely with the T'exelcenc Williams Lake Indian Band during a project to upgrade a section of natural gas line in Williams Lake. The band was engaged early in the process to help us plan for considerations such as working as far away as possible from a known archaeological site in the area. Band-owned businesses were contracted to provide right of way vegetation management and site restoration services before and after the pipeline was replaced.

Our service area is located on traditional territory of B.C.'s Aboriginal peoples, including places of cultural significance. To provide natural gas to the proposed Woodfibre LNG facility, we're working closely with Squamish Nation, Tsleil-Waututh Nation, Kwikwetlem First Nation and Musqueam Indian Band to plan pipeline routing, construction methods and environmental management. We also help ensure opportunities for their members to work and benefit from these projects.

For the Tilbury LNG facility expansion, we're working with numerous First Nations, including the Musqueam Indian Band and Tsawwassen First Nation (TFN). TFN Construction/Matcon Civil Joint Venture, a contracting firm in which TFN is the majority owner, is providing civil construction site services to the Tilbury expansion project, along with jobs and training opportunities.



During the project to upgrade 2.8 kilometres of natural gas line in our right of way near Williams Lake, the T'exelcenc Williams Lake Indian Band helped us plan how to work around a nearby archaeological site and provided contracting services such as site restoration.

Preserving tradition

We were proud to sponsor the Okanagan Nation Alliance's 2015 Salmon Feast, a three-day celebration of the sacred importance of rivers and salmon in sustaining its people. This annual event is free and open to the public and features games, canoe paddling and a salmon feast at Okanagan Falls, which is a traditional fishing camp for the Syilx people.

Developing for the future

We provided a \$75,000 grant to Aboriginal Skills Group 3G, a non-profit society dedicated to increasing employment opportunities for Aboriginal peoples, to fund a training program to help First Nations communities take advantage of opportunities in future LNG developments in B.C. In October, the society graduated its first class from an eight-week pre-apprenticeship program designed to prepare Aboriginal workers for jobs in the LNG industry.

Notable numbers

Number of Aboriginal communities we provide service to:

56

Optimizing energy use



Our Conservation and Energy Management programs help customers save energy and money.

The winners of the inaugural FortisBC Efficiency in Action Awards celebrate their achievements in saving energy at a reception at the Terminal City Club in Vancouver.

Engaging customers in conservation

The successful Energy Conservation Assistance Program, developed in collaboration with BC Hydro, was expanded to include income-qualified customers in our electricity service area in the Southern Interior. Participants receive, free of charge, a home energy assessment and installation of energy-saving products such as water-efficient fixtures, LED bulbs and draftproofing. These basic measures could save up to \$165 per year on energy costs, and some participants may qualify for a new ENERGY STAR® fridge, insulation or an energy-efficient gas furnace.

To inspire a commitment to save energy with one simple action—turning down the thermostat—we launched the Conserver Club in February. More than 10,000 people visited the campaign microsite (conserverclub.fortisbc.com), and 4,100 people pledged to turn down the heat for a chance to win an ENERGY STAR washer and dryer. A follow-up survey found that 92 per cent of respondents would continue this energy-saving action.

We relaunched the Conserver Club in the fall with a new contest to reach more customers across the province. More than 7,000 customers have now taken the pledge, and the Conserver Club won the 2015 Bronze Award for Program Marketing Best Practices from Chartwell.

Empower Me®, created by Quality Program Services and sponsored by FortisBC, won the 2015 award for Best Residential Program Implementation and Design from the Association of Energy Services Professionals. Delivered in participants' homes by trained peer mentors who speak their language, Empower Me helps new Canadians increase the comfort, safety and energy efficiency of their homes. It also opens doors to communicating with a greater diversity of people who may benefit from our programs.

Efficiency in Action

In May, we recognized builders and commercial and industrial customers for exceptional achievements in saving energy at the first FortisBC Efficiency in Action Awards. Ten awards in eight categories were handed out, including to White Spot Restaurants for upgrading to high-efficiency cooking equipment and Clay Construction for building to ENERGY STAR for New Homes Standard. Together, the 10 recipients have saved about 163,000 gigajoules (GJ) of natural gas, enough energy to heat more than 2,600 B.C. homes for a year.

A winner in the Public Sector category, Island Health received almost \$500,000 in incentives from FortisBC for 20 energy-efficiency projects, from boiler replacements to heat recovery. Island Health estimates they have reduced greenhouse gas emissions by 903 tonnes and natural gas consumption by 16,920 GJ. Similar to Gateway Casinos, a fellow winner in the Commercial category for implementing heat recovery and high-efficiency cooking equipment, Island Health has reinvested the savings into supporting renewable natural gas and demonstrating their environmental leadership.

Big savings

Interfor upgraded its Grand Forks sawmill to reduce power consumption, including new air compressors, energy-efficient machinery and LED lighting. Electricity consumption for the year after the upgrades was analyzed, and resulting energy savings were about 1.9 million kilowatt hours (kWh). The company received incentives totalling \$193,900 from the Custom Business Efficiency Program, and is now implementing a similar suite of energy-efficiency improvements at its Castlegar sawmill.

The City of Castlegar received \$24,500 from the Custom Business Efficiency Program for retrofitting its South Sewage Treatment Plant with measures to improve ventilation and reduce energy use, such as variable frequency drives and blower controls. The upgrades are estimated to save 490,000 kWh of electricity annually. These measures are now being monitored to verify energy savings.

The city is also upgrading to LED street lighting with incentives from our High-Efficiency Lighting Program, for further estimated savings of 398,000 kWh. Combined, Castlegar's energy-efficiency measures could save enough power to supply about 68 B.C. homes for a year.

Notable numbers

Estimated megawatt hours of electricity saved by customers through efficiency programs in 2015:

12,600

Estimated gigajoules of natural gas saved by customers through efficiency programs in 2015:

424,000

"We are pleased FortisBC is offering more British Columbians access to energy conservation programs and are encouraged to see more families undertake energy-efficient upgrades to their homes. Our government is working hard to keep electricity rates affordable for British Columbians. By making smart energy choices, families can save on their own energy bills plus create significant power savings that benefit the whole province."

The Honourable Bill Bennett, B.C. Minister of Energy and Mines

A man with glasses, wearing a light-colored short-sleeved button-down shirt and plaid shorts, is standing in a greenhouse. He is reaching up to touch a cucumber plant. The greenhouse is filled with rows of cucumber plants growing on trellises. The plants have large green leaves and some small yellow flowers. The background shows the structure of the greenhouse with translucent panels.

Environmental responsibility

Taking care of our natural environment is all in a day's work.

Greg Thorp grows organic cucumbers in Oliver, and finds that high-efficiency lighting for his greenhouse not only saves energy, but also helps grow better quality produce. Plus, upgrading his equipment qualified for incentives through our rebate programs.



The Osoyoos osprey nest sits atop a de-energized power pole, with a webcam mounted on a separate pole. It is one of about 48 osprey nesting sites in our electricity service area.

Protecting water and air

Invasive species such as zebra and quagga mussels pose a significant threat to freshwater ecosystems, including hydroelectric dams and drinking water. In June, we announced a joint contribution of \$360,000 with Columbia Basin Trust and Columbia Power Corporation to help the province fund three new mobile inspection and decontamination units dedicated to keeping B.C.'s borders free of invasive mussels.

We're also collaborating with Columbia Basin Trust to help communities in the Kootenays plan how to conserve energy and reduce emissions, which could include developing energy-efficiency programs for individuals and businesses. Salmo, Rossland and Kaslo have already signed up, and other municipalities in the region have been invited to participate.

Working around nature

The osprey nest webcam has long been a popular feature of our website, and in 2015 we added a second nest camera near Osoyoos. When crews discovered this osprey nest, they de-energized the power pole to ensure the safety of the birds upon their return, then we worked with the Town of Osoyoos to install the camera to watch the osprey hatching and caring for their young. The Osoyoos osprey webcam had more than 100,000 views in its first season from April to September, demonstrating how our osprey nest management program helps protect our infrastructure and keep the birds safe.

We perform ongoing vegetation management around our power lines, including identifying trees that could be a hazard. After the forest fires in the Southern Interior this summer, we worked with the Ministry of Transportation and Infrastructure, BC Parks and affected landowners to remove damaged trees and ensure safety.

Before undertaking routine fall vegetation management work in our right of way in the Skwelwil'em Squamish Estuary Wildlife Management Area—a migration and nesting area for many species of fish and birds—we completed a survey to identify sensitive areas such as riparian zones and ensured provincial, local and First Nations authorities were notified. Clearing and pruning work itself was done by hand and timed outside the sensitive bird nesting window.

When a pipeline crossing under the Elk River was becoming exposed due to erosion, FortisBC crews and contractors planned and performed the work to replace the natural covering and mitigate further erosion with great care for the environment. Measures included timing the repair work while fish were not spawning, working out of the river flow as much as possible and isolating the work area and equipment when working in the stream.

Reducing emissions

Renewable natural gas is an innovative way our customers can help the environment by supporting renewable energy. We were proud to accept an Environmental Management Award of B.C., recognizing the positive contribution renewable natural gas has made to reducing emissions in our province. Since 2011, our 7,000 subscribers have helped reduce greenhouse gas emissions by 13,305 tonnes of carbon dioxide equivalent, equal to taking 2,801 cars off the road each year.

"Columbia Basin Trust, Columbia Power Corporation and FortisBC recognize the importance of protecting aquatic infrastructure and environments in B.C. from invasive mussels. Thanks to their generosity, we are doubling the number of mobile decontamination units aimed at ensuring these invasive species never enter our waterways. This is another step forward in our ongoing efforts against invasive mussels."

*The Honourable Mary Polak,
B.C. Minister of Environment*

Going paperless

Since we began offering paperless billing in 2013, more than 270,000 gas and electricity customers have embraced this environmentally friendly and convenient way of getting their bill. In 2015, these customers helped save an estimated 3.2 million billing sheets and 3 million envelopes.

Looking ahead to 2016

We are moving forward on energy solutions that work for B.C. and for our customers.

Minister of Natural Gas Development Rich Coleman, Fortis Inc. president and CEO Barry Perry, FortisBC president and CEO Michael Mulcahy, premier Christy Clark, Tsawwassen First Nation chief Bryce Williams and project director Rob Dunsmore tour the Tilbury LNG facility expansion project during the one-year milestone celebration.



When complete, the additional storage tank at the Tilbury LNG facility will help British Columbia meet its commitment to develop LNG opportunities and realize the economic benefits for communities.

Thinking big

As a regulated utility, we are dedicated to delivering electricity, natural gas and piped propane safely, reliably and at the lowest reasonable cost.

Looking for new markets for natural gas is one of the ways we can better utilize our system year-round and keep rates stable for all of our gas customers. The Tilbury expansion project will help us supply LNG for the transportation industry, remote communities and other potential markets over the long term. We expect to complete the project by winter 2016.

We are also working with the local community, First Nations and stakeholders in the environmental assessment process for our project to provide natural gas service to the proposed Woodfibre LNG facility near Squamish. We have been able to improve our plans based on the feedback we have received and continue to evaluate options for routing and site selection.

Talking Energy

We're excited about the benefits of major projects for communities and to share them with British Columbians. In 2016, we are launching TalkingEnergy.ca, a website dedicated to keeping the public engaged and informed about projects happening in their communities. Users will find updates about the Tilbury expansion, the proposed Eagle Mountain-Woodfibre Gas Pipeline and the Coastal Transmission System Upgrade, as well as other upcoming projects in an easy-to-read, interactive format.

Improving every day

Our vision to serve customers drives our efforts forward. In 2016, we will continue working to make it even easier to do business with us. We are developing a new online application for customers to request gas and electricity services. This will give them a convenient way to submit service requests any time, whether from their home, business or mobile device.

For electricity customers, we are developing tools to provide better and faster communication in the event of outages and are leveraging advanced metering to be able to respond more efficiently to outages and virtually eliminate billing estimates. We are also working on giving customers more tools to help them better manage their power usage and see where they can save energy.

Every day, we look for opportunities large and small to improve, knowing the decisions we make today will affect our customers for years to come.

That's energy at work.



Leadership team

Douglas Stout
Vice President,
Market
Development &
External Relations

Mr. Stout joined the company in 2001 as Vice President, Gas Supply and Transmission. He has held senior roles with Belcorp Industries Inc. and Husky Energy Inc., and has served as Director for Sultran Ltd., Pacific Coast Terminals and Hillsborough Resources. He is Chair of the Canadian Natural Gas Vehicle Alliance and a Director of the Northwest Gas Association.

Ian Lorimer
Vice President,
Finance & Chief
Financial Officer

Mr. Lorimer brings 16 years of experience in regulated utility finance roles, including Vice President, Finance and Chief Financial Officer for FortisAlberta and Director with FortisBC. He held finance roles including Senior Manager at Smythe Ratcliffe Chartered Accountants. He holds a Bachelor of Commerce from the University of British Columbia and is a Chartered Accountant and member of the Institutes of Chartered Accountants of Alberta and British Columbia.

Roger Dall'Antonia
Executive Vice
President,
Customer Service
& Regulatory
Affairs

Mr. Dall'Antonia holds over 20 years of experience in the energy industry, specializing in corporate finance and development, treasury and regulatory affairs. Past senior financial roles include positions with Westcoast Energy and Versacold Income Fund.

Cynthia Des Brisay
Vice President,
Energy Supply
& Resource
Development

Ms. Des Brisay has spent her entire career in the energy industry. Prior to joining FortisBC in 1999, she held engineering and commercial roles in the oil and gas industry and in independent power generation development in Canada and New Zealand. She serves on the Executive Committee and Board of Directors of the Northwest Gas Association.

Michael Mulcahy
President & CEO

Mr. Mulcahy is President and CEO of FortisBC Inc. and FortisBC Energy Inc. He began his career with the Fortis group of companies with Maritime Electric in 1993. Mr. Mulcahy serves on the Board of the Canadian Electricity Association, the Executive Council of the Western Energy Institute and is Chair of the Canadian Gas Association. He also serves on the Board of Directors for FortisAlberta.

Dennis Swanson
Vice President,
Corporate
Services

Mr. Swanson has more than 15 years of experience with FortisBC and its predecessor companies, holding multiple leadership roles including corporate reporting, budgeting and planning. Prior to his current role, Mr. Swanson was responsible for corporate regulatory strategy as the Director of Regulatory Affairs and managed the acquisition of the City of Kelowna's electrical distribution assets in 2013.

Doyle Sam
Executive Vice
President,
Operations &
Engineering

Mr. Sam has worked in the energy industry since 1989 and for FortisBC and its predecessors since 2003. He has operated in a variety of engineering, planning, operations and senior management roles in both electric and gas utilities.

Jody Drope
Vice President,
Human Resources
& Environment,
Health & Safety

Ms. Drope has spent her career working in Human Resources, including past management roles in municipal governments. She joined FortisBC in 2008. Prior to her current role as Vice President, Ms. Drope was responsible for all human resource management functions, labour relations operations and talent management initiatives as Chief Human Resource Officer at FortisBC.

Board of directors



Harold G. Calla - Mr. Calla (FCGA, CAFM) is Chair of the First Nations Financial Management Board. He is a member of the Squamish Nation and has served two terms on its council. He is a past Director of Nicola Valley Institute of Technology, CMHC and Partnerships BC.



Brenda Eaton - Ms. Eaton is a Corporate Director, chairing the Core Area Wastewater Treatment Program Commission and serving on the boards of Transelec, TransLink, and the BC Safety Authority. Previously, she served as Deputy Minister to the Premier of B.C. She has been Deputy Minister of Finance and Treasury Board, Energy, and Social Services, and was CFO of a health authority.



Ida J. Goodreau - Ms. Goodreau is a Corporate Director and Adjunct Professor, Sauder School of Business, University of British Columbia. Previously, she was President and CEO of LifeLabs Medical Laboratory Services, and President and CEO of the Vancouver Coastal Health Authority. She serves on the Board of Directors of Fortis Inc. and is a member of the Boards of Pharmasave Drugs International, Genome BC, the Streetohome Foundation and the Canada West Foundation.



David G. Hutchens - Mr. Hutchens is President and CEO of Tucson Electric Power (TEP) and its parent company, UNS Energy Corporation. He has held continuously progressive positions within TEP, advancing to President in 2011, COO in 2013 and to his current role as TEP's top executive in 2014. Mr. Hutchens is a member of the Boards of Edison Electric Institute, Western Energy Institute, Southern Arizona Leadership Council, United Way of Tucson and Southern Arizona, the Tucson Conquistadores Foundation, Salpointe Catholic High School, Sun Corridor, Inc. and the University of Arizona Foundation.



Michael Mulcahy - Mr. Mulcahy is President and CEO of FortisBC Inc. and FortisBC Energy Inc. He began his career with the Fortis group of companies with Maritime Electric in 1993. Mr. Mulcahy serves on the Board of the Canadian Electricity Association, the Executive Council of the Western Energy Institute and is Chair of the Canadian Gas Association. He also serves on the Board of Directors for FortisAlberta.



Barry V. Perry - Mr. Perry is the President and CEO of Fortis Inc. Prior to this, he held the position of Vice President, Finance and Chief Financial Officer of Fortis Inc. since 2004. Mr. Perry joined the Fortis organization in 2000 as Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc. He serves on the Boards of Fortis utilities in British Columbia, Alberta, Arizona and New York. Mr. Perry is a member of the Institute of Chartered Accountants of Newfoundland and Labrador.



David R. Podmore - Mr. Podmore is the Chairman and CEO of Concert Properties Ltd., a national real estate enterprise he co-founded in 1989. He is the Chair of the FortisBC Energy Inc. and FortisBC Inc. Boards, the Chair of the BC Children's Hospital Foundation, and the past Chair of the B.C. Pavilion Corporation and of the British Columbia Institute of Technology Foundation. He also serves on the Board of Directors of LifeLabs Inc. and as a Director of the Canadian Council for Public-Private Partnerships. He is a recipient of the Order of British Columbia.



Christopher F. Scott - Mr. Scott is a Corporate Director, Consultant, and the past Chief Operating Officer of Osoyoos Indian Band Development Corporation. He also sits on their Board of Advisors. He has extensive business and community interests in the Okanagan Valley and is a past recipient of both the Exporter of the Year award in B.C. and the Entrepreneur of the Year award for Penticton. He serves as an advisor to several First Nations in B.C. and as a Director of the Lower Nicola Indian Band Development Corporation.



Karl W. Smith - Mr. Smith is Executive Vice President, Chief Financial Officer of Fortis Inc. He has held continuously progressive positions within the Fortis Inc. group of companies since 1999, most recently as President and CEO of FortisAlberta. Mr. Smith serves on the Board of CH Energy Group. He is a member of the Institute of Chartered Accountants of Newfoundland and Labrador.



Janet P. Woodruff - Ms. Woodruff (FCPA, FCA) is a Corporate Director and former executive with over 30 years of experience in the North American energy, transportation and health sectors. Ms. Woodruff serves as a Director of Keyera Corporation, Altus Group and Capstone Infrastructure Corporation. She was previously the acting CEO of the Transportation Investment Corporation.



Corporate office

Suite 1000, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3

Business operations

16705 Fraser Highway, Surrey, British Columbia, V4N 0E8

Suite 100, 1975 Springfield Road, Kelowna, British Columbia, V1Y 7V7

fortisbc.com

Energy at work



FORTIS BC™

Printed in Canada by Hemlock Printers Ltd., Burnaby, B.C., a carbon-neutral operation using low-VOC vegetable-based ink to reduce the impact on local air quality. This corporate report is produced on 100 per cent post-consumer recycled paper.

FortisBC Inc. and FortisBC Energy Inc. do business as FortisBC. The companies are indirectly wholly owned subsidiaries of Fortis Inc. FortisBC uses the FortisBC name and logo under licence from Fortis Inc.

2015 Corporate Report (15-271 03/2016)