



FORTIS BC™

Energy at work

Corporate Report 2017

We're working to meet the evolving energy needs of our customers and B.C.—safely, reliably and at the lowest reasonable cost.

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Performance

Looking back at 2017

FortisBC delivers the energy customers need safely, reliably and at the lowest reasonable cost. Whether delivering electricity, natural gas or propane, our more than 2,300 employees serve approximately 1.1 million customers in 135 communities.

FortisBC owns and operates approximately 49,000 kilometres of natural gas transmission and distribution pipelines, and approximately 7,260 kilometres of electric transmission and distribution power lines.

Our energy infrastructure assets also include B.C.'s largest underground natural gas storage facility, 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 3.2 million natural gas and electricity customers.

Performance

FortisBC Energy Inc. Natural gas & piped propane	2016	2017
Peak day demand (TJ)	1,334	1,336
Gas volumes (PJ)	197	221
Customer satisfaction index	8.8	8.4

FortisBC Inc. Electricity	2016	2017
Generating capacity (MW)	225	225
Peak demand each year (MW)	712	731
Energy		
Walden (GWh)	2	—
Regulated (GWh)	3,119	3,305
Customer satisfaction index	8.2	8.2

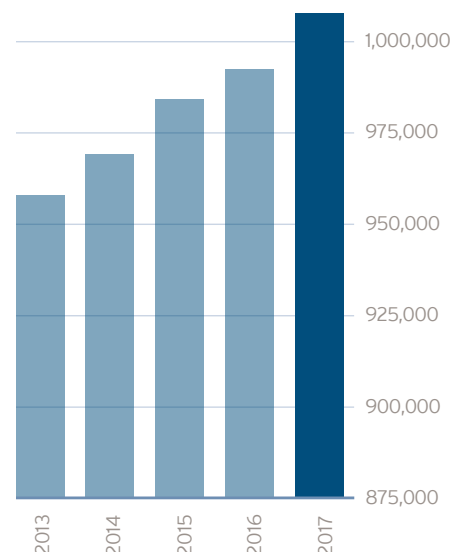
Financial highlights (in millions of dollars)

FortisBC Energy Inc. Natural gas & piped propane	2016	2017
Net earnings	\$171	\$186
Revenues	\$1,151	\$1,199
Operating expenses	\$295	\$295
Capital expenditures ¹	\$333	\$444

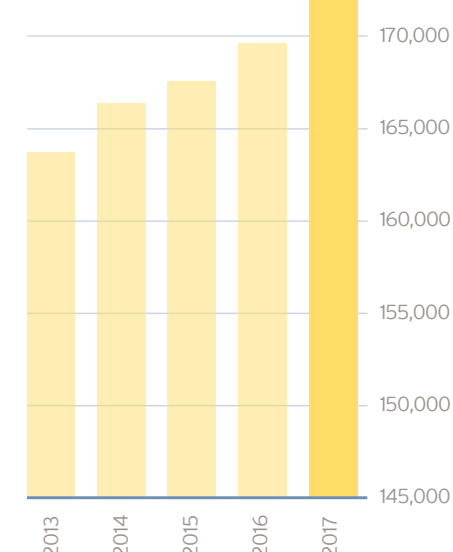
FortisBC Inc. Electricity	2016 ²	2017
Net earnings	\$49	\$50
Revenues	\$361	\$381
Operating expenses	\$80	\$80
Capital expenditures ¹	\$74	\$105

¹Capital expenditures before contributions in aid of construction and including cost of removal. ²Certain comparative figures have been classified to conform to the current year's presentation.

FortisBC gas customers³ (Approximately 1,008,422 in 2017)



FortisBC electricity customers⁴ (Approximately 172,343 in 2017)



³Includes piped propane customers. 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 and CEO



Roger Dall'Antonia

Over the last year, FortisBC has delivered on its goals with the energy and innovation that is the hallmark of our company and our people. I'm pleased to be able to share some of these achievements.

Financially, 2017 proved to be yet another strong year for FortisBC. Growth in our natural gas division delivered \$186 million in net income—an increase over \$15 million from 2016. Our electric operations remained a strong financial performer as well with \$50 million in net income.

We continue to invest in British Columbia to maintain and expand our business, with capital spending of \$444 million on gas operations

and another \$105 million on electric operations. Our sizable ongoing investment into our infrastructure helps to ensure that B.C. residents and businesses have the safe, reliable and affordable energy they need today and into the future.

FortisBC sees natural gas as a vital part of the evolving energy mix for the province of British Columbia as well as globally. This year, we celebrated our millionth natural gas customer in the province and added approximately 21,000 new customers—a strong endorsement of the value proposition of natural gas. It remains an affordable and efficient energy source that is well suited to fit within a low-carbon marketplace.

This was demonstrated by the Memorandum of Understanding (MOU) we signed with the City of Vancouver on November 24, 2017, that ensured Vancouver residents and businesses would continue to enjoy the benefits of natural gas while simultaneously setting the stage for collaboration on climate action initiatives.

The MOU was an important step forward for both FortisBC and its customers, ensuring that our 110,000 customers in Vancouver have long-term continuity of energy supply and that future development can still benefit from the advantages of natural gas. The MOU also set a mutual commitment to expand the supply and use of Renewable Natural Gas and increase our investment in energy

conservation within the City while aligning the City's building codes with the BC Energy Step Code.

FortisBC is working to explore potential market opportunities to reduce emissions from the transportation industry, including the use of compressed natural gas (CNG) or liquefied natural gas (LNG) in freight hauling, public transit and marine vessels. In order to meet the growing demand for LNG, we continue to progress on the \$400 million expansion of our Tilbury LNG facility in Delta. FortisBC provides LNG to both BC Ferries and Seaspans Ferries for a total of five vessels, with another two on the way, reducing both fuel costs and greenhouse gas (GHG) emissions. As the International Maritime Organization moves toward unveiling its GHG strategy, there is significant potential to grow our maritime LNG business further.

An expanded Tilbury facility also creates new opportunities for potential LNG export, as demonstrated by our first LNG shipment to China late in 2017. The pilot shipment will help determine the logistical feasibility of LNG exports from FortisBC and is a key opportunity to contribute to helping reduce carbon dioxide (CO₂) emissions globally.

Our progress in promoting CNG within the province has been similarly successful. In 2017, FortisBC opened a new CNG fuelling station in Kamloops and was a funding partner in bringing 25 new CNG-fuelled buses to the Resort Municipality of Whistler, bringing the total number of CNG-fuelled vehicles funded by our investments to 598 to date in B.C. Fuelling vehicles with natural gas rather than diesel can reduce GHG emissions by 15 to 25 per cent.

We continue to invest in our infrastructure here in British Columbia. Following the successful completion of the \$170 million Coastal Transmission System project running from Surrey to Coquitlam, work will start this year on the Lower Mainland System Upgrade project that was in planning for much of 2017. The project will see the installation over the next two years of approximately 20 kilometres of a new natural gas pipeline running from Coquitlam to Vancouver, ensuring continued safe, efficient and reliable gas service to the Lower Mainland.

FortisBC also continues to regularly upgrade its electrical generation and distribution infrastructure across the Kootenays and Okanagan to provide clean hydroelectric power to over 172,000 customers. In the summer of 2017, we received approval from the BC Utilities Commission (BCUC) to begin a \$63 million replacement of the Corra Linn Dam spill gates, and began planning, procurement and community engagement activities. Construction at Corra Linn will begin in 2018.

Our work at the Upper Bonnington Dam is also proceeding as scheduled as we continue with the refurbishment of its power generation units. Other notable upgrades in 2017 included the \$1.5 million system upgrade in the Christina Lake area, replacing or repairing 150 poles to ensure ongoing reliable power for residents.

Our electricity customers also benefited from our ongoing investment in technology as we launched our electricity outage map. During a power outage, information is important and our new outage map provides up-to-date information from our field crews.



FortisBC was the first company in the world to offer onboard truck-to-ship LNG bunkering. This proprietary design was developed by collaborating with Seaspan Ferries, BC Ferries and their shipbuilders to create a customized solution to fit our customers' needs.

The information, which is provided by advanced meters, helps us locate the source of unexpected power interruptions and improves our crews' ability to restore power as safely and quickly as possible.

Throughout 2017, FortisBC also proudly invested in the communities where we live and work. Our employees, inclusive of management, MoveUP employees and members of the International Brotherhood of Electrical Workers, raised over \$106,000 in contributions to the United Way through our annual fundraising campaign, which was 50 per cent matched by FortisBC.

Members of the FortisBC team were just as generous with their time as they were with their dollars, volunteering time to causes and communities, including cleanup and recovery efforts after flooding in the Okanagan. During the summer wildfires, our Prince George and Burnaby contact centres assisted the BC Economic Development Association in establishing a Business Recovery Hotline to help impacted businesses, fielding close to 500 calls over two months. All in all, FortisBC and our people contributed many volunteer hours and approximately \$223,500 in employee-giving funding to local organizations and non-profits in 2017.

With all of our success, we also experienced a profound loss as our friend and President and CEO, Michael Mulcahy, passed away. Through his 25-year career with the Fortis group of companies, he established himself as a visionary leader and a trusted friend and colleague. His leadership set the stage for many of our accomplishments in 2017. He is sorely missed.

We owe our success in 2017 to our employees throughout the province, and I'd like to thank everyone across our operations. Just as FortisBC provides energy to our customers, our people provide the energy to this company.

As we enter 2018, I am filled with optimism about what we will accomplish this year. It will be a year marked by innovation, opportunity and providing our customers with the energy they need safely, reliably and affordably.

A handwritten signature in black ink, appearing to read "Roger Dall'Antonia".

Roger Dall'Antonia
President and CEO
FortisBC



Customer service

Our customers range from homeowners and small businesses to commercial facilities and large industry throughout the province. Here in the Christina Lake area, FortisBC crews replace and repair approximately 150 power poles—ensuring customers continue to have reliable service.

Connecting with customers

We proudly serve 1.1 million customers in 135 B.C. communities, delivering the energy they need every day, safely and reliably. Connecting with our customers is key to providing quality service.

Our three contact centres collectively handle approximately 3,872 customer calls on an average day. We also enjoy meeting customers face-to-face. In 2017, our events team attended more than 500 events and engaged in close to 50,000 conversations across the province. We heard how important access to affordable energy is to our customers and how they are interested in saving money, conserving energy, and having greater access to convenient self-serve options and alternative energy solutions.

Our online account management tool, Account Online, continued to see an increase in usage. To date, we have 371,368 natural gas customers and 31,345 electricity customers enrolled in it. Additionally, electricity customers can now use Account Online to view their hourly consumption and better understand their energy use. We also improved the online process of moving natural gas accounts. When customers request a move it is now done automatically instead of manually, reducing administrative efforts and improving the customer experience.

In response to customer feedback, we developed an electricity outage map that became available online in the summer. Customers can access up-to-date outage information and restoration times. In 2017, we developed our new mobile app where customers



Every day, Cynthia Garley, a Customer Service Leader in our Burnaby contact centre, talks to many customers ensuring their needs are met.

can access gas and electricity bill information, safety advice and energy-saving tips—all from the convenience of a smartphone.

To ensure we continue to hear our customers' feedback and gather their input, we developed MyVoice, an online community where customers can share their opinions about our services, campaigns and projects via surveys. By sharing their thoughts, concerns and ideas with us, British Columbians can help play a role in shaping our province's energy future.

Responding to natural disasters

This year was especially challenging with floods and fires across B.C. The southern and central Interior experienced high water levels during the spring, while the wildfire season was the worst on record. For four months, more than 60 employees were dedicated to responding to affected customers. Every day, they monitored system impacts and made service

contingency plans to ensure customers were safe and had the energy they needed.

In our service territory, the Princeton area was the hardest hit by forest fires. Working with firefighting and brushing crews, our technicians repaired 15 kilometres of power lines in just four days.

Our Prince George and Burnaby contact centres assisted the BC Economic Development Association in establishing a Business Recovery Hotline to help impacted businesses. The team fielded 484 calls over an eight-week period.

Notable numbers

Approximate number of customer calls our three contact centres handle on an average day:

3,872

Increase in paperless billing subscribers from 2016:

14%

Approximate number of customers who subscribe to paperless billing:

34%

"The BC Economic Development Association is extremely grateful for FortisBC's support of our Economic Recovery efforts during the wildfires of 2017. The professionalism and compassion demonstrated by the agents helped us gather critical information needed for us to encourage additional support from the Province of B.C., the private sector, the Canadian Red Cross and more."

Dale Wheeldon, President and CEO, British Columbia Economic Development Association



Safety, our top priority

"At FortisBC, emergency preparedness is always top of mind. FortisBC works closely with and trains first responders." John Kopchia, FortisBC Field Operations Supervisor, at an emergency training session in Kelowna

Dedicated to safety

Safety is always top of mind—including the well-being of our employees. In 2017, our employees continued to reaffirm their commitment to safe work practices through corporate and employee-driven programs.

We achieved 90 consecutive days without lost time or medical treatments and five consecutive weeks without any recordable incidents including preventable vehicle incidents. These are significant improvements over 2015 and 2016, and demonstrate how safety is a central part of FortisBC's culture.

Safety is a team effort

Every year, we challenge ourselves to create greater awareness among employees, customers and the public about staying safe around natural gas and electricity. In 2017, we used new tools and team efforts to achieve our safety targets.

We continued our public awareness and education efforts for natural gas and meter safety across the province, as well as power line safety in our electricity service regions. We also continued working with our various Safety Partners in the southern Interior—a partnership made up of utilities, municipalities and organizations that share a commitment to safety.

Additionally, we teamed up with the Preventable organization for an online social media campaign to educate the public about regular appliance maintenance. The social influencers we worked with on this campaign generated above-average response rates and interactions on their social platforms.



L to R: Ron Field and Dave Albrecht are System Damage Investigators as well as Damage Prevention Liaisons for FortisBC. Their job is to help guide and educate contractors about safe digging practices.

Increasing safety awareness

Continued efforts in education and outreach were a major focus this year. We used new channels to reach residential customers and small contractors to reinforce the importance of getting a BC One Call ticket before digging.

BC One Call requests have increased, and the number of pipeline damage incidents per 1,000 BC One Call requests was 8.49 in 2017—meeting our goal of fewer than 8.6 incidents.

We also took our Call Before You Dig efforts on the road. Damage prevention liaisons now visit worksites across B.C. to talk to third-party contractors and ensure compliance with safe digging practices.

Emergency preparedness

Each year, our emergency exercises become more complex and collaborative as we prepare for situations that could affect the safety of our employees, customers or the public. One exercise scenario involved excessive rain forcing overflows at multiple dams, including the Waneta Dam and a breach at Washington's Box Canyon Dam. This required a co-operative response between Canadian and U.S. agencies. In 2017, we completed 18 exercises that involved first responders such as fire, police and local government officials, along with other internal exercises.

"Every year, we challenge ourselves to create greater awareness among employees, customers and the public about staying safe around natural gas and electricity. In 2017, we used new tools and team efforts to achieve our safety targets."

Ian Turnbull, Damage Prevention & Emergency Services Manager, Asset Management, FortisBC

Notable numbers

Number of BC One Call requests in 2017:

146,868

Number of first responder training sessions provided by FortisBC:

40

Number of firefighters who participated in FortisBC training:

400

Our employees



This group of FortisBC employees celebrated their 10 years of service and contributions to the success of our company.

Our greatest assets

People will always be our greatest assets. We have more than 2,300 employees located across British Columbia, including the International Brotherhood of Electrical Workers and MoveUP members. Every year, we recognize our employees for their contributions to the success of FortisBC. In 2017, we honoured 217 employees for their service—from five to 45 years.

We are committed to employee training and development that supports career advancement and long-term futures. We continue to offer in-house apprenticeship training programs in trades for both electricity and natural gas positions, as well as co-op work opportunities and engineer-in-training programs.

Always looking to the future, we hosted 45 Grade 9 students on *Take Your Kids to Work Day* at seven different locations. Students enjoyed a full day of FortisBC experiences—from job shadowing and team-building activities to dam tours and scientific demonstrations.

Dedicated to service

Our employees are dedicated to service and helping communities where they live and work. But this support goes beyond our service areas and local borders.

After Hurricane Irma devastated the Turks and Caicos Islands, we helped the local Fortis company, FortisTCI, restore power to 15,000 customers. Fifteen FortisBC crew members joined a 250-strong contingent of employees and



One 60-crew contingent from Fortis' Canadian operations, including FortisBC employees, leaving Toronto to help in the restoration efforts in the Turks and Caicos Islands post Hurricane Irma.

contractors from other Fortis utilities. In less than 60 days, crews rebuilt or replaced many kilometres of infrastructure including 1,500 electricity poles. In addition to helping those in need, these efforts provided valuable hands-on training in the aftermath of a natural disaster for our crews.

One story truly exemplifies the heart of our employees as they go above and beyond. In the aftermath of the hurricane, an American citizen called our Burnaby contact centre hoping our crews in Turks and Caicos could check on his family. Despite the harsh demands of the restoration efforts, our crews made contact with his family within 48 hours, confirming their safety.

Many helping hands

When it comes to volunteering we like to dig right in. Among many efforts, employees teamed up with Evergreen's urban tree planting initiative in the Lower Mainland, helped restore Colquitz Park in the Greater Victoria area, planted an Aboriginal garden with Douglas College, and volunteered at the Sharing Farm, the only non-profit farm in the Lower Mainland to grow food for 1,000 people a week.

"As a leading energy provider in B.C., it's important for us to share with students the role we play in the province while providing inspiration for potential future career paths."

Jennifer Stokes, Talent Acquisition Associate, describing our Take Your Kids to Work Day efforts

Notable numbers

Number of charities and organizations employees donated to:

184

Approximate total amount donated through employee-giving programs and FortisBC:

\$223,500

Affordable energy and innovation

We opened our newest compressed natural gas (CNG) fuelling station in Kamloops, making it the seventh FortisBC-owned and operated station in our network of CNG stations across the province. L to R: Peter Valkenburg, Commercial Projects Manager, Sarah Smith, Director, NGT and Regional LNG and RNG, and Tyson Jerry, CNG/LNG Sales Manager.

Customer milestones

By the end of 2017, we achieved a major milestone: one million natural gas customers. We also connected approximately 21,000 new natural gas services. This resulted in more than \$60.2 million of capital investment to serve new customers. Adding these new customers also benefited existing customers since fixed costs are spread over a greater base, helping to keep rates down. These additions demonstrate the increasing awareness of the value of natural gas among British Columbians.

Maintaining our electric system

Our \$1.5 million system upgrade in the Christina Lake area provided a valuable opportunity for our power line technicians to use specialized skills while upgrading a line along Highway 3. Crews came from all over the Okanagan and Kootenays to complete the work quickly and help maintain a safe, reliable electric system. In total, crews repaired or replaced 150 poles.

Among other ongoing upgrades, we refurbished the first of four hydroelectric generation units at the Upper Bonnington Dam. The unit, originally installed in 1907, reflects FortisBC's reputation as a low-cost operator and maintainer of power facilities for more than 100 years. Such efficient use of equipment helps to keep costs down. Further upgrades are planned for 2018.

Natural gas for transportation

Increasing numbers of fleet owners and operators in B.C. are switching to natural gas to save on fuel costs and help shrink their environmental footprint.

BC Ferries and Seaspans Ferries put new liquefied natural gas (LNG) fuelled vessels into service in 2017, and BC Ferries' *Spirit of British Columbia* entered refit and will be converted to an LNG-fuelled vessel. Meanwhile, we helped new customers like Canadian Linen with their compressed natural gas (CNG) fuelled fleet of step vans.

In October, we opened a CNG fuelling station in Kamloops. New infrastructure like this station helps businesses make the switch to natural gas—one of the reasons we were given the 2017 Natural Gas Fleet Program Award by NGV America and the Advanced Clean Transportation Award from ACT Expo for leadership in sustainable transportation.

We also launched our first-ever mobile LNG system in Whistler. On extremely cold days an automated system will use our 12,000-gallon LNG tank to heat homes and businesses. Whistler also converted its bus fleet to CNG in 2017.

Renewable energy

In recognition of our forward thinking and work to reduce energy use and greenhouse gas emissions, we were awarded the Clean Energy City Award for our Renewable Natural Gas* (RNG) Program from the City of Surrey. We're proud to work with the City on the new Surrey biofuel facility, which will produce RNG for the City's CNG-fuelled vehicle fleets.

In 2017, 1,551 new customers signed up for RNG. Together, our customers consumed approximately 233,000 gigajoules of RNG, which is equivalent to avoiding 11,650 tonnes of CO₂ or removing 2,475 cars off the road for one year.

"By focusing on internal and external transportation fleets, we have helped meet GHG emission reduction goals, improved air quality in local communities, and provided a cost-effective alternative to petroleum fuels to our customers, using natural gas—a B.C. resource."

Sarah Smith, Director of Natural Gas for Transportation, Regional LNG and RNG, FortisBC

Notable numbers

Number of natural gas customers in 2017:

1,008,422

Residential and commercial RNG customers to date:

9,041

Number of RNG gigajoules supplied by Kelowna's Glenmore landfill in 2017:

28,654

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

769

*Renewable Natural Gas is produced in a different manner than conventional natural gas. It is derived from biogas, which is produced from decomposing organic waste from landfills, agricultural waste and wastewater from treatment facilities. The biogas is captured and cleaned to create carbon-neutral Renewable Natural Gas (also called biomethane).

Infrastructure investment

Led by Chris Coady, FortisBC's Manager of Property Services, our land agents worked directly with residents and businesses throughout the Surrey to Coquitlam natural gas line upgrade project. From right-of-way cleanup to yard restoration, their goal was to minimize impacts to the community.



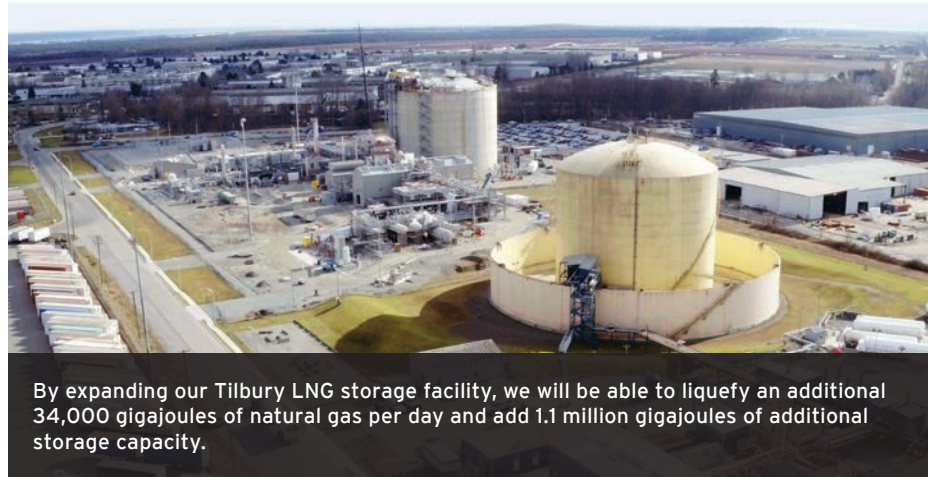
Meeting growing demand

With the Surrey to Coquitlam natural gas line upgrades now in service, we continue to meet our customers' growing energy needs. In total, 11 kilometres of new pipeline were installed in various locations to enhance this integral part of our coastal transmission system, which serves more than 700,000 homes and businesses in the Lower Mainland and on Vancouver Island.

These upgrades allow us to continue the safe, reliable delivery of natural gas to our customers and support anticipated future growth and demand.

This year, we completed early work to prepare for a major upgrade of a natural gas line between Coquitlam and Vancouver, which will be replaced starting in 2018. We also completed a \$2.2 million capacity upgrade in the City of Surrey to help meet growing customer demand and to support a planned CNG station for the City's fleet. The upgrade included the installation of one kilometre of new pipeline through residential and city streets.

As more and more British Columbians show interest in electric vehicles, we are leading the charge and helping to reduce emissions by working with a number of organizations and regional districts. As a result, work will begin in 2018 on a network of fast-charging electric vehicle stations in several Kootenay communities.



By expanding our Tilbury LNG storage facility, we will be able to liquefy an additional 34,000 gigajoules of natural gas per day and add 1.1 million gigajoules of additional storage capacity.

Supporting local communities

In 2017, we continued the \$400 million expansion of the Tilbury LNG storage facility in Delta. The project provides significant economic benefits, with approximately \$60 million committed to local contractor spending and more than 165 local companies contracted from 12 communities.

LNG export to China

In November, the first-ever shipment of LNG from Canada to China left our Tilbury facility. We worked closely with True North Energy Corporation on this pilot project that will test the supply logistics of shipping LNG to Asia. By 2040, according to the International Energy Agency, 80 per cent of projected growth in worldwide natural gas demand takes place in developing countries, led by China. This made-in-B.C. solution will provide China with more access to LNG, a cleaner and lower cost fossil fuel displacement for coal and diesel.

Continuing the conversation

Launched in April, the redesigned Talking Energy website makes it easier for customers to connect with us on major projects and energy topics. Improved functionality lets visitors to talkingenergy.ca provide instant feedback and suggest subjects to be featured.

"The number of customers in the Lower Mainland has grown significantly in the past few decades. The Surrey to Coquitlam natural gas line upgrade project adds additional capacity to meet their needs."

*Ian Miki, Project Director,
FortisBC*

Notable numbers

Surrey to Coquitlam natural gas line upgrade project:

\$31.2 million

in economic benefits for B.C.

Number of trade apprentices employed:

62

Number of local vendors engaged:

120

Community investment



In the wake of massive flooding in the Okanagan region, FortisBC employees volunteered to clear flood debris from Bluebird Beach in Kelowna.

Supporting communities and causes

This past year we supported more than 251 programs and events in 85 communities through our community investment programs—with a focus on safety, education and the environment or Indigenous initiatives.

Together with our employees, MoveUP and the International Brotherhood of Electrical Workers, we raised more than \$106,000 for United Way to help those most in need in B.C. In 2017, we continued our support of the CKNW Kids' Fund with a \$10,000 donation. FortisBC employees also answered phones and took pledges for the Fund, which works with thousands of children with special needs, providing grants for equipment, therapy and much-needed programs.

At the Union of BC Municipalities (UBCM) conference, we announced four non-profit organizations that each received \$15,000 in community investment funding. The recipients included the Campbellton Neighbourhood Association in Campbell River, the Tri-Cities Friends of Refugees in Coquitlam, the W.E. Graham Community Service Society in the Slocan Valley and the Boys and Girls Club of Kamloops.

In support of wildfire relief, FortisBC donated \$25,000 to the Canadian Red Cross. And in the wake of massive flooding in the Okanagan region, employees volunteered to clear flood debris from Bluebird Beach in Kelowna.



Employee giving

FortisBC strongly supports the involvement of employees in the communities where they live and work. Through volunteerism and donations, employees helped the causes that were most important to them, including 184 organizations that received funds through employee giving initiatives.

Our Warm Hearts charitable foundation, created in 1994 by employees, supports many different needs, from hospitals and hospices to shelters and youth centres. Warm Hearts expects to achieve its \$1 million milestone in total donations by early 2018.

Proud of our 100-year history of serving the energy needs of B.C., we see giving back as a way of contributing to a stronger future for all British Columbians.

"Donations from FortisBC allow organizations like the Campbellton Neighbourhood Association to do bigger projects and leverage funds from the City and businesses. Together, working with the community we can—and they can—do much larger projects, and ongoing, sustainable projects."

Ron Kerr, City Councillor, Campbell River

Notable numbers

B.C. communities that received investments:

85

Community events we participated in around the province:

251

Indigenous relations



These young dancers, part of the Coastal Wolf Pack dance group from the Musqueam Indian Band, performed for guests at FortisBC's reception at the 2017 Union of BC Municipalities Convention.

Honouring the past

We believe that understanding, trust, respect and open communication are key values in our relationships with B.C.'s Indigenous Peoples. These values are embedded in our formal Statement of Aboriginal Principles.

In the spirit of "we are all one," FortisBC employees took part in the 2017 Walk for Reconciliation in Vancouver. This annual event acknowledges and honours the survivors of the Indian residential school system as well as those who lost their lives. We also donated to Reconciliation Canada on behalf of participating employees and family members.

Supporting education

The Young Entrepreneurs Symposium brings Indigenous youth together with business leaders to foster the skills and knowledge needed to be leaders of tomorrow. This year, FortisBC sponsored a young Indigenous woman from the Ktunaxa Nation to attend the conference.

We continued our support of programs that teach Indigenous languages such as Selkirk College's Elders Program. The Ktunaxa elders act as a language resource for Indigenous and non-Indigenous students and staff. They provide valuable language and cultural guidance. The program also helps create closeness between elders and the younger Ktunaxa generation.



FortisBC employees participated in the 2017 Walk for Reconciliation to honour survivors of the Indian residential school system in B.C.

The First Nations' Emergency Services Society of BC delivers emergency services and resources to Indigenous communities who have limited or no access to first responders. We were happy to sponsor one of their Indigenous firefighting training programs and to share important safety information about natural gas, electricity and appliances.

Celebrating culture

In 2017, we supported and funded numerous programs and projects showcasing traditional Indigenous knowledge and culture.

Among them: the Okanagan Indian Band hunting and gathering camp near Vernon, the Ying'hentzit First Nations Art Gala in Prince George and the annual canoe race at the Stz'uminus Water Festival in Ladysmith.

We also supported the 35th Annual Secwepemc Gathering in Enderby and the Okanagan Nation Alliance Salmon Feast.

FortisBC has focused on developing positive, collaborative relationships with B.C.'s Indigenous communities and will continue to strengthen those relationships.

Notable numbers

The number of Indigenous traditional territories our infrastructure crosses:

150

The number of Indigenous communities we provide service to:

56

"There was a sense of hope, unity and pride at the Walk for Reconciliation. People seemed proud to be active participants in co-creating a future that is just and that recognizes the value of diversity and inclusion."

Ariana Arguello, FortisBC Conservation & Energy Management Program Specialist

Environmental responsibility



The delivery of new CNG-fueled buses in the Resort Municipality of Whistler also led to the completion of the third CNG-fueled conventional bus fleet in British Columbia. Given that emissions from B.C.'s transportation industry account for more than one-third of the province's total GHG emissions, this is yet another step forward.

Being part of the solution

At FortisBC, we are committed to meeting our customers' expectations and being part of B.C.'s climate action solutions.

We continue to work closely with industry, local governments and communities to help meet their climate action goals. In 2017, we introduced the Climate Action Partners program, which provides senior energy specialists to various cities and regional districts such as Surrey, Kamloops, Victoria and Saanich. Their job is to help increase energy-efficiency initiatives and drive sustainable opportunities.

As well as working with others, we look to ourselves and our facilities, ensuring we meet our own sustainability goals. Opening its doors in 2017, our new LEED-equivalent Kootenay Operations Centre outside of Castlegar incorporates both community and employee ideas into its design, including a green living wall that helps improve indoor air quality. Employees are also piloting a new Zero Waste to Landfill initiative. The centre replaced heritage buildings in South Slokan that were no longer energy efficient.

Advancing technology

We launched a new pilot program for businesses that tests groundbreaking technology, developed by CleanO2 Carbon Capture Technologies, to save energy and decrease greenhouse gas emissions. The carbon capture units help reduce commercial boiler energy use while converting carbon dioxide into soda ash, a usable byproduct.



In 2017, we opened the door of our new Kootenay Operations Centre outside of Castlegar. Here, during an earlier project phase, FortisBC employees take a tour of the LEED-equivalent building and its environment-minded features.

Our collaboration with Selkirk College and a local engineering firm on a cutting-edge project earned us Clean Energy BC's Operational Excellence award. Selkirk students use technology to create real-time, 3D models of our Corra Linn Dam, which we then use for future planning. Such teamwork helps bridge the gap between education and industry.

Actions speak louder

We continued to develop and diversify our energy offerings. From Renewable Natural Gas and natural gas for transportation to electric vehicle charging stations, we are helping to reduce greenhouse gas emissions in B.C.

Our own fleet team launched an internal idle reduction campaign to help reduce FortisBC's fleet emissions. Additionally, the fleet earned a silver rating from E3 Fleet, a Canadian program that monitors the green performance of public and private sector fleets.

Committed to protecting wildlife and natural habitats, we signed a five-year agreement with the province to provide \$250,000 per year to B.C.'s Invasive Mussel Defence program. Zebra and quagga mussels pose a significant threat to aquatic environments and infrastructure including hydroelectric facilities. We also donated to Ducks Unlimited Canada to support the restoration of the Osoyoos oxbows, a sensitive riparian wetland where endangered species nest.

"FortisBC embraces progressive and sustainable technologies for the benefit of all of our customers... New technologies are becoming increasingly important in the move to be more efficient in our energy usage and reducing emissions, all while ensuring customers have access to affordable energy choices such as natural gas."

Jason Wolfe, Director of Energy Solutions, FortisBC

Helping customers save energy



Michael Mazurek, Princeton's Director of Infrastructure and Parks (left), participates in an energy-efficiency assessment at Town Hall with Perry Feser, a FortisBC Technical Advisor.

Stepping up energy efficiency

We offer rebates and custom programs to help customers reduce their energy use at home and work, and to help developers build high-efficiency features into their projects. And we're working with governments and industry stakeholders to help develop and support the implementation of the BC Energy Step Code, a policy to encourage more high-performance homes and buildings in the province.

Helping communities conserve

This summer, we provided energy assessments to 233 small businesses in Princeton, Keremeos, Oliver, Grand Forks, Rossland and Trail, engaging with local business owners about opportunities to save on natural gas and electricity costs.

We also reached out to homeowners across B.C. at community events in Victoria, Princeton and Kamloops, where we gave out 1,384 free draftproofing kits containing weatherstripping and outlet gaskets to people who pledged to save energy at home. As more than half of home energy use is for heating, stopping leaks and drafts is a simple way our customers can save energy, increase comfort and reduce their carbon footprint.

Working with the South Okanagan Similkameen Brain Injury Society, we provided 30 residents of its Penticton non-profit housing complex with high-efficiency fridges. The new fridges

and other energy-saving upgrades could save each family about \$96 per year on electricity bills, while the money saved by the society on purchasing fridges can go toward other improvements like insulation.

Leaders in saving

To help customers upgrade to high-efficiency equipment in their homes, we provided approximately 6,300 natural gas water heater rebates and 6,000 natural gas fireplace rebates. Plus, more than 10,000 natural gas customers pre-qualified for our furnace and boiler rebates. We also issued approximately 14,000 appliance maintenance rebates to customers.

In May, we recognized 11 organizations for achievement in saving energy at the third annual FortisBC Efficiency in Action Awards. The winners included builders, businesses and public sector organizations that demonstrated innovation in improving their energy efficiency. Their collective efforts saved about 120,000 gigajoules of natural gas, which is the equivalent of taking approximately 1,200 gasoline-fuelled cars off our roads.

Our innovative technologies team won an Award for Outstanding Achievement in Emerging Tools and Technologies from the Association of Energy Services Professionals for our condensing make-up air unit pilot. The pilot field-tested eight units for two years, and results showed they used 17 per cent less natural gas than standard rooftop units.

By offering high-efficiency appliance and equipment rebates and evaluating new carbon-reducing technologies, we make it easier for customers to choose high efficiency.



Angela Falbo, FortisBC Key Account Manager, talks to an attendee at the Co-op Housing Education Conference about our rebates and programs for non-profit housing providers.

Notable numbers

Approximate number of customers who pre-qualified for natural gas furnace or boiler rebates in 2017:

10,000

Approximate number of customers who received appliance maintenance rebates in 2017:

14,000

"UBC has set itself some extremely ambitious climate targets, and working with FortisBC to implement demand-side efficiency measures is a key part of our strategy to achieve our emission reduction goals."

**David Woodson, Managing Director, Energy and Water Services, UBC
(2017 FortisBC Efficiency in Action Award winner for Large Commercial Project)**

Looking ahead



"At FortisBC, we put our customers first, and we are pleased to continue providing them with affordable natural gas in the City of Vancouver. We understand that Vancouver residents want to shrink their environmental footprints without impacting affordability." Roger Dall'Antonia, FortisBC President and CEO, and Mayor Gregor Robertson, City of Vancouver, sign a Memorandum of Understanding.



As we move forward, FortisBC will invest in new energy projects across the province that will help make energy choices more affordable for our customers while helping to deliver on climate action objectives. We will continue to be proactive in our collaboration with stakeholders, communities, Indigenous Peoples and governments at all levels.

A low-carbon energy future

FortisBC and the City of Vancouver developed a Memorandum of Understanding (MOU) that ensures residents and businesses continue to have access to natural gas. The MOU also outlines how we will work together over the next five years to help reduce greenhouse gas emissions in the City while increasing investment in energy efficiency and renewable energy.

We remain committed to developing new methods and markets with the aim of meeting customer expectations where we provide energy that can help reduce greenhouse gases. This work includes electric vehicle charging stations and liquefied natural gas marine bunkering.

Serving customers well

Throughout 2017, we consulted with customers to determine how they will be billed for their electricity usage. The results helped shape the application we submitted to the BC Utilities Commission outlining a residential rate design option that would allow for a return to a flat rate over a five-year period and an option for a time-of-use rate.

As of January 2018, rates for the majority of natural gas customers province-wide will decrease overall while electricity rates remain the same.

Our gas rates are reviewed every three months with the BC Utilities Commission. Additionally, 2018 will mark the first year customers will see common natural gas rates following a three-year phase-in period. This means customers will pay the same for natural gas no matter where they live in B.C. We also anticipate our regulatory process for how our natural gas rates are designed to conclude in 2018. As always, we will continue to work hard to keep rates equitable for our customers.

Ensuring reliability

We completed a significant number of capital investments in electricity generation, transmission and distribution infrastructure to help ensure reliability while keeping costs down. In 2018, we will see additional engineering planning and work on our transmission system in the Kootenay region.

As well, the Ruckles Substation will be rebuilt, older units at the Upper Bonnington Dam will be refurbished and 14 spillway gates will be replaced at the Corra Linn Dam.

Next year, several capital projects will focus on infrastructure integrity. A large portion of capital investment will go to the upgrade of natural gas infrastructure in the Lower Mainland and throughout the Interior. This will contribute to our goal of a system that continues to operate safely, reliably and responsibly—well into the future.

Leadership team



L to R: Ian Lorimer, Roger Dall'Antonia, Doyle Sam, Diane Roy;
seated: Douglas Stout, Cynthia Des Brisay, Dennis Swanson and Jody Drope.

Roger Dall'Antonia **President and CEO**

Mr. Dall'Antonia is President and CEO of the FortisBC group of companies. Prior to this, he held the position of EVP, Customer Service and Technology at FortisBC. Mr. Dall'Antonia holds over 20 years of experience in the energy industry and joined FortisBC in 2004. He has been trusted in many executive level leadership roles, including finance, strategic planning, regulatory affairs, and most recently, customer service, energy solutions, information systems, business innovation, and conservation and energy management. Past senior financial roles include positions with Westcoast Energy and Versacold Income Fund.

Cynthia Des Brisay **Vice President, Midstream Services**

Ms. Des Brisay has worked in the energy industry since 1982 and for FortisBC and predecessor companies since 1999. Prior to joining FortisBC, she held engineering and commercial roles in the upstream oil and gas industry and in independent power generation in both Canada and New Zealand. Ms. Des Brisay also serves as president of FortisBC Midstream Inc. where she leads FortisBC's Aitken Creek Gas Storage business unit. She currently serves on the Executive Committee and Board of Directors of the Northwest Gas Association.

Jody Drope **Vice President, Human Resources and Environment, Health and Safety**

Ms. Drope has spent her career working in Human Resources and occupational health and safety. Her career has included work in provincial and municipal government, health care and post-secondary education. Ms. Drope joined FortisBC in 2008. In her current role, Ms. Drope is responsible for fleet services, human resources, labour relations and talent development. In addition, Ms. Drope champions environment, sustainability and safety for FortisBC.

Ian Lorimer **Vice President, Finance and Chief Financial Officer**

Mr. Lorimer brings 18 years of experience in regulated utility finance roles, including Vice President, Finance and Chief Financial Officer for FortisAlberta and a Director role with FortisBC. Previously, he held finance roles including Senior Manager at Smythe Ratcliffe Chartered Accountants in Vancouver. Mr. Lorimer holds a Bachelor of Commerce degree from the University of British Columbia, is a Chartered Accountant and member of the Institutes of Chartered Accountants of Alberta and British Columbia.

Diane Roy **Vice President, Regulatory Affairs**

Ms. Roy has 14 years of experience with FortisBC and its predecessor companies, holding leadership roles including Director, Regulatory Services, Manager, Regulatory Strategy and Business Analysis, Manager Financial and Regulatory Reporting. Previously, she held finance roles with the Overwaitea Food Group, TELUS and Deloitte & Touche. Ms. Roy holds a Bachelor of Commerce degree from the University of British Columbia and is a Chartered Professional Accountant.

Doyle Sam **Executive Vice President, Operations and 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.

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 executive 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 past Chair of the Canadian Natural Gas Vehicle Alliance, past Director of the Northwest Gas Association and a current Director of the BC LNG Alliance.

Dennis Swanson **Vice President, Energy Supply & Resource Development**

Mr. Swanson has more than 20 years of experience with FortisBC and its predecessor companies, holding multiple leadership roles including Director, Regulatory Affairs, Manager, Corporate Reporting and Manager Budgeting and Planning. Prior to his current role, Mr. Swanson was responsible for Legal, Information Services, Internal Audit and Corporate Services as the Vice President, Corporate Services. Mr. Swanson also managed the acquisition of the City of Kelowna's electrical distribution assets in 2013.

Board of directors



Peter Blake

Mr. Blake (FCPA, FCA) is the CEO of Western One Inc. Prior to this, he held progressive leadership positions at Ritchie Bros. Auctioneers, a leading global industrial auctioneer, most recently as its CEO from 2004 to 2014 and prior thereto as its CFO. He is the Board Chair of West Point Grey Academy and serves on the Boards of Junior Achievement of BC, Adam's Apples Foundation and Nurse Next Door. He is a former director of Ritchie Bros. Auctioneers, British Columbia Institute of Technology Foundation and BC Women's Hospital Foundation.



Brenda Eaton

Ms. Eaton is a corporate director, chairing the Seatterra Commission and serving on the Boards of Transelec, Translink and the BC Safety Authority. Previously she served as Deputy Minister to the Premier of BC. She has been Deputy Minister of Finance and Treasury Board; Energy; and Social Services and was CFO of a health authority.



Roger Dall'Antonia

Mr. Dall'Antonia is the President and CEO of FortisBC Inc. and FortisBC Energy Inc. Prior to this, he held the position of Executive Vice President, Customer Service & Technology and he has held continuously progressive operational, financial and business development executive positions within the Fortis group of companies and its predecessor companies since 2004. Mr. Dall'Antonia is a member of the Corporate Committee of the Western Energy Institute, Customer Council of the Canadian Electricity Association, the Canadian Gas Association, and the Executive Advisory Council of CS Week. He has also served on the Board of Directors of the Down Syndrome Research Foundation.



Ida J. Goodreau

Ms. Goodreau is the Chair of the Board of Directors of FortisBC Inc. and FortisBC Energy Inc. and is a Corporate Director serving on the Boards of Fortis Inc., Pharmasave Drugs International, Genome BC, the Streetohome Foundation and the Canada West Foundation. Previously, Ms. Goodreau held positions including Adjunct Professor, Sauder School of Business, University of British Columbia, President and CEO of LifeLabs Medical Laboratory Services, and President and CEO of the Vancouver Coastal Health Authority.



Phonse Delaney

Mr. Delaney is the Executive Vice President, Chief Information Officer of Fortis Inc. Prior to this, he held the position of President and CEO of FortisAlberta and he has held continuously progressive positions within the Fortis Inc. group of companies since 1987. He is a member of the Association of Professional Engineers and Geoscientists of Alberta. He previously served on the Boards of Newfoundland Power, the Canadian Electricity Association and the Western Energy Institute. He has also served as a member of the Dean's Advisory Council to the Faculty of Engineering and Applied Science at Memorial University of Newfoundland.



David G. Hutchens

Mr. Hutchens is the Executive Vice President, Western Utility Operations, for Fortis Inc. and is the 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.



Tracy Medve

Ms. Medve is President of KF Aerospace Group of Companies in Kelowna, B.C., and has had an extensive executive career in the Canadian aviation industry. She serves on the boards of the Air Transport Association of Canada, the Canadian Association of Defense and Securities Industries, the UBCO External Community Advisory Council and is a current Member of the Transportation Appeal Tribunal of Canada. She has a law degree from the University of Saskatchewan and an Aviation MBA from Concordia University.



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.



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.



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.



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 BC and the Entrepreneur of the Year award for Penticton. He currently serves as an advisor to several First Nations in BC and as a Director of the Lower Nicola Indian Band Development Corporation.



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Energy at work



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