

Moving forward  
with energy solutions

Corporate report 2013

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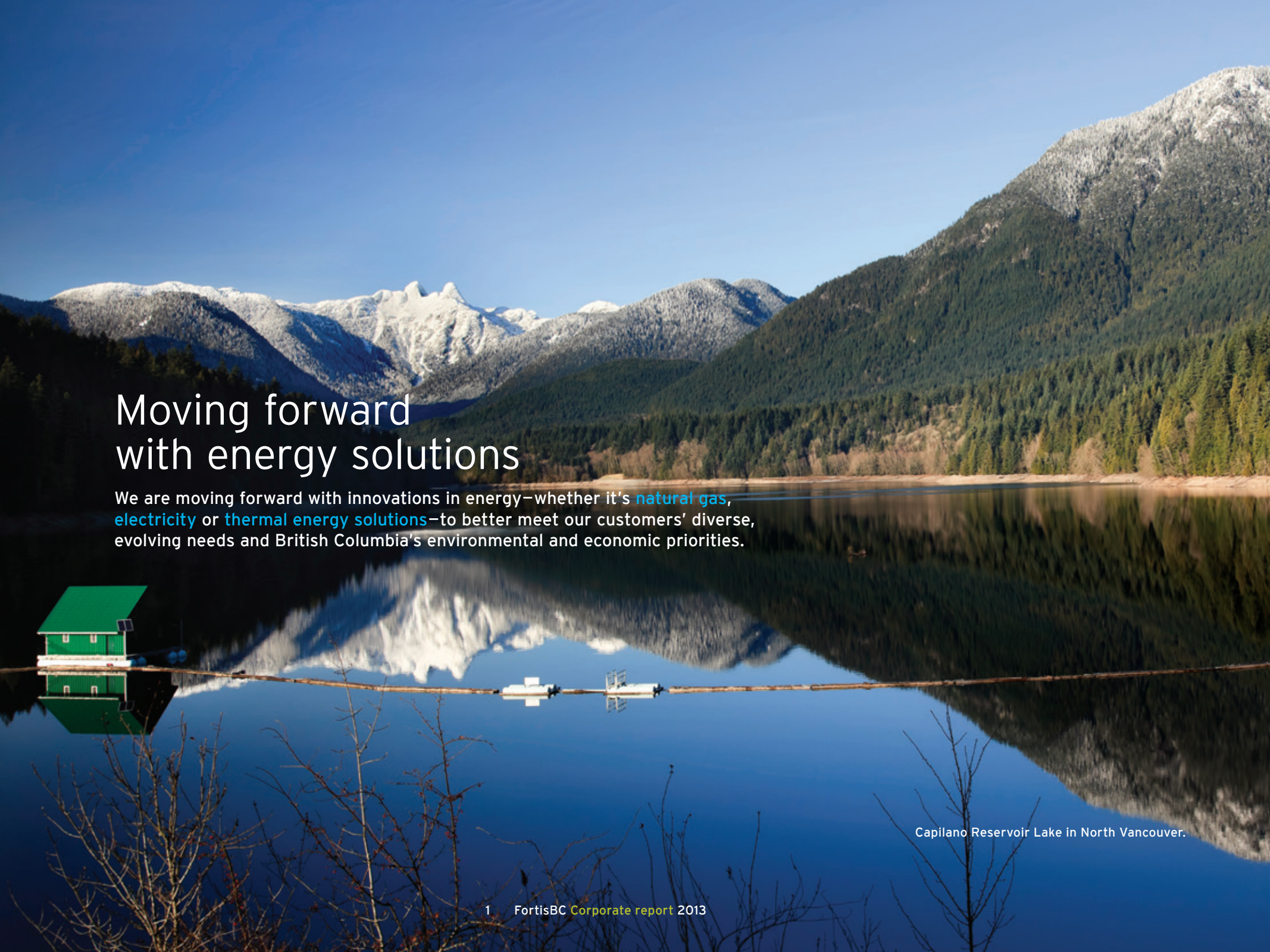


## Optimizing energy use



## Moving forward





# Moving forward with energy solutions

We are moving forward with innovations in energy—whether it's [natural gas](#), [electricity](#) or [thermal energy solutions](#)—to better meet our customers' diverse, evolving needs and British Columbia's environmental and economic priorities.

Capilano Reservoir Lake in North Vancouver.

# Performance

## Looking back at 2013

At FortisBC, we deliver the energy our customers need safely and reliably, at the lowest reasonable cost.

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, propane or thermal energy solutions, our more than 2,260 employees serve approximately 1.1 million customers in 135 communities.

### Performance

FortisBC Holdings Inc. Natural gas & piped propane	2012	2013
Peak day demand (TJ)	1,336	1,341
Gas volumes (TJ)	198,615	199,588
Customer satisfaction index	79%	83%

FortisBC Inc. Electricity	2012	2013
Generating capacity (MW)	223	223
Peak demand each year (MW)	737	699
Energy		
Walden	34	30
Regulated	3,144	3,211
Customer satisfaction index	84%	80%

FortisBC owns and operates approximately 46,000 kilometres of natural gas transmission and distribution pipelines and approximately 7,150 kilometres of transmission and distribution power lines. We also own and operate two liquefied natural gas storage facilities and four hydroelectric generating plants, all of which are regulated to serve our customers.

FortisBC Inc., FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. do business as FortisBC. We are indirectly, wholly-owned by our parent company Fortis Inc., the largest investor-owned distribution utility in Canada. Through its subsidiaries, Fortis Inc. serves more than two million natural gas and electricity customers.

### Financial highlights (in millions of dollars)

FortisBC Holdings Inc. <sup>1</sup> Natural gas & piped propane	2012	2013
Net earnings	\$138	\$127
Gross revenues	\$1,428	\$1,381
Operating expenses	\$287	\$295
Capital programs <sup>2,3</sup>	\$220	\$228

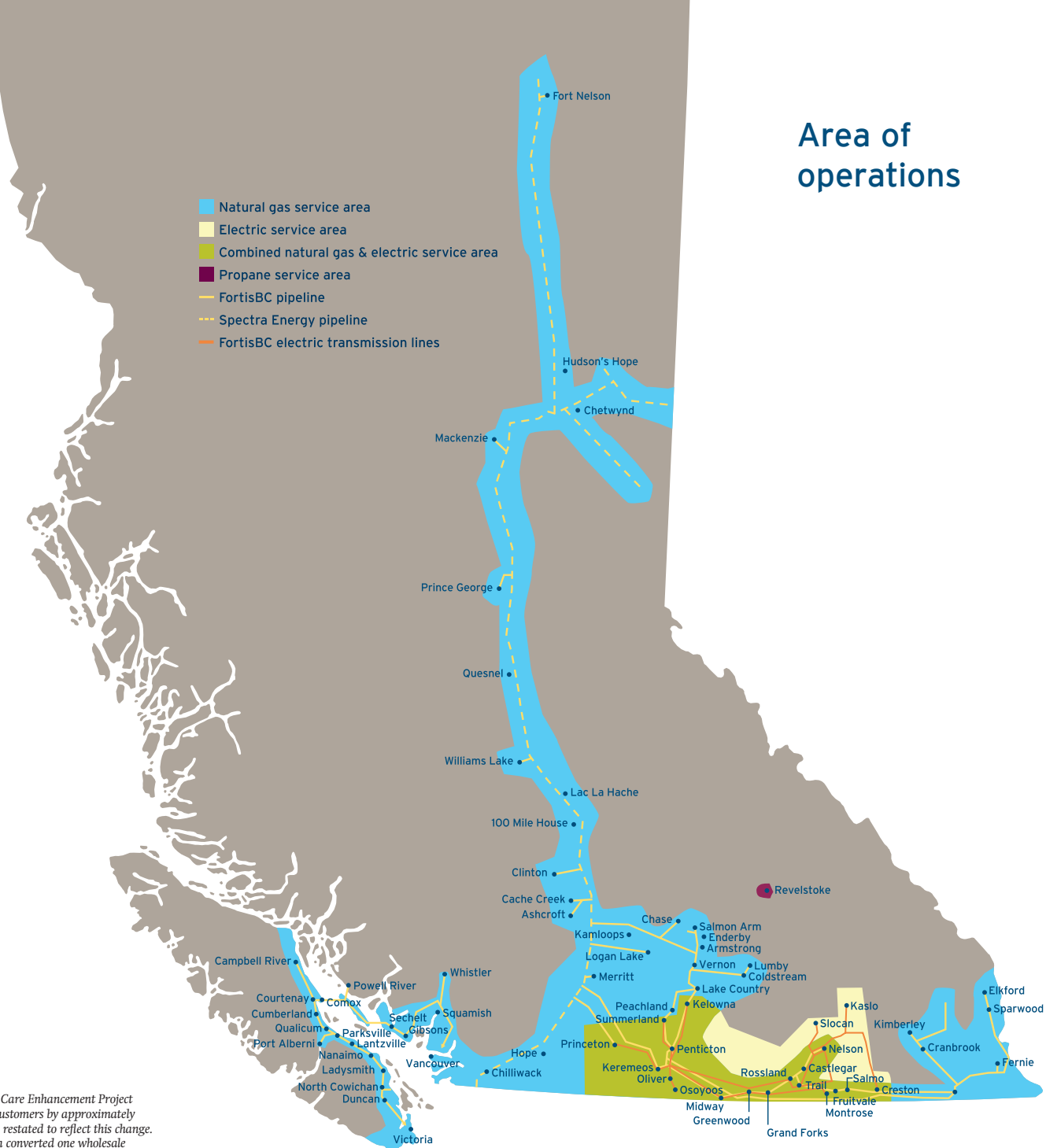
FortisBC Inc. Electricity	2012	2013
Net earnings	\$49	\$50
Gross revenues	\$293	\$309
Operating expenses	\$73	\$77
Capital programs <sup>2</sup>	\$69	\$70
Acquisitions	–	\$55

<sup>1</sup>Consolidated results of FortisBC Energy Inc., FortisBC Energy (Vancouver Island) Inc., and FortisBC Energy (Whistler) Inc. <sup>2</sup>Capital expenditures before contributions in aid of construction and including cost of removal. <sup>3</sup>Includes FortisBC Alternative Energy Services Inc.

Year	Number of employees
2009	~925,000
2010	~935,000
2011	~940,000
2012	~945,000
2013	~955,000

Year	Number of employees
2009	160,000
2010	161,000
2011	162,000
2012	163,000
2013	165,000

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# A message from the President and CEO



John Walker

2013 was a successful but challenging year.

We continued to evolve and manage our business with an emphasis on improving customer service and productivity. For our electric operations, customer satisfaction declined, compared to 2012, due to several factors. Increased rates combined with the first winter under the mandated residential conservation rate caused some public reaction. A six-month labour dispute restricted our ability to read meters, resulting in a significant number of bill estimates. The application to implement advanced metering went through a contentious, protracted public process. As we look ahead to 2014, we will continue working with customers as we manage rate pressures and move to install new meters. On a positive note, our system performed well during 2013, and as a result, customers experienced fewer outages.

For our gas operations, acting on customer feedback, we moved to monthly meter reads, greatly reducing estimates and realizing a cost benefit for customers. Gas system reliability improved due to the trend of reduced system damage by third parties. Overall natural gas customer satisfaction held steady, consistent with recent years.

Our 2013 combined gas and electric earnings of \$177 million were down from our 2012 combined results of \$187 million, primarily due to the BC Utilities Commission's (BCUC) Generic Cost

of Capital decision. Capital program spending in 2013 for our natural gas operations was \$228 million, while capital programs and acquisitions for our electricity operations totalled \$125 million, including \$55 million for the City of Kelowna electrical utility business acquisition. Electric capital program spending was lower than planned due to the labour dispute.

Improving productivity and customer service, while maintaining high standards for safety and system reliability, is a core objective. Alignment of our electric and gas operations continued. We decentralized the dispatch of field employees for our gas operations, marking a significant step forward to improve the efficiency and effectiveness of customer service. We are bringing decision-making and greater accountability closer to our customers.

We applied for common rates and services across our gas operations to ensure all regions had equal and fair access to affordable energy and services. In February, we were disappointed to receive a negative decision from the BCUC on our application. We have completed the regulatory process for our reconsideration application and now await the BCUC's decision.

Consistent with recent years, the regulatory requirements were intense. During the year, we made over 700 filings and worked through 12,700 information requests, an increase of approximately 13 per cent over 2012. Several key filings included the second phase of the Generic Cost of Capital proceeding, which will apply to our two smaller gas companies and our electric operations; the revenue requirement applications for both our gas and electric operations, which include proposals for a five-year performance-based rate making application that is expected to improve the efficiency of the regulatory process. Several major applications are in process with decisions expected later in 2014.

FortisBC is uniquely positioned to leverage our existing pipeline system and liquefied natural gas (LNG) plants to capitalize on new business opportunities around natural gas use. Better

utilization of the existing system infrastructure with incremental investment will benefit both current and future customers. In November, the Government of B.C. provided a special direction to the BCUC, enabling a \$400-million investment to expand our existing Tilbury Island facility in Delta. We're also working with a customer for a proposed small-scale LNG export facility at a former mill site near Squamish, which would require upgrades to our system to meet the demand. These projects will bring both jobs and economic development to B.C. through the expanded use of LNG for the transportation sector, remote communities and new industrial customers.

The government also established a dispensing rate for LNG customers. This provides certainty to those currently using or purchasing LNG return-to-base fleets. It also provides remote communities with the ability to choose a cleaner energy. In December, we began supplying LNG to the remote community of Inuvik in the Northwest Territories. By displacing diesel, the Inuvik facility is expected to lower power rates by two per cent for the 21 communities served and eliminate 6,000 tonnes of carbon dioxide emissions each year.

Our incentives to help early market adoption of natural gas for heavy-duty, return-to-base fleet operators continued to receive strong uptake. By the end of the year, 21 per cent of the \$62-million vehicle incentive program had been committed to operators moving to natural gas-fuelled vehicles.

In 2013, we experienced significant growth to our direct electric customer base with the acquisition of the City of Kelowna's electrical utility business. We welcomed approximately 15,000 customers formerly served by the city. The acquisition immediately contributed to FortisBC earnings.

Public and employee safety is always our top priority. Increasing public awareness regarding the requirements for working around underground systems is a primary focus. During 2013, we experienced two firsts: fewer than 1,000 instances of third-party pipeline damage and more than 90,000 BC One Call requests. As a founding member

of the Cooperative Safety Program, we continued to work with other utilities on informing the public on how to be safe around energy. This year marked the first full year of the Drive to Zero avoidable incidents campaign, reinforcing that employees must approach every situation with safety and prevention in mind.

Acting on feedback from our customers, we know they are looking to us to help them manage their energy costs. In the Interior, the expansion of our successful community energy diet programs to the Okanagan and Kootenay regions saw close to 1,600 residents sign up to receive discounted home energy audits. It was also the first full year since the launch of our online energy calculator, which helps customers determine the optimal energy mix for their homes and lifestyles. The FortisBC Street Teams and PowerSense Ambassadors participated in hundreds of events in more than 80 communities, engaging and interacting with our customers about innovative ways to save energy and money.

We continue to work closely with local governments and Aboriginal communities throughout British Columbia, contributing to the local property tax base and investing in programs that enhance knowledge regarding energy use. This past year, we teamed up with the Penticton Indian Band to construct some of the most energy-efficient homes in the Okanagan.

Securing long-term energy supply is a critical element of our planning process. Subject to BCUC approval, we have renewed our long-term capacity and energy agreement with BC Hydro. Progress continued on the \$900-million Waneta Expansion project, which is scheduled to start delivering needed capacity in 2015.

We could not have achieved these successes or met this year's challenges without the guidance of our Board of Directors, and I thank them for their support. Changes to the Board saw the retirement of Karl Smith and Harry McWatters and the addition of new members, Steven Lant, Christopher Scott and Janet Woodruff. For our executive team, we also had the retirement of Dwain Bell, Vice President, Operations following more than 39 years of service.

I would like to thank our more than 2,260 employees for their contribution this year. It's our people who serve our customers and allow us to move forward with energy solutions now and in the future.



John Walker  
President and CEO  
FortisBC

# Customer service

A woman with long dark hair, wearing a headset with a microphone, is smiling at the camera. She is wearing a leopard print cardigan over a dark red shirt. She is sitting in a black office chair. In the background, there are computer monitors and another person working at a desk, slightly out of focus.

FortisBC is proud to be a part of our customers' day, which is why our employees are committed to continual service improvements.

Joeal Wolfe,  
FortisBC Customer Service Representative

### Empowering customers

We made a number of enhancements in 2013 to improve the customer experience and help customers across our service territory make informed decisions about their energy use.



For our gas customers, transitioning to monthly meter reading allowed us to significantly reduce bill estimates and provide customers with more accurate and up-to-date information about their energy consumption.

The first full year of our new online **energy calculator** was a success. By helping customers compare energy sources and various appliance and equipment models, they can make a more informed choice between natural gas, oil, propane or electricity.

We continued working toward the implementation of **advanced meters** for electricity customers, which were approved by the BC Utilities Commission (BCUC) to be installed beginning in 2014. We anticipate these meters will enable



customers to play a more active role in managing their energy use and monthly electricity bill. We believe advanced meters will also increase our productivity around meter reading, dispatching crew members and the identification of outages and power theft.

### Working together to support customer needs

Our customers are diverse and so are their needs. That is especially true for those who are new to Canada. In 2013, we collaborated with a Surrey-

### Notable numbers

Unique visitors to fortisbc.com:

965,021

Calls to our contact centres:

944,353

"I would like to commend FortisBC in its efforts to end estimate billing. It shows they are listening to the public and are going to great lengths to make billing easier and more accurate."

FortisBC natural gas customer, Nanaimo

based organization to fund a one-of-a-kind program called **Empower Me**, created for South Asian and Chinese families. Through Empower Me, community members are trained to provide one-to-one energy efficiency education to friends and family in their native language.

The customer service team reached their year-end goals, with more than 14 per cent of gas customers and 21 per cent of electricity customers signed up for paperless billing. The switch to electronic bills means an environmentally friendlier way for customers to access their account information and enhanced efficiency that customers find convenient.

# Employees

A woman with short brown hair and glasses, wearing a high-visibility yellow and orange safety vest over a dark long-sleeved shirt, stands in a shallow stream. She is wearing bright blue nitrile gloves and holding a clipboard. In the background, another person wearing a similar safety vest and a grey cap is bent over, working near a blue tarp on the rocky stream bank. The surrounding area is lush with green foliage and rocks.

Selected as a dream employer by British Columbians, FortisBC strives to offer employees challenging work, competitive benefits and work-life balance.

FortisBC Environmental Affairs Manager Jennifer Robertson coordinates employees and volunteers during our annual shoreline cleanup at Bear Creek Park in Surrey.

### Committed to our customers

Our employees work hard to bring safe and reliable energy to our customers every day. When several trees fell on power lines on Mt. Kobau near Osoyoos last winter, crews faced days of extreme weather and steep terrain, working tirelessly to restore power. In the summer, several blocks of downtown Vancouver—including the B.C. Law Courts—were evacuated after third-party construction on a neighbouring block caused damage to



Jody Drope, FortisBC Chief Human Resources Officer (second from right), accepts a Dream Employer of B.C. 2013 award.

a FortisBC underground natural gas line. FortisBC crews responded immediately and safely brought gas under control.

### Improving efficiency

Throughout our operations, employees are encouraged to provide input on how our services can be made more effective and efficient for customers. In 2013, direct feedback from employees

led to several improvements, including moving to a decentralized model for our gas operations. Customers will be better served with local decision-making based on their needs and will benefit from quicker and more cost-effective service. We also plan to make improvements within our gas distribution department that we believe will increase productivity, reduce wait times for new projects and evenly distribute workloads.

### Fostering a passion for service

Our employees are dedicated to providing value to our customers and the communities in which they live and work. Amy Hennessy, Community and First Nations Relations Manager, received the Business Person of the Year Award from the White Rock South Surrey Chamber of Commerce for her business success and her work in the community, including work with FortisBC's Warm Hearts Charitable Foundation.

When Trades Instructor Brian Cameron travelled to Trail, he witnessed a semi-tractor trailer flip over on the road in front of him. Reacting quickly, Brian ensured his safety, and after assessing the scene for dangers, proceeded to extricate the driver and his dog from the wrecked truck cab.

### Moving forward together

We strive to maintain an environment where people are proud to work and enjoy what they do. FortisBC promotes a culture of continuous learning and offers numerous opportunities for employees to build their career while developing and broadening their knowledge.

FortisBC manages five separate collective agreements for our unionized workforce, in addition to managing total compensation for our management and exempt employees. This past year, FortisBC ratified two labour agreements with the Canadian Office and Professional Employees Local 378, representing approximately 510 natural gas and 120 electricity employees. In December, FortisBC and the International Brotherhood of Electrical Workers Local 213 agreed to enter into binding interest arbitration after a six-month labour dispute. A new collective agreement is expected in 2014.

## Notable numbers

Participants in employee training sessions:

3,460

Employee business, leadership and safety training sessions held:

420



Many employees attended workshops during 2013's NAOSH Week.

### Participating for safety

Going home safely at the end of the day is of the utmost importance to FortisBC. So, we ensure our employees have the awareness and tools to work safely. The North American Occupational Health & Safety (NAOSH) Week Safety Forum and Awards Luncheon presented an honourable mention award to FortisBC for organizing safety activities across the province during 2013's NAOSH Week.

# Safety

Our ongoing commitment to promoting safety with customers and employees led to significant gains in 2013.

Brian Foot,  
FortisBC Distribution Mechanic



## Increasing public awareness

Ensuring public awareness about safety surrounding our operations is a focus for the company and every employee.

In 2013, employees volunteered as ambassadors for the Energy is Awesome program, which focuses on early safety education. Through classroom presentations and our interactive website, [energyisawesome.com](http://energyisawesome.com), employees engaged children ages eight to 11 about natural gas and electrical safety and conservation.



In the summer of 2013, FortisBC collaborated with a Vancouver media education society, commissioning students to produce several public service announcements about natural gas and electricity safety measures. The impressive results, available on [our YouTube channel](#), allowed FortisBC to directly engage with teenagers in a fun and interactive way to convey key safety messages that resonated with their peers. From these public service announcements, FortisBC was nominated for the 2013 Canadian Gas Association Award for Public Safety.

We work to continually educate the public about what gas odour smells like and what actions to take if it is detected. Customers should go outside if they smell natural gas indoors and call for assistance. In 2013, a record 87 per cent of the public was aware of the smell of natural gas thanks to these ongoing efforts.

## Call Before You Dig

FortisBC continued to support BC One Call's [call before you dig](#) campaign to great success. For five years in a row, damage to our pipeline system has been reduced, and in 2013, we experienced almost 50 per cent less third-party pipeline damage than we did in 2007. For the first time ever, our team processed more than 90,000 BC One Call ticket requests. Whether the public are building fences in their backyards or undertaking roadwork construction, "call before you dig" is a consistent message we make sure everyone understands.

## Cooperating for safety

FortisBC remains an integral member of the [Cooperative Safety Program](#), a partnership of 11 utilities, municipalities and organizations that share a commitment to public and workplace safety across the Southern Interior of B.C. The goal of this program is to improve public awareness of electrical and natural gas hazards—and how those hazards can be avoided.

## Toward continuous improvement

Developing relationships in the communities we serve is part of how we support safety across the province, including preparing for possible emergencies. In 2013, FortisBC held eight emergency exercises, two of which were full-scale and three involving joint participation with external agencies such as the RCMP and CN Rail. The exercises included simulated emergency scenarios involving a customer's liquefied natural gas (LNG) fuelling station, our Huntingdon natural gas substation, our Furry Creek propane system, and our Tilbury Island and Mt. Hayes LNG plants.

## Prepared for any situation

One of the hallmarks of the high standards our employees adhere to is that they remain vigilant

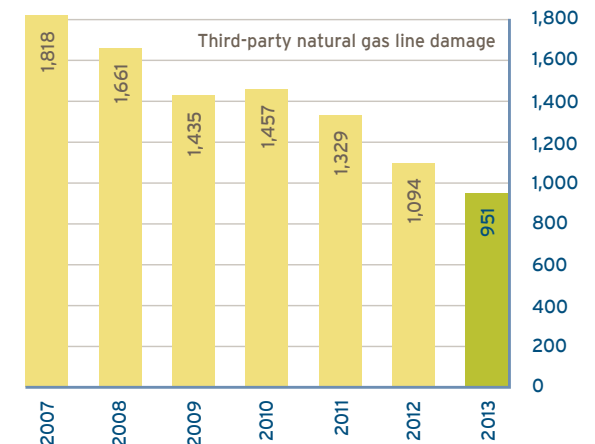
## Notable numbers

Years our transmission team has gone without lost time due to injury:

39


Approximate decrease in third-party natural gas line damages compared to 2012:

13%



about safety both on and off duty. Following third-party damage to a section of our natural gas line at a construction site in Langford, Customer Service Technician Dean Pickup took the time to meet with staff at the construction company after-hours and demonstrate proper line location procedures.

"We found this session to be very beneficial, and we appreciated Dean's proactive approach and commitment to coming in on his own time to assist us," wrote the president of the company in a thank you letter.



Reliable energy,  
every day

Our core business is to ensure the safety and reliability of our infrastructure, to anticipate the demands of our customers and to see that innovations are integrated into our services.

Nanaimo is one of the many communities across B.C. in which we both live and work.

### Expanding our service

FortisBC completed the purchase of the City of Kelowna's electrical utility business in March after the city's and the BC Utilities Commission's (BCUC) public approval processes. For the past decade, FortisBC has operated and maintained these electrical utility assets. We now directly serve approximately 15,000 customers. This transaction provides benefits to these customers and our existing electricity customers by



mitigating future rate increases and providing continuity of service.

FortisBC believes all customers and regions should have equal access to affordable energy and services. This led us to file a reconsideration application to combine our three gas companies into one legal entity. If approved, historic regional natural gas rate differences would be eliminated and FortisBC would be able to expand services such as Energy Efficiency

and Conservation and renewable natural gas to Vancouver Island, Powell River, the Sunshine Coast and Whistler.

The BCUC granted FortisBC permission to use advanced meters. In one of FortisBC's largest undertakings, we will replace approximately 130,000 electricity meters in B.C.'s Southern Interior. This system-wide upgrade will allow our control centre to immediately pinpoint power outages and eliminate the need for estimates when a meter cannot be read. Savings from advanced meters will pay for the \$51 million cost of the project, and the additional savings from this project will be factored into customer rates over the next 20 years.

Other projects for our natural gas infrastructure include the early stages of a feasibility study to provide natural gas service to a proposed small-scale liquefied natural gas processing and export facility near Squamish.

### System reliability

The reliability of our electrical system improved, with customers experiencing fewer outages in 2013 than the previous year; our system saw less downtime than the three year average. Major outages due to high winds or lightning storms in May and August were quickly identified and repaired as efficiently and safely as possible.

### Securing reliability for the future

The \$900-million Waneta Hydroelectric Expansion Project continues with expected completion in 2015. The site hosted more than 1,500 guests in June to celebrate Community Day in 2013, which included onsite tours and entertainment. The project is a partnership between Fortis Inc., Columbia Power Corporation and Columbia Basin Trust and will benefit FortisBC customers through a long-term capacity purchase agreement.

For the first time, our regulatory department filed joint Revenue Requirement Applications. These filings also looked at moving to a five-year performance-based regulatory framework. If accepted by the BCUC, this framework will provide a more predictable regulatory environment for our business and return more focus to our customers.

## Notable numbers

Regulatory filings submitted:

# 705

Increase in regulatory information requests compared to 2012:

# 12.6%

Capital program investment:

# \$298 million

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

# \$74.4 million

As a result of this process, our regulatory team answered almost 6,400 information requests, which is approximately half of the total answered for the entire year.

Ensuring our customers continue to have access to a long-term power source that is cost-effective and reliable, we pursued renewing an agreement with BC Hydro. After extensive and complex negotiations over a new Power Purchase Agreement, FortisBC reached a resolution that worked for all parties to ensure the integrity of our system. This agreement will be enacted following BCUC approval.

# Innovative energy solutions

FortisBC is dedicated to finding sustainable energy solutions that work.

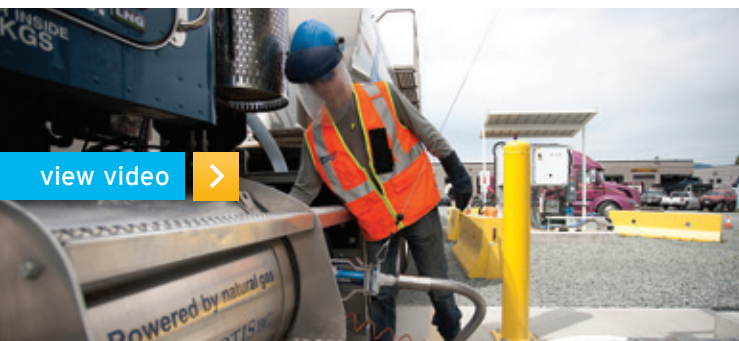
Pete Schouten  
Owner, Fraser Valley Biogas, conducted a tour for FortisBC employees and customers to show how renewable natural gas is made.

## Liquefied natural gas

In November, we announced the expansion of our Tilbury Island liquefied natural gas (LNG) facility, which will result in greater capacity for natural gas for transportation, remote communities and industrial customers.

Through a special direction, the government set an LNG rate reflecting the cost of gas transportation, liquefaction and dispensing, providing cost certainty for customers and helping the transportation sector transition to adopt LNG as a fuel source. Like all customers, users of LNG will pay the natural gas commodity cost per gigajoule.

With the goal of developing the natural gas for transportation market, FortisBC announced



incentives to seven fleet operators to convert their fleets to compressed natural gas, resulting in about 150 new natural gas vehicles on the road in addition to the more than 80 vehicles previously incentivized. By the end of the year, 21 per cent of the \$62 million incentive program had been conditionally awarded.

As part of our commitment to serve remote communities, FortisBC began supplying LNG to Northwest Territories Power Corporation to provide power to the town of Inuvik. The more than 3,600 kilometre trip from our Tilbury Island LNG facility to Inuvik is one of the longest our natural gas has taken by road. By displacing diesel with natural gas, the Inuvik facility is expected to lower power rates

by two per cent for the 21 communities served and eliminate 6,000 tonnes of carbon dioxide emissions each year.

## Developing sustainable solutions

FortisBC was the first North American utility to offer a renewable natural gas program through purchasing and providing gas made from organic sources for its customers. A pilot project since 2011, FortisBC began offering this product on a permanent basis in 2013, giving certainty to customers and those wishing to make an entrepreneurial endeavour of generating biogas.

For instance, we are seeing an increasing number of potential suppliers interested in producing renewable natural gas. The design of a new generation facility at Kelowna's Glenmore Landfill began in late 2013 and is projected to produce enough renewable natural gas to heat more than 600 homes for a year. Fraser Valley Biogas, the first supplier to FortisBC, is also running at full capacity, a testament to the growing popularity of renewable natural gas.

FortisBC also signed purchase agreements that will result in future production facilities at [Seabreeze Farm](#) and Earth Renu in Delta, Dicklands Farm in Chilliwack and the Lulu Island Wastewater Treatment Plant in Richmond. By the end of 2013, more than 6,200 residential customers and more than 130 commercial customers said "yes" to renewable natural gas.

## Leaders in innovation

We are committed to supporting local governments, government organizations and other stakeholders to help shrink carbon footprints and establish sustainable approaches to energy for future generations.

We continue to meet our customers' evolving needs through [FortisBC Alternative Energy Services Inc.](#), which provides district energy, geoechange and other thermal energy solutions. Projects include a waste heat recovery system for the [TELUS Garden](#) building and a district energy system for the [PCI Marine Gateway](#) development in Vancouver with a combined value of more than \$17 million.

## Notable numbers

# 7,802,617

Pounds of waste diverted from our landfills from renewable natural gas.\*

\*Greenhouse gas equivalent of diverting waste from our landfills through recycling.



Several of the successful natural gas for transportation incentive applicants include:

- BC Transit
- BFI Canada Inc.
- City of Vancouver
- Cold Star Freight Systems Inc.
- Emterra Environmental
- School District No. 23 (Kelowna)
- Smithrite Disposal Ltd.

# Community investment



Dedicated to giving back to the communities where we live and work, community investment is integral to our company.

More than 150 employees, volunteers, friends and family took part in our annual Lower Mainland Community Giving Day on June 15.

### Planting the seeds of the future

In 2013, our employees continued to demonstrate a tremendous commitment to their local communities. Along with their family members and friends, employees volunteered on a Saturday to build 36 raised planter beds, a greenhouse and crushed gravel pathway adjacent to the Inspiration Garden in Coquitlam's Town Centre Park.

The greenhouse garden beds are being used to grow food for the [SHARE Food Bank](#) as well as provide a community garden for residents of the nearby multi-family buildings.

Employees in our Trail Contact Centre put their culinary skills to the test as they baked their favourite holiday treats for gift baskets to raise funds for the [Variety Club](#)—an organization that helps support children with special needs and their families.

For the past six years, FortisBC has been a proud presenting sponsor of [CANstruction](#)—one of the largest contributors to the Greater Vancouver Food Bank. In 2013, FortisBC's giant-sized Mr. Potato

Head sculpture used 4,500 cans of food and was entirely designed and built by employees as part of a competition. Following the event, all the cans of food were donated to the Food Bank. FortisBC has donated approximately 20,000 cans of food to date.

### Supporting greater skills training

Ensuring that B.C.'s growing energy efficiency sector has the skilled workers it needs is one of our commitments to our communities. The [Residential Energy Efficiency Works](#) (REnEW) program continued to add to the much needed pool of skilled workers for this emerging field. The program is jointly funded by FortisBC and BC Hydro.

Eleven participants in the REnEW training program graduated in Kelowna in 2013 and now have the skills to pursue opportunities in this growing sector. Over the past three years, 104 participants have graduated from the program and most are now either working in their chosen field or continuing with their education.

### Enriching dialogue and inspiring collaboration

FortisBC is a strong supporter of the [Union of British Columbia Municipalities](#) (UBCM). At a reception prior to the 2013 UBCM Convention, we welcomed acclaimed speaker and First Nations leader [Wab Kinew](#) to share his vision for the prosperity of Indigenous people in Canada. Wab spoke eloquently about the economic successes created by the inclusion of Indigenous youth in Canada's workforce.

During the convention, FortisBC also offered a \$2,000 donation towards a community charity as part of a prize draw at our booth. A councillor and long-term care aide from Enderby won the prize and chose the [Enderby and District Community Resource Centre](#) as the recipient of the donated funds.

### Notable numbers

British Columbians interacting with FortisBC at events:

85,000

Communities in which we held events:

82

Number of events we held:

669



"The REnEW program opened my eyes to the world of energy efficient construction."

*Matthew, REnEW participant*

# Aboriginal relations

FortisBC works to ensure  
Aboriginal voices are heard  
in all of our projects.

Penticton Indian Band members Andrew and  
Andrea stand inside their new energy-efficient  
home, which uses geothermal technology for  
heating and cooling.

## Strengthening relationships

We are committed to helping make Aboriginal communities energy self-sufficient. We extended our expertise to help build eight single-family residences on the Penticton Indian Band reserve, utilizing advanced energy efficiency standards. Six of the homes were built to EnerGuide 88 efficiency standards and one home is LEED® certified. The final home was built to the European Passivhaus



certification standard, which results in a high level of indoor air quality and a significant reduction in space heating requirements.

“With our growing need for housing and desire to get involved with more sustainable and efficient building, this project was a natural fit for the Penticton Indian Band.”

*Tabitha Eneas, Housing Manager  
with the Penticton Indian Band*

## Honouring the past

Following the discovery of remains and other Aboriginal artifacts at our Huth substation near the Okanagan River in 2011, FortisBC worked with the City of Penticton to return a 20-square-metre portion of the sacred land to the Penticton Indian Band. The remains, some up to 6,000 years old, were ceremonially reburied in 2013 and enclosed in a protective structure.

## A new way forward

One of the pillars of our community investment is to support Aboriginal initiatives, and our goal of community relations is to build bonds throughout the province. FortisBC acknowledged Reconciliation Canada's work as an independent collaboration dedicated to building and strengthening relationships with Aboriginal peoples.

In September, FortisBC presented \$15,000 to [Reconciliation Canada](#) Ambassador Chief Dr. Robert Joseph, a Hereditary Chief of the Gwawaenuk First Nation, and Executive Director Karen Joseph as part of the national Day of Reconciliation, a significant event for many of the Aboriginal groups we serve.

The funds will be used to support workshops and outreach activities to transform and renew relationships with Aboriginal peoples and all Canadians.

## Working together

Much of our infrastructure and operations are located on or near Aboriginal land. In 2013, we began consulting and working co-operatively with several Aboriginal communities on a number of projects, including:

### Woodfibre LNG

- [Squamish Nation](#)
- [Tsleil-Watuth Nation](#)
- [Kwkwetlem First Nation](#)
- [Musqueam First Nation](#)

### Similkameen Hydroelectric Project

- [Upper Similkameen Indian Band](#)
- [Lower Similkameen Indian Band](#)

## Notable numbers

Number of First Nations or Indian Bands we provide service to:

47





# Environmental responsibility

Air, water and land—FortisBC is committed to preserving and protecting nature.

Knox Mountain Park, Kelowna, is just one of the many pristine ecosystems of the communities we serve.

## Environmental leadership

In March, B.C.'s Environment Minister awarded FortisBC with the province's first Green Economy Leadership Award for our innovative work in clean technology and environmental stewardship.

FortisBC is leading the way in reducing greenhouse gas emissions and preserving the environment by bringing innovative ideas to the marketplace.



We were the first North American utility to introduce a renewable natural gas program, purchasing and providing gas from organic sources for residential customers. We are also actively engaging the transportation sector to help the province meet its carbon reduction goals through our natural gas for transportation incentive program.

## Protecting the Elk Valley River

When floods from extreme weather caused water to spill over the banks of the Elk Valley River and Michelle Creek, rocks on the riverbed shifted, exposing natural gas pipelines. FortisBC responded to provide protection for the fish in the river.

To isolate the work area, biologists put spot nets in place, while workers added woody debris to the river to provide the fish shelter from predators or strong currents. When spot nets could not be placed, great care was taken to avoid any contact with fish during repairs.

## Taking flight with nature

The Osprey nest management program helps protect these majestic birds from harm by providing an alternative location to build their nests and raise their young, away from the electrical transmission system. Birds nesting on energized poles can also damage the electrical equipment, causing power outages or fire when nest debris falls on the lines.

On average, we conduct about five Osprey nest relocations per year. Fifteen nesting poles within our service territory have been installed since the start of the program in 2008.

This year, viewers from around the globe tuned in online to our live [Osprey nest camera](#) where they watched as a baby Osprey—given the name Storm—hatched, thrived and eventually fledged the nest over the course of six months.

## Principles-based protection

FortisBC crews know to take care to avoid disturbing wildlife around work sites. Natural gas crews working at the Cape Horn Station in Coquitlam this spring discovered a Killdeer bird that had taken up residence to lay her eggs.

After consulting with the on-site environment team, crews delayed work until the young Killdeer fledged the nest.

## Sturgeon protection

In May, employees volunteered their time at a sturgeon release event in Castlegar to help the Upper Columbia White Sturgeon Initiative teach the public about the importance of preserving endangered sturgeon.

"We appreciate this wonderful opportunity you've given us for the past several years. We're hoping you continue to let us share the lives of our beloved Ospreys next year in the 2014 season."

*Osprey cam watcher, 2013*

Attendees viewed educational displays created by employees and released approximately 1,500 sturgeon into the Columbia River below the Hugh Keenleyside Dam.

Once the Waneta Expansion Project is complete, Fortis Inc. will operate the first sturgeon exclusion screen, designed specifically to protect sturgeon from harm by entering the facility.

# Optimizing energy use



We are committed to providing the tools, knowledge and incentives for customers to get the most out of their energy dollar.

Emily from Nelson made her home more energy efficient through LiveSmart BC, a program supported by FortisBC.

### Slimming down bills

Building on the success of the Rossland Energy Diet in 2012, FortisBC expanded the popular program to customers across the Okanagan and Kootenays. FortisBC hosted regional “enerventions” (information sessions) for those who wanted to reduce their homes’ energy use and save money on utility bills. Participants received discounted energy assessments, had energy saving products



installed directly in their home, received hands-on help applying for thousands of dollars’ worth of rebates and obtained financing options to make energy efficient improvements to their home. More than 850 homeowners signed up for the Okanagan Energy Diet. In the Kootenays, more than 800 homeowners participated. As a result of this effort, almost 50 per cent of all pre-retrofit energy assessments in the province in 2013 took place in this region.

### Recognizing Earth Hour

On March 23, communities and individuals across the FortisBC electrical service territory “switched off” for Earth Hour, one of the largest climate action events in the world. For the fifth year, FortisBC presented an Earth Hour Challenge to 17 communities, asking residents and businesses to pledge to turn off unnecessary lights and electronics and commit to taking an energy saving action. Prize money for energy upgrades was awarded to a non-profit organization voted on by those who pledged, and a random draw for prize money was held for a participating individual or business.

In total, more than 1,300 pledges were registered with FortisBC. Participation in this year’s Earth Hour resulted in a 5.7-megawatt drop in electricity consumption, or the equivalent of switching off more than 96,000 60 watt incandescent light bulbs. The winning non-profit was the Salmo Valley Swimming Pool that hoped to use the funds toward replacing their aging and inefficient water heater with a tankless model and upgrading lighting systems. The winning business, Copper Creek Country Store in Greenwood, will conduct an energy assessment to determine where best to apply the prize money to achieve long-term energy savings.

### Implementing energy policy

We also took advantage of program collaboration with BC Hydro, presenting a unified face for many energy conservation programs in the Lower Mainland and Interior, such as our free energy saving kits for low-income households. These free kits contain energy-saving products that may help customers use less heat and electricity.

### Momentum for public energy policy

FortisBC was recognized in 2013 for our contributions in advancing energy efficiency and showing leadership in promoting energy-efficient products.

### Notable numbers

Estimated megawatt-hours of electricity saved through efficiency programs:

29,500

Estimated gigajoules of natural gas saved through efficiency programs:

500,000

We were proud to receive the 2013 ENERGY STAR® Market Transformation Award, Regional Utility of the Year, from Canada’s Minister of Natural Resources.

In support of provincial energy policy and guided by the BC Utilities Commission, FortisBC implemented a residential conservation rate encouraging electricity conservation. While a significant majority of customers have benefited through lower bills, 2013 was the first winter with this new rate. As part of the regulatory process, we echoed some of our customers’ concerns about increased costs in a report we filed with the BCUC near the end of 2013.

“Since we installed new windows and insulation our home is cosier, quiet and comfortable all year long. In addition, we were pleasantly surprised when we got \$2,100 back from FortisBC!”

*Oksana and Michael, Keremeos*

# Moving forward

An aerial photograph showing a river winding through a suburban neighborhood. The river is surrounded by dense evergreen forests on the left and residential developments with houses and parking lots on the right. In the background, rolling hills and mountains are visible under a clear sky. The text 'Moving forward' is overlaid in the top left corner.

We continue to create energy solutions for our customers, developing our infrastructure to serve British Columbians and to create a better energy future.

Fortis Generation Inc.'s proposed Similkameen River Hydroelectric project would have the capacity to produce up to 45 to 65 megawatts of electricity.

## Toward the future

Every two years, as part of our long-term resource planning, FortisBC looks at trends in energy policy, regional growth and customer demand in order to develop strategies that meet the energy needs of our customers—now and in the future.



Many of the projects begun in the past year will be further developed or completed in 2014 and beyond. Following the B.C. government's special direction supporting our expansion of the Tilbury Island LNG facility, FortisBC will be moving forward to make our goal of expanding natural gas service for

transportation, industrial customers and remote communities a reality. FortisBC has entered into a development agreement to conduct a feasibility study to provide natural gas service to a proposed small-scale LNG processing and export facility at the former Woodfibre mill site near Squamish.

FortisBC is committed to consulting and informing the public prior to the start of our projects. This will continue in 2014.

Approvals for advanced metering received in 2013 mean installations can begin in 2014 for completion in 2015, providing our electrical system with the latest technology to benefit customers and increase efficiency.

Ultimately, safety and reliability are what our customers expect from us, and we undertake regular maintenance and upgrades to achieve those two standards. After a routine FortisBC underwater natural gas pipeline inspection discovered a 12-metre portion of the pipeline was exposed in the Muskwa River, we created an action plan for ensuring the pipe is replaced as quickly and safely as possible.

FortisBC has also completed the initial planning stages of upgrades to the natural gas pipeline system in Metro Vancouver. This upgrade will ensure customers have a safe and plentiful supply of natural gas for the future.

We're developing plans to apply to the BC Utilities Commission for replacement of aging facilities and expansion of workspace for employees in the Kootenays and Okanagan. This will unify our long-term space requirements and allow us to better serve our customers in the region.

Our dedicated employees work hard each and every day to ensure our customers receive safe, reliable energy at the lowest reasonable cost today and for the future. Together, we move forward with energy solutions for our customers.



After reaching out to the Fort Nelson community, FortisBC is planning to replace the portion of the Fort Nelson natural gas pipeline that crosses the Muskwa River.

# Leadership team



Standing (left to right): Michael Mulcahy, David Bennett, John Walker, Roger Dall'Antonia and Doyle Sam. Seated: Tom Loski, Cynthia Des Brisay, Michele Leeners and Douglas Stout.

### **David Bennett**

#### **Vice President, Operations Support, General Counsel & Corporate Secretary**

Mr. Bennett practiced law in Vancouver until 2001 and then moved to London, England to work for a large international law firm focusing on securities transactions. He returned to B.C. in 2003 and was in private practice until joining FortisBC Inc. in 2004.

### **Roger Dall'Antonia**

#### **Vice President, Strategic Planning, Corporate Development & 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.

### **Michele Leeners**

#### **Vice President, Finance & CFO**

Ms. Leeners is a chartered accountant with over 20 years of experience. Prior to joining FortisBC in 2005, she held financial management roles in the oil and gas sector in Calgary, Alberta.

### **Tom Loski**

#### **Vice President, Customer Service**

Mr. Loski has over 30 years of experience with FortisBC and its predecessor companies. Prior to his current role, Mr. Loski was responsible for the development and implementation of corporate regulatory strategy as the Chief Regulatory Officer for FortisBC.

### **Michael Mulcahy**

#### **Executive Vice President, Human Resources, Customer & Corporate Services**

Mr. Mulcahy began his career with the Fortis group of companies with Maritime Electric in 1993. Prior to joining FortisBC, he was Vice President of Customer and Corporate Services for Newfoundland Power. Mr. Mulcahy is also Chairman of the Customer Council of the Canadian Electricity Association.

### **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.

### **Douglas Stout**

#### **Vice President, Energy Solutions & 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 on the National Advisory Committee for QUEST (Quality Urban Energy Systems of Tomorrow), is currently a Director of the Northwest Gas Association and the Chair of the Canadian Natural Gas Vehicle Alliance.

### **John Walker**

#### **President & CEO**

Mr. Walker is President and CEO of FortisBC Inc., FortisBC Holdings Inc., and FortisBC Energy Inc. and serves on the Board of Directors of FortisAlberta Inc. and the FortisBC group of companies. He has worked with Fortis Inc. since 1983, where he began his career with Newfoundland Power Inc. He also serves on the Boards of Directors of the Canadian Gas Association, the Canadian Electricity Association and the Western Energy Institute.

# Board of directors



**H. Stanley Marshall**

Mr. Marshall is the President and CEO of Fortis Inc., serving in this role since 1995. He serves on the boards of several Fortis companies, is a Director of Enerflex Limited and is Chair of the FortisBC Inc., FortisBC Holdings Inc. and FortisBC Energy Inc. Boards.



**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 Seateerra Commission and serving on the Boards of Transelec, Powertech, Translink, and the BC Safety Authority. Previously she served as Deputy Minister to the Premier and was CFO at a health authority. She has been Deputy Minister of Finance and Treasury Board; Energy; and Social Services.



**Ida J. Goodreau**

Ms. Goodreau is 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 is on the Board of Directors of Fortis Inc. and is a member of the Boards of Pharmasave Drugs International, the Vancouver Foundation, Genome B.C., Streethome Foundation and Canada West Foundation.



**Steven V. Lant**

Mr. Lant is President and CEO of CH Energy Group, and CEO of Central Hudson Gas & Electric Corporation and Central Hudson Enterprises Corporation, positions he has held since 2003. He has held continuously progressive positions with CH Energy Group and its predecessors since 1980 and is formerly Chairman of CH Energy Group. He serves as a Director of The Edison Electric Institute and the Business Council of NY, and is Chair of Hudson Valley Economic Development Corporation and immediate Past Chair of Health Quest, a NY multi-hospital system.



**Barry V. Perry**

Mr. Perry is the Vice President, Finance and Chief Financial Officer of Fortis Inc., serving in this role since 2004. Prior to his current role at Fortis, he held the position of Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc. He serves on the boards of several Fortis companies.



**Linda S. Petch**

Ms. Petch is a Corporate Director and a member of the Board of Governors of RBC Funds and RBC Private Pools. She previously served as Chair of the Victoria Airport Authority and of the Health Employees Association of BC.



**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 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 of Public-Private Partnerships.



**John C. Walker**

Mr. Walker is President and CEO of FortisBC Inc., FortisBC Holdings Inc., and FortisBC Energy Inc. and serves on the Board of Directors of FortisAlberta Inc. and the FortisBC group of companies. He has worked with Fortis Inc. since 1983, where he began his career with Newfoundland Power Inc. He also serves on the Boards of Directors of the Canadian Gas Association, the Canadian Electricity Association and the Western Energy Institute.



**Christopher F. Scott**

Mr. Scott is a Corporate Director, Consultant, and the past Chief Operating Officer of Osoyoos Indian Band Development Corporation. He continues to sit on the Board of Advisors of the Osoyoos Indian Band Development Corporation. 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, B.C. He currently serves as an advisor to several First Nations in B.C.



**Janet P. Woodruff**

Ms. Woodruff (CPA, FCA) is a Corporate Director and Consultant and the former President (Interim) of BC Transmission Corp. She has held executive positions in the North American energy, transportation and health sectors. Ms. Woodruff serves as a Director of Nordion Inc., Capstone Infrastructure Corporation, and the Mutual Fund Dealers Association of Canada. She is a member of CPA Canada's Advisory Group.

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2013 Corporate report (13-373 03/2014)

Front cover: Alan Hunter, FortisBC Welder



We saw the addition of approximately  
15,000 Kelowna electricity customers in 2013.