FortisBC Inc.

An indirect subsidiary of Fortis Inc.

Interim Consolidated Financial Statements
For the three and six months ended June 30, 2015 and 2014
(Unaudited)

Prepared in accordance with United States Generally Accepted Accounting Principles

FortisBC Inc.
Consolidated Balance Sheets (US GAAP) (Unaudited)
As at
(in millions of Canadian dollars)

ASSETS	June 30, 2015	December 31, 2014
Current assets		
Cash and cash equivalents	$ 1.5	$ 1.2
Accounts receivable (note 10)	42.0	50.1
Materials and supplies	0.6	0.5
Prepaid expenses	0.8	0.9
Other assets	0.2	0.3
Regulatory assets	9.9	7.2
Income taxes receivable	1.5	-
Deferred income taxes	3.8	3.1
	60.3	63.3
Property, plant and equipment	1,433.6	1,419.2
Intangible assets	53.7	52.7
Regulatory assets	288.1	280.8
Other assets	8.9	9.2
Goodwill	234.8	234.8
	$ 2,079.4	$ 2,060.0
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Credit facilities (note 5)	$ 29.4	$ 31.9
Accounts payable and other current liabilities (note 10)	56.6	58.5
Income taxes payable	-	2.6
Current portion of long-term debt	25.0	-
Current portion of capital lease obligations	0.6	0.5
Regulatory liabilities	8.5	9.2
Deferred income taxes	3.5	2.5
	123.6	105.2
Long-term debt	660.0	685.0
Capital lease obligations	309.3	308.6
Regulatory liabilities	16.3	17.9
Other liabilities	2.2	2.2
Pension and other post-employment benefits	61.6	63.5
Deferred income taxes	134.4	129.8
	1,307.4	1,312.2
Shareholder's equity		
Common shares [(a)]	219.2	219.2
Additional paid-in capital	321.8	321.8
Retained earnings	231.0	206.8
	772.0	747.8
	$ 2,079.4	$ 2,060.0

[(a)] Par value of $100 each; 500 million authorized common shares; 2.2 million issued and outstanding at June 30, 2015 and December 31, 2014.

Commitments and Contingencies (notes 11 and 12)

The accompanying notes are an integral part of these interim consolidated financial statements.

FortisBC Inc.
Consolidated Statements of Earnings (US GAAP) (Unaudited)
For the three and six months ended June 30
(in millions of Canadian dollars)

	Three months ended		Six months ended	
	2015	2014	**2015**	2014
Revenues (note 10)				
Electricity revenue	**$ 72.7**	$ 69.3	**$ 159.9**	$ 160.8
Other revenue	**5.0**	-	**10.1**	-
	77.7	69.3	**170.0**	160.8
Expenses				
Power purchase costs (note 10)	**21.0**	16.5	**45.9**	43.6
Operating costs (note 10)	**19.6**	19.7	**38.6**	38.8
Depreciation and amortization	**14.5**	14.3	**28.9**	28.6
	55.1	50.5	**113.4**	111.0
Operating income	**22.6**	18.8	**56.6**	49.8
Other income	**0.1**	0.1	**0.2**	0.3
Finance charges (notes 6 and 10)	**9.3**	9.7	**19.2**	19.4
Earnings before income taxes	**13.4**	9.2	**37.6**	30.7
Income taxes	**2.1**	2.3	**4.4**	6.5
Net earnings	**$ 11.3**	$ 6.9	**$ 33.2**	$ 24.2

FortisBC Inc.
Consolidated Statements of Changes in Equity (US GAAP) (Unaudited)
For the six months ended June 30
(in millions of Canadian dollars)

	Common Shares	Additional Paid-in Capital	Retained Earnings	Total
As at December 31, 2013	$ 219.2	$ 321.8	$ 189.7	$ 730.7
Net earnings	-	-	24.2	24.2
Dividend on common shares	-	-	(14.0)	(14.0)
As at June 30, 2014	219.2	321.8	199.9	740.9
As at December 31, 2014	**$ 219.2**	**$ 321.8**	**$ 206.8**	**$ 747.8**
Net earnings	**-**	**-**	**33.2**	**33.2**
Dividend on common shares	**-**	**-**	**(9.0)**	**(9.0)**
As at June 30, 2015	**$ 219.2**	**$ 321.8**	**$ 231.0**	**$ 772.0**

The accompanying notes are an integral part of these interim consolidated financial statements.

FortisBC Inc.
Consolidated Statements of Cash Flows (US GAAP) (Unaudited)
For the three and six months ended June 30
(in millions of Canadian dollars)

	Three months ended		Six months ended	
	2015	2014	**2015**	2014
Cash flows provided by (used for)				
Operating activities				
Net earnings	**$ 11.3**	$ 6.9	**$ 33.2**	$ 24.2
Adjustments for non-cash items				
Depreciation and amortization	**14.5**	14.4	**29.0**	28.8
Other	**-**	(0.2)	**(0.1)**	(0.2)
Change in long-term regulatory assets and liabilities	**0.1**	3.4	**(1.4)**	7.1
Change in other assets and other liabilities	**(0.1)**	0.5	**(0.1)**	1.6
Change in non-cash working capital (note 8)	**(2.0)**	3.9	**6.9**	8.0
	23.8	28.9	**67.5**	69.5
Investing activities				
Property, plant and equipment (note 8)	**(25.6)**	(18.8)	**(56.1)**	(33.6)
Intangible assets (note 8)	**(2.2)**	(1.3)	**(3.9)**	(1.7)
Contributions in aid of construction	**2.2**	1.7	**4.0**	4.2
Change in other assets and other liabilities	**0.1**	0.1	**0.2**	0.2
	(25.5)	(18.3)	**(55.8)**	(30.9)
Financing activities				
Net proceeds from (repayment of) credit facilities and demand notes	**6.2**	(3.3)	**(2.5)**	(24.4)
Deferred financing costs	**0.1**	(0.1)	**0.1**	(0.1)
Dividend on common shares	**(4.5)**	(7.0)	**(9.0)**	(14.0)
	1.8	(10.4)	**(11.4)**	(38.5)
Net increase in cash and cash equivalents	**0.1**	0.2	**0.3**	0.1
Cash and cash equivalents at beginning of period	**1.4**	0.4	**1.2**	0.5
Cash and cash equivalents at end of period	**$ 1.5**	$ 0.6	**$ 1.5**	$ 0.6

Supplementary Information to Consolidated Statements of Cash Flows (note 8).

The accompanying notes are an integral part of these interim consolidated financial statements.

1. DESCRIPTION OF THE BUSINESS

FortisBC Inc. ("FBC" or the "Corporation") is a wholly-owned subsidiary of FortisBC Pacific Holdings Inc. ("FortisBC Pacific"), which is an indirect wholly-owned subsidiary of Fortis Inc. ("Fortis"), a Canadian public company.

FBC is an integrated, regulated electric utility operating in the southern interior of British Columbia ("BC"), serving approximately 166,600 customers directly and indirectly. The Corporation's regulated business includes four hydroelectric generating plants with an aggregate capacity of 225 megawatts ("MW"), approximately 7,200 kilometers of transmission and distribution power lines, and a peak demand of 746 MW. Included in FBC's non-regulated assets is a 16 MW run-of-river hydroelectric power plant near Lillooet, BC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These interim consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States ("US GAAP") for interim financial statements. As a result, these interim consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Corporation's 2014 annual audited consolidated financial statements prepared in accordance with US GAAP. In management's opinion, the interim consolidated financial statements include all adjustments, consisting solely of normal recurring adjustments, necessary to present fairly such information.

The accounting policies and methods of application used in the preparation of these interim consolidated financial statements are consistent with the accounting policies used in FBC's year-end audited consolidated financial statements as at December 31, 2014.

The interim consolidated financial statements include the accounts of the Corporation and its wholly-owned partnership and subsidiaries, Walden Power Partnership ("WPP"), ESI Power-Walden Corporation and West Kootenay Power Ltd. All material inter-company transactions and balances have been eliminated upon consolidation.

An evaluation of subsequent events through July 20, 2015, the date these interim consolidated financial statements were available to be issued, was completed to determine whether any circumstances warranted recognition and disclosure of events or transactions in the interim consolidated financial statements as at June 30, 2015. Subsequent events have been appropriately disclosed in these interim consolidated financial statements.

Certain comparative figures have been reclassified to conform to the current year's presentation.

Future Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*. The amendments in this update create Accounting Standard Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the codification. This standard completes a joint effort by FASB and the International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for US GAAP and International Financial Reporting Standards that clarifies the principles for recognizing revenue and that can be applied consistently across various transactions, industries and capital markets. This standard is effective for annual and interim periods beginning on or after December 15, 2016 and is to be applied on a full retrospective or modified retrospective basis. Early adoption is not permitted. In July 2015, FASB decided to defer by one year the effective date of its new revenue recognition standard and allow early adoption as of the original effective date. The Corporation is in the process of identifying contracts with customers and performance obligations in the contracts and the effect this will have on its consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern

In August 2014, FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The amendments in this update are intended to provide guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and provide related disclosures. This update is effective for annual and interim periods beginning on or after December 15, 2016. Early adoption is permitted. FBC does not expect that the adoption of this update will have a material impact on its consolidated financial statements.

Amendments to the Consolidation Analysis

In February 2015, FASB issued ASU No. 2015-02, *Amendments to the Consolidation Analysis*. The amendments in this update change the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This update is effective for annual and interim periods beginning on or after December 15, 2015 and may be applied using a modified retrospective approach or retrospectively. Early adoption is permitted. FBC is assessing the impact that the adoption of this update will have on its consolidated financial statements.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. The amendments in this update will require that debt issuance costs be presented on the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. This update is effective for annual and interim periods beginning on or after December 15, 2015 and should be applied on a retrospective basis. Early adoption is permitted. The adoption of this update is expected to result in the reclassification of debt issuance costs from long-term other assets to long-term debt on the Corporation’s consolidated balance sheet. As at June 30, 2015, debt issuance costs included in long-term other assets were approximately $6.1 million (December 31, 2014 - $6.3 million).

3. REGULATORY MATTERS

Multi-year Performance Based Ratemaking Plan for 2014 to 2019 (“2014 PBR Application”)

In September 2014, the British Columbia Utilities Commission (“BCUC”) issued its decision on FBC’s 2014 PBR Application. The approved PBR Plan incorporates an incentive mechanism for improving operating and capital expenditure efficiencies. Operation and maintenance expenses and base capital expenditures during the PBR period are subject to an incentive formula reflecting incremental costs for inflation and half of customer growth, less a fixed productivity adjustment factor of 1.03 per cent each year. The PBR Plan also includes a 50/50 sharing of variances (“Earnings Sharing Mechanism”) from the formula-driven operation and maintenance expenses and capital expenditures over the PBR period, and a number of service quality measures designed to ensure FBC maintains service levels. It also sets out the requirements for an annual review process which will provide a forum for discussion between FBC and interested parties regarding its current performance and future activities.

The BCUC’s PBR Decision resulted in a 2014 average rate base of approximately $1,204 million and a 2014 rate increase of approximately 3.3 per cent. Effective January 1, 2015, the BCUC has provided approval for an approximate 3.5 per cent interim refundable rate increase.

In June 2015, the BCUC issued its decision on FBC’s 2015 rates under the PBR Plan. The decision results in a 2015 average rate base of approximately $1,249 million and on an annualized basis, an approved rate increase for 2015 of 4.2 per cent over 2014 rates. This decision results in FBC applying a 3.5 per cent rate increase from January 1, 2015 to July 31, 2015 and a 5.1 per cent rate increase effective August 1, 2015, both as compared to 2014.

Allowed Return on Equity (“ROE”) and Capital Structure

The 2015 and 2014 ROE and common equity component of capital structure for FBC is 9.15 per cent and 40 per cent, respectively.

4. SEASONALITY OF OPERATIONS

Interim results fluctuate due to the seasonal demands for electricity, the movements of electricity prices and the timing and recognition of regulatory decisions. FBC's operations generally produce higher net earnings in the first quarter of the fiscal year due to increased customer load as a result of cooler weather, while certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year. As a result of the seasonality, interim net earnings are not indicative of net earnings on an annual basis.

5. CREDIT FACILITIES

As at June 30, 2015, the Corporation had bank credit facilities of $160 million, comprised of a $150 million operating credit facility and a $10 million demand overdraft facility. Prior to April 2015, the operating credit facility was comprised of a $100 million three-year revolving facility and a $50 million, 364-day revolving facility. In April 2015 the operating credit facility was amended such that the entire $150 million now matures in May 2018.

The following summary outlines the Corporation's bank credit facilities:

($ millions)	**June 30, 2015**	December 31, 2014
Operating credit facility	**150.0**	150.0
Demand overdraft facility	**10.0**	10.0
Draws on operating credit facility	**(26.0)**	(25.0)
Draws on overdraft facility	**(3.4)**	(6.9)
Credit facilities available	**130.6**	128.1

6. FINANCE CHARGES

Finance charges for the three and six months ended June 30 were as follows:

	Three months ended June 30		**Six months ended June 30**	
($ millions)	**2015**	2014	**2015**	2014
Interest on long-term debt	**9.4**	9.3	**18.7**	18.5
Interest on short-term debt	**0.3**	0.4	**0.5**	0.9
Amortization of deferred financing costs	**-**	0.1	**0.1**	0.2
Capitalized interest	**(0.4)**	(0.1)	**(0.1)**	(0.2)
	9.3	9.7	**19.2**	19.4

7. EMPLOYEE FUTURE BENEFITS

The Corporation is a sponsor of pension plans for eligible employees. The plans include registered defined benefit pension plans, supplemental unfunded arrangements, and defined contribution plans. The Corporation also provides post-employment benefits ("OPEB") other than pensions for certain of its retired employees.

The net benefit cost for the three months ended June 30 was as follows:

	Defined Benefit Pension Plans		OPEB Plans	
($ millions)	**2015**	2014	**2015**	2014
Service costs	**1.3**	1.1	**0.2**	0.3
Interest costs	**2.0**	2.0	**0.3**	0.3
Expected return on plan assets	**(2.6)**	(2.4)	**-**	-
Amortization of actuarial loss	**0.6**	0.5	**-**	0.1
Amortization of past service costs	**(0.2)**	(0.2)	**-**	-
Actuarially determined net benefit cost	**1.1**	1.0	**0.5**	0.7
Regulatory adjustment	**(0.1)**	1.0	**0.5**	0.3
Net benefit cost	**1.0**	2.0	**1.0**	1.0

The net benefit cost for the six months ended June 30 was as follows:

	Defined Benefit Pension Plans		OPEB Plans	
($ millions)	**2015**	2014	**2015**	2014
Service costs	**2.5**	2.2	**0.5**	0.7
Interest costs	**4.0**	4.1	**0.6**	0.7
Expected return on plan assets	**(5.2)**	(4.8)	**-**	-
Amortization of actuarial loss	**1.3**	1.1	**-**	0.1
Amortization of past service costs	**(0.5)**	(0.4)	**-**	-
Actuarially determined net benefit cost	**2.1**	2.2	**1.1**	1.5
Regulatory adjustment	**(0.1)**	1.9	**0.9**	0.5
Net benefit cost	**2.0**	4.1	**2.0**	2.0

The Corporation's cost related to the defined contribution arrangement is based upon a percentage of employee earnings. The Corporation's net benefit cost related to this arrangement for the three and six months ended June 30, 2015 was $0.2 million (June 30, 2014 - $0.3 million) and $0.7 million (June 30, 2014 - $0.7 million).

8. SUPPLEMENTARY INFORMATION TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The supplementary information to the consolidated statements of cash flows for the three and six months ended June 30 was as follows:

Significant Non-Cash Transactions

	Three months ended June 30		Six months ended June 30	
($ millions)	**2015**	2014	**2015**	2014
Capital accruals	**0.3**	5.3	**(9.3)**	5.7
Deferred income tax liability	**2.8**	2.0	**4.7**	3.8
Brilliant Power Purchase Agreement lease costs regulatory asset	**4.8**	4.6	**(3.5)**	(3.5)

Change in Non-Cash Working Capital

	Three months ended June 30		Six months ended June 30	
($ millions)	**2015**	2014	**2015**	2014
Accounts receivable	**2.6**	16.3	**8.1**	12.1
Prepaid expenses	**3.2**	2.4	**0.1**	0.2
Current regulatory assets and liabilities	**(2.6)**	(2.3)	**(4.8)**	(4.5)
Materials and supplies	**(0.1)**	-	**(0.1)**	0.1
Accounts payable and other current liabilities	**(3.6)**	(5.7)	**(1.6)**	8.6
Income taxes receivable and payable	**(1.2)**	(1.5)	**(4.1)**	(2.8)
	(1.7)	9.2	**(2.4)**	13.7
Changes in non-cash working capital attributable to:				
Operating activities	**(2.0)**	3.9	**6.9**	8.0
Investing activities included in property, plant and equipment and intangible assets	**0.3**	5.3	**(9.3)**	5.7
	(1.7)	9.2	**(2.4)**	13.7

The non-cash investing activities balances as at June 30 were as follows:

($ millions)	**2015**	2014
Additions to property, plant and equipment and intangible assets included in current liabilities	**11.8**	12.1

9. FAIR VALUE MEASUREMENT

Fair value is the price at which a market participant could sell an asset or transfer a liability to an unrelated party. A fair value measurement is required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model. A fair value hierarchy exists that prioritizes the inputs used to measure fair value. The Corporation is required to record all derivative instruments at fair value except those which would qualify for the normal purchase and normal sales exception, including certain of the Corporation's power purchase contracts.

The three levels of the fair value hierarchy are defined as follows:

- Level 1: Fair value determined using unadjusted quoted prices in active markets.
- Level 2: Fair value determined using pricing inputs that are observable.
- Level 3: Fair value determined using unobservable inputs only when relevant observable inputs are not available.

The fair values of the Corporation's financial instruments reflect a point-in-time estimate based on current and relevant market information about the instruments as at the balance sheet dates. The estimates cannot be determined with precision as they involve uncertainties and matters of judgment and, therefore, may not be relevant in predicting the Corporation's future net earnings or cash flows.

The carrying values of cash and cash equivalents, accounts receivable, energy management loans, accounts payable and credit facilities on the consolidated balance sheets of the Corporation approximate their fair values.

The following table summarizes the fair value measurements of the Corporation's long-term debt as of June 30, 2015 and December 31, 2014, all of which is Level 2 of the fair value hierarchy and recorded on the consolidated balance sheets at its carrying value:

	June 30, 2015		December 31, 2014	
($ millions)	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Long-term debt, including current portion [1]	**685.0**	**816.0**	685.0	834.2

[1] Includes secured and unsecured debentures for which the carrying value is measured at cost.

The fair value of long-term debt is estimated using quoted market prices when available. When quoted market prices are not available, the fair value is determined by discounting the future cash flows of the specific debt instrument at an estimated yield to maturity equivalent to benchmark government bonds or treasury bills, with similar terms to maturity, plus a market credit risk premium equal to that of issuers of similar credit quality. Since the Corporation does not intend to settle the long-term debt prior to maturity, the fair value estimate does not represent an actual liability and, therefore, does not include exchange or settlement costs.

10. RELATED PARTY TRANSACTIONS

In the normal course of business, the Corporation transacts with its parent, ultimate parent and other related companies under common control to provide or receive services and materials. The following transactions were measured at the exchange amount unless otherwise indicated.

Related Party Recoveries

The amounts charged to the Corporation's parent and other related parties under common control for the three months and six months ended June 30 were as follows:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2015**	2014	**2015**	2014
Electricity revenue recovered from FortisBC Energy Inc. ("FEI") (a)	**0.2**	0.1	**0.3**	0.3
Operating costs and other revenue charged to FortisBC Pacific (b)	**2.6**	2.0	**5.0**	3.7
Operating costs charged to FEI (c)	**1.8**	1.0	**2.8**	2.3
Operating costs charged to FortisBC Holdings Inc. ("FHI") (d)	**0.1**	0.1	**0.2**	0.3
	4.7	3.2	**8.3**	6.6

(a) The Corporation charged FEI for electricity sold.

(b) The Corporation charged its parent, FortisBC Pacific, for management services, labour and materials.

(c) The Corporation charged FEI for management services.

(d) The Corporation charged FHI for management services.

Related Party Costs

The amounts charged by the Corporation's ultimate parent and other related parties under common control for the three and six months ended June 30 were as follows:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2015**	2014	**2015**	2014
Power purchase costs charged by Waneta Expansion Limited Partnership ("WELP") (a)	**2.3**	-	**2.3**	-
Operating costs charged by Fortis (b)	**0.5**	0.6	**1.1**	1.2
Operating costs charged by FEI (c)	**0.8**	0.8	**1.6**	1.6
Operating costs charged by FHI (d)	**0.2**	0.3	**0.2**	0.3
Finance charges charged by Fortis (e)	**-**	0.3	**-**	0.5
	3.8	2.0	**5.2**	3.6

(a) The Corporation was charged by WELP for purchasing capacity under the Waneta Expansion Capacity Agreement ("WECA").

(b) The Corporation was charged by its ultimate parent, Fortis, for the fair value of stock-based compensation granted by Fortis and for corporate management services.

(c) The Corporation was charged by FEI for office rent and management services.

(d) The Corporation was charged by FHI for management services and board of director costs.

(e) The Corporation was charged by Fortis for interest on demand notes.

10. RELATED PARTY TRANSACTIONS (continued)

Balance Sheet Amounts

The amounts due from related parties, which are included in accounts receivable on the consolidated balance sheets, and the amounts due to related parties, which are included in accounts payable and other current liabilities on the consolidated balance sheets, are as follows:

	June 30, 2015		December 31, 2014	
($ millions)	**Amount Due From**	**Amount Due To**	Amount Due From	Amount Due To
Fortis	**-**	**0.1**	-	-
FortisBC Pacific	**0.9**	**-**	0.5	-
FEI	**1.6**	**0.1**	1.1	0.2
FHI	**-**	**0.1**	0.1	0.1
WELP	**-**	**1.0**	-	-
	2.5	**1.3**	1.7	0.3

11. COMMITMENTS

Power Purchase Obligations

The Capacity and Energy Purchase and Sale Agreement ("CEPSA"), which provides for FBC to purchase all of its market energy requirements from Powerex, became effective during the second quarter of 2015. As at June 30, 2015, the total power purchase obligations outstanding under the CEPSA were approximately $13 million through to mid-2017. The energy purchases under the CEPSA do not relate to specific plants and/or the output being purchased do not constitute a significant portion of the output of a specific plant.

12. CONTINGENCIES

The Province of BC filed a claim in the BC Supreme Court on June 8, 2012 claiming on its behalf, and on behalf of approximately 17 homeowners, damages suffered as a result of a landslide caused by a dam failure in Oliver, BC in 2010. The Province alleges in its claim that the dam failure was caused by the defendants, including FBC, through the use of a road on top of the dam. The Province estimates its damages, and the damages of the homeowners on whose behalf it is claiming, to be approximately $15 million. FBC has notified its insurers; however, FBC has been advised by counsel for the Province that a response to the claim is not required at this time. The outcome cannot be reasonably determined or estimated at this time and, accordingly, no amount has been accrued in the financial statements.