FortisBC Energy Inc.

An indirect subsidiary of Fortis Inc.

Interim Consolidated Financial Statements
For the three months ended March 31, 2016 and 2015
(Unaudited)

Prepared in accordance with United States Generally Accepted Accounting Principles

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

ASSETS	March 31, 2016	December 31, 2015
Current assets		
Cash and cash equivalents	**$ 2**	$ 3
Accounts receivable (note 11)	**192**	196
Inventories	**37**	81
Prepaid expenses	**2**	4
Regulatory assets	**42**	26
	275	310
Property, plant and equipment	**3,993**	3,957
Intangible assets	**124**	127
Goodwill	**913**	913
Regulatory assets	**738**	768
Other assets	**9**	9
	$ 6,052	$ 6,084
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term notes (note 5)	**$ 358**	$ 391
Accounts payable and other current liabilities (note 11)	**176**	237
Other taxes payable	**45**	36
Income taxes payable	**20**	17
Current portion of long-term debt	**205**	205
Current portion of capital lease and finance obligations	**6**	6
Regulatory liabilities	**85**	80
	895	972
Long-term debt	**1,757**	1,757
Capital lease and finance obligations	**97**	99
Regulatory liabilities	**95**	106
Deferred income taxes	**424**	418
Other liabilities	**209**	208
	3,477	3,560
Shareholder's equity		
Common shares [a]	**1,141**	1,141
Additional paid-in capital	**1,245**	1,245
Retained earnings	**179**	128
	2,565	2,514
Non-controlling interest	**10**	10
	2,575	2,524
	$ 6,052	$ 6,084

[a] No par value; 500 million authorized common shares; 323.9 million issued and outstanding at March 31, 2016 and December 31, 2015.

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

FortisBC Energy Inc.
Consolidated Statements of Earnings (US GAAP) (Unaudited)
For the three months ended March 31
(in millions of Canadian dollars)

		2016		2015
Revenues				
Natural gas transmission and distribution	**$**	**406**	$	489
Other income		**3**		2
		409		491
Expenses				
Cost of natural gas		**135**		217
Operation and maintenance (note 11)		**55**		55
Depreciation and amortization		**51**		49
Property and other taxes		**16**		15
		257		336
Operating income		**152**		155
Finance charges (note 6)		**31**		34
Earnings before income taxes		**121**		121
Income taxes		**30**		34
Net earnings	**$**	**91**	$	87

FortisBC Energy Inc.
Consolidated Statements of Changes in Equity (US GAAP) (Unaudited)
For the three months ended March 31
(in millions of Canadian dollars)

	Common Shares	**Additional Paid-in Capital**	**Non-controlling Interest**	**Retained Earnings**	**Total**
As at December 31, 2014	$ 1,056	$ 1,245	$ 11	$ 112	$ 2,424
Net earnings	-	-	-	87	87
Dividend on common shares	-	-	-	(60)	(60)
As at March 31, 2015	1,056	1,245	11	139	2,451
As at December 31, 2015	**1,141**	**1,245**	**10**	**128**	**2,524**
Net earnings	**-**	**-**	**-**	**91**	**91**
Dividend on common shares	**-**	**-**	**-**	**(40)**	**(40)**
As at March 31, 2016	**$ 1,141**	**$ 1,245**	**$ 10**	**$ 179**	**$ 2,575**

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

FORTIS BC™

FortisBC Energy Inc.
Consolidated Statements of Cash Flows (US GAAP) (Unaudited)
For the three months ended March 31
(in millions of Canadian dollars)

	2016	2015
Cash flows provided by (used for)		
Operating activities		
Net earnings	**$ 91**	$ 87
Adjustments for non-cash items		
Depreciation and amortization	**51**	49
Deferred income taxes	**-**	1
Equity component of allowance for funds used during construction	**(3)**	(2)
Change in long-term regulatory assets and liabilities	**4**	(39)
Change in non-cash working capital (note 8)	**15**	96
	158	192
Investing activities		
Property, plant and equipment	**(82)**	(111)
Intangible assets	**(2)**	(2)
Cost of removal	**(3)**	(4)
Contributions in aid of construction	**2**	1
Change in other assets and other long-term liabilities	**1**	1
	(84)	(115)
Financing activities		
Decrease in short-term notes	**(33)**	(3)
Reduction of long-term debt and capital lease and finance obligations	**(2)**	(22)
Dividend on common shares	**(40)**	(60)
	(75)	(85)
Net decrease in cash and cash equivalents	**(1)**	(8)
Cash and cash equivalents at beginning of period	**3**	10
Cash and cash equivalents at end of period	**$ 2**	$ 2

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 Energy Inc. ("FEI" or the "Corporation") is a wholly-owned subsidiary of FortisBC Holdings Inc. ("FHI"), which is a wholly-owned subsidiary of Fortis Inc. ("Fortis"), a Canadian public company.

The Corporation is the largest distributor of natural gas in British Columbia ("BC"), serving approximately 985,000 residential, commercial and industrial and transportation customers in more than 135 communities. Major areas served by the Corporation are the Mainland, Vancouver Island, and Whistler regions of BC. The Corporation provides transmission and distribution services to its customers, and obtains natural gas supplies on behalf of most residential, commercial and industrial customers. Gas supplies are sourced primarily from northeastern BC and, through the Corporation's Southern Crossing Pipeline, from Alberta.

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 and are presented in Canadian dollars. 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 2015 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 FEI's year-end audited consolidated financial statements as at December 31, 2015.

The interim consolidated financial statements include the accounts of the Corporation and its subsidiaries and its 85 per cent interest in the Mt. Hayes Storage Limited Partnership ("MHLP"). The Corporation consolidates 100 per cent of its subsidiaries and recognizes 15 per cent of the MHLP as a non-controlling interest. All material inter-company transactions and balances have been eliminated upon consolidation.

An evaluation of subsequent events through April 26, 2016, 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 March 31, 2016. 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.

New Accounting Policy

Amendments to the Consolidation Analysis

Effective January 1, 2016, FEI adopted Accounting Standard Update ("ASU") No. 2015-02 that changed the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. Specifically, the amendments note the following with regard to limited partnerships: (i) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities; and (ii) eliminate the presumption that a general partner should consolidate a limited partnership. The adoption of this update did not impact FEI's consolidated financial statements.

Future Accounting Pronouncements

FEI considers the applicability and impact of all ASU's issued by the Financial Accounting Standards Board ("FASB"). The following updates have been issued by FASB, but have not yet been adopted by FEI. Any ASUs not included below were assessed and determined to be either not applicable to the Corporation or are not expected to have a material impact on the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from Contracts with Customers

ASU No. 2014-09 was issued in May 2014 and 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 was originally effective for annual and interim periods beginning after December 15, 2016 and is to be applied on a full retrospective or modified retrospective basis. ASU No. 2015-14 was issued in August 2015 and the amendments in this update defer the effective date of ASU No. 2014-09 by one year to annual and interim periods beginning after December 15, 2017. Early adoption is permitted as of the original effective date.

ASU No. 2016-08, *Principal versus Agent Considerations*, was issued in March 2016 and ASU No. 2016-10, *Identifying Performance Obligations and Licensing*, was issued in April 2016. Both ASU's clarify implementation guidance in ASC Topic 606. The effective date of these updates is the same as the effective date and transition requirements of ASU No. 2014-09.

The majority of FEI's revenue is generated from natural gas sales to customers based on published tariff rates, as approved by the BCUC, and is expected to be in the scope of ASU No. 2014-09. FEI has not yet selected a transition method and is assessing the impact that the adoption of this standard, and all related ASUs, will have on its consolidated financial statements and related disclosures. FEI plans to have this assessment substantially complete by the end of 2016.

Recognition and Measurement of Financial Assets and Financial Liabilities

ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, was issued in January 2016 and the amendments in this update address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. Most notably, the amendments require the following: (i) equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) to be measured at fair value through earnings; however, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment, and plus or minus subsequent adjustments for observable price changes; and (ii) financial assets and financial liabilities to be presented separately in the notes to the consolidated financial statements, grouped by measurement category and form of financial asset. This update is effective for annual and interim periods beginning after December 15, 2017. FEI is assessing the impact that the adoption of this update will have on its consolidated financial statements and related disclosures.

Leases

ASU No. 2016-02 was issued in February 2016 and the amendments in this update create ASC Topic 842, *Leases*, and supersede lease requirements in ASC Topic 840, *Leases*. The main provision of Topic 842 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. For operating leases, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; (ii) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis; and (iii) classify all cash payments within operating activities in the statement of cash flows. These amendments also require qualitative disclosures along with specific quantitative disclosures. This update is effective for annual and interim periods beginning after December 15, 2018 and is to be applied using a modified retrospective approach with practical expedients options. Early adoption is permitted. FEI is assessing the impact that the adoption of this update will have on its consolidated financial statements and related disclosures.

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 FEI'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 1.1 per cent each year. The PBR Plan also includes a 50/50 sharing of variances 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 FEI maintains service levels. It also sets out the requirements for an annual review process which will provide a forum for discussion between FEI and interested parties regarding its current performance and future activities.

In December 2015, the BCUC issued its decision on FEI's 2016 delivery rates. The decision results in a 2016 average rate base of approximately $3,693 million (excluding rate base of approximately $11 million for Fort Nelson) and a customer delivery rate increase of 1.79 per cent over 2015 rates.

Allowed Return on Equity ("ROE") and Capital Structure

The 2016 interim ROE and common equity component of capital structure for FEI is 8.75 per cent and 38.5 per cent, respectively, which is unchanged from the 2015 ROE and common equity component of capital structure.

In October 2015, FEI filed its application to review the 2016 benchmark utility ROE and common equity component of capital structure. In December 2015, the BCUC determined that FEI's existing common equity component of capital structure and ROE will remain the benchmark on an interim basis, effective January 1, 2016. A hearing on the cost of capital proceeding concluded in March 2016 and a decision on the application is expected in mid-2016.

4. SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Corporation's natural gas transmission and distribution operations and its impact on natural gas consumption patterns, the natural gas transmission and distribution operations of FEI normally generate higher net earnings in the first and fourth quarters and lower net earnings in the second quarter, which are partially offset by net losses in the third quarter. As a result of the seasonality, interim net earnings are not indicative of net earnings on an annual basis.

5. CREDIT FACILITIES AND DEBENTURES

Credit Facilities

As at March 31, 2016, the Corporation had a $700 million syndicated credit facility available of which $289 million (December 31, 2015 - $256 million) was unused. The $700 million credit facility matures in August 2018.

The following summary outlines the Corporation's credit facility:

($ millions)	**March 31, 2016**	December 31, 2015
Total credit facility	**700**	700
Short-term notes	**(358)**	(391)
Letters of credit outstanding	**(53)**	(53)
Credit facility available	**289**	256

Debentures

On April 5, 2016, FEI issued $150 million unsecured Medium Term Note Debentures ("MTN Debentures") Series 27 and $150 million unsecured MTN Debentures Series 28. The MTN Debentures Series 27 bears interest at a rate of 2.58 per cent to be paid semi-annually and matures on April 8, 2026. The MTN Debentures Series 28 bears interest at a rate of 3.67 per cent to be paid semi-annually and matures on April 9, 2046. The net proceeds will be used to repay existing indebtedness and finance the Corporation's capital expenditure program.

6. FINANCE CHARGES

Finance charges for the three months ended March 31 were as follows:

($ millions)	2016	2015
Interest on long-term debt, capital leases and finance obligations	**33**	34
Interest on short-term debt	**1**	1
Debt component of AFUDC	**(3)**	(1)
	31	34

7. EMPLOYEE FUTURE BENEFITS

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

The net benefit cost for the three months ended March 31 was as follows:

	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
($ millions)	2016	2015	2016	2015
Service costs	**4**	5	**1**	1
Interest costs	**6**	6	**1**	1
Expected return on plan assets	**(7)**	(7)	**-**	-
Amortization:				
Actuarial losses	**1**	2	**1**	1
Past service costs	**-**	-	**(1)**	(1)
Regulatory adjustment	**1**	-	**1**	-
Net benefit cost	**5**	6	**3**	2

8. SUPPLEMENTARY INFORMATION TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The supplementary information to the consolidated statements of cash flows for the three months ended March 31 was as follows:

Significant Non-Cash Transactions

($ millions)	2016	2015
Fair value of natural gas derivatives	**19**	-
Capital accruals	**12**	(25)
Regulatory assets and regulatory liabilities accruals	**4**	(2)
Whistler pipeline contribution in aid of construction included in regulatory assets	**-**	13
Regulated asset for deferred income taxes	**6**	5

Change in Non-Cash Working Capital

($ millions)	2016	2015
Accounts receivable	**4**	-
Inventories	**44**	63
Prepaid expenses	**2**	3
Accounts payable and other current liabilities	**(50)**	(47)
Other taxes payable	**9**	8
Income taxes payable	**3**	40
Net regulatory assets and liabilities	**3**	31
Other	**-**	(2)
	15	96

8. SUPPLEMENTARY INFORMATION TO CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

The non-cash investing activities balances as at March 31 were as follows:

($ millions)	**2016**	2015
Additions to property, plant and equipment and intangible assets included in current liabilities	**9**	36

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Corporation engages in price risk management activities to limit the exposure to fluctuations in natural gas prices and to ensure, to the extent possible, that natural gas commodity costs remain competitive against other energy sources. In the past these have typically included the use of derivative instruments which were implemented pursuant to a Price Risk Management Plan ("PRMP") approved by the BCUC. In July 2010, the BCUC ordered a review of the Corporation's PRMP hedging strategy in the context of the *Clean Energy Act (British Columbia)* and the expectation of increased domestic natural gas supply. Following a comprehensive review process, in July 2011, the BCUC directed the Corporation to suspend the majority of its natural gas commodity hedging activities except for the implementation of certain basis swaps.

All hedges that had been in place from previously approved PRMPs prior to the suspension of the hedging strategy expired in 2014.

In December 2015, the Corporation filed a 2015 Price Risk Management Application ("Application") with the BCUC. The Corporation is requesting BCUC approval to implement specific price risk management tools and strategies to limit the exposure to fluctuations in natural gas prices for customers who receive commodity supply from FEI. These include the use of derivative instruments which would be implemented pursuant to the Application, if approved. A decision on the Application is expected in mid-2016.

Volume of Derivative Activity

As at March 31, 2016, the Corporation had the following notional volumes of outstanding natural gas commodity derivatives that are expected to be settled as outlined below:

	2016	**2017**	**2018**	**2019**	**2020**	**Thereafter**
Natural gas supply contracts (petajoules)	79	46	44	26	22	63

Presentation of Derivative Instruments in the Financial Statements

In the Corporation's consolidated balance sheets, derivative instruments are presented on a net basis by counterparty where the right of offset exists.

At March 31, 2016, the Corporation's outstanding derivative balances, which consisted of natural gas supply contract premiums, were as follows:

($ millions)	**Gross Derivatives Balance**[1]	**Netting**[2]	**Cash Collateral**	**Total Derivatives Balance**
Natural gas supply contract premiums:				
Accounts receivable	**2**	**-**	**-**	**2**

1. See note 10 for a discussion of the valuation techniques used to calculate the fair value of these instruments.
2. Positions, by counterparty, are netted where the intent and legal right to offset exists.

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (continued)

Presentation of Derivative Instruments in the Financial Statements (continued)

At December 31, 2015, the Corporation's outstanding derivative balances, which consisted of natural gas supply contract premiums, were as follows:

($ millions)	Gross Derivatives Balance[1]	Netting[2]	Cash Collateral	Total Derivatives Balance
Natural gas supply contract premiums:				
Accounts payable and other current liabilities	17	-	-	17

1. See note 10 for a discussion of the valuation techniques used to calculate the fair value of these instruments.
2. Positions, by counterparty, are netted where the intent and legal right to offset exists.

The following table shows the cumulative unrealized (gains) losses at March 31, 2016 and December 31, 2015, with respect to all natural gas derivative contracts:

($ millions)	**March 31, 2016**	December 31, 2015
Unrealized (gain) loss on natural gas supply contract premiums[1,2]	**(2)**	17

1. Unrealized gains and losses on commodity risk-related derivative instruments are recorded in current regulatory assets or liabilities rather than being recorded to the consolidated statement of earnings.
2. These amounts are fully passed through to customers in rates. Accordingly, net earnings were not impacted by realized amounts on these instruments.

Cash inflows and outflows associated with the settlement of all derivative instruments are included in operating cash flows on the Corporation's consolidated statements of cash flows.

10. 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 qualify for the normal purchases and normal sales exception.

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, including derivatives, 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 consolidated earnings or cash flows.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities and short-term notes on the consolidated balance sheets of the Corporation approximate their fair values.

The fair values of the natural gas commodity derivatives are estimates of the amounts that the Corporation would receive or pay to terminate the outstanding contracts as at the balance sheet date. None of the natural gas commodity derivatives were designated as hedges of the natural gas supply contracts. However, any changes in the fair value of the natural gas commodity derivatives are deferred as a regulatory asset or liability for recovery from, or refund to, customers in future rates, as permitted by the BCUC.

10. FAIR VALUE MEASUREMENT (continued)

The following table summarizes the fair value measurements of the Corporation's long-term debt and natural gas derivative contracts as of March 31, 2016 and December 31, 2015, all of which are Level 2 of the fair value hierarchy and recorded on the consolidated balance sheets at their carrying value:

	March 31, 2016		December 31, 2015	
($ millions)	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Long-term debt, including current portion[1]	**1,975**	**2,458**	1,975	2,393
Natural gas supply contract premiums[2]	**(2)**	**(2)**	17	17

1. Carrying value excludes unamortized debt issuance costs of $13 million (2015 - $13 million). For the purposes of this disclosure, carrying value is used to approximate fair value for the repayable government loan.
2. Natural gas supply contract premiums were "in the money" as at March 31, 2016 and included in accounts receivable, and "out of the money" as at December 31, 2015 and included in accounts payable and other current liabilities.

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.

11. 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 ended March 31 were as follows:

($ millions)	**2016**	2015
Operation and maintenance expense charged to FortisBC Inc. ("FBC") (a)	**1**	1

(a) The Corporation charged FBC for natural gas transmission and distribution sales, office rent and management services.

Related Party Costs

The amounts charged by the Corporation's parent and other related parties under common control for the three months ended March 31 were as follows:

($ millions)	**2016**	2015
Operation and maintenance expense charged by FBC (a)	**1**	1
Operation and maintenance expense charged by FHI (b)	**3**	3
	4	4

(a) FBC charged the Corporation for electricity purchases and management services.

(b) FHI charged the Corporation for board of director costs, management services, labour and materials.

11. 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:

	March 31, 2016		December 31, 2015	
($ millions)	**Amount Due From**	**Amount Due To**	Amount Due From	Amount Due To
FHI	**1**	**-**	1	1
FBC	**-**	**1**	-	-
	1	**1**	1	1

During the quarter ended March 31, 2016, FEI paid FBC $6 million to repay FBC for funds that were transferred from FBC's tax instalment account at the Canada Revenue Agency ("CRA") to FEI's tax instalment account at the CRA. The transfer resulted in a decrease to FBC's income tax receivable balance and a decrease to FEI's income taxes payable balance as permitted by the CRA for associated entities.

12. GUARANTEES

The Corporation has letters of credit outstanding at March 31, 2016 totaling $53 million (December 31, 2015 - $53 million) primarily to support its unfunded supplemental pension benefit plans.

FEI holds a letter of credit of approximately $47 million as security for development expenditures incurred on the Eagle Mountain Woodfibre Gas Pipeline Project.