FORTISBC

FORTISBC INC.

SEMI-ANNUAL DSM REPORT

SIX MONTHS ENDED JUNE 30, 2008

Table of Contents

REPORT OBJECTIVE	3
ENERGY SAVINGS PER SECTOR	3
PROGRAM COSTS	5
FINANCIAL RESULTS	6
INCENTIVE MECHANISM	6
APPENDIX A DSM SUMMARY REPORT BCUC FORMAT	8

Report Objective

This report provides highlights of FortisBC Inc.'s ("FortisBC or "the Company") Demand Side Management ("DSM") programs for the six months ending June 30, 2008. The presentation format compares actual energy savings and costs to plan, provides a statement of financial results and details the estimated DSM incentive for the period.

Overview of Results for the Six Months Ended June 30, 2008

Energy efficiency savings for the six months ending June 30, 2008 were 16.2 GW.h, 165 percent of the planned 9.8 GW.h for the same period. Costs for the year were \$1.33 million or 113 percent of the planned \$1.18 million for the same period. The Total Resource Benefit/Cost ratio for the six months ended June 30, 2008 was 2.1.

Energy Savings per Sector

	GV		
	YTD Plan	Actual	% of Plan
Residential	4.2	6.0	142
General Service	4.6	8.9	195
Industrial	1.0	1.3	127
Total	9.8	16.2	165

The Residential, General Service and Industrial sectors all exceeded their energy savings target for the period.

Detail of Energy Savings

Desidential Drograms	GV		
Residential Programs	YTD Plan	Actual	% of Plan
H.I.P./Watersavers	0.2	0.2	123
New Home Program	0.7	0.8	123
Heat Pumps (Air and Ground Source)	2.4	3.3	137
Residential Lighting	0.9	1.6	180
Total	4.2	6.0	143

The residential construction and renovation activity continued apace. All Residential programs exceeded plan expectations. In the New Home program, there were 196 single family and 325 multiple unit participants up to June 30. There were 392 Air Source and 37 Ground Source Heat Pump participants.

Concred Sources Drognoma	GV		
General Service Programs	YTD Plan	Actual	% of Plan
Lighting	1.8	6.3	349
Building and Process Improvement	2.7	2.6	95
Total	4.6	8.9	195

The General Service sector recorded savings of 8.9 GW.h or 195 percent of plan to June 30, 2008. Product lighting rebates, offered through lighting wholesalers at point of sale, make up 3.7 GWh of the lighting results. Larger projects included savings of: 0.5 GW.h each for lighting retrofits in a hospital and a refrigerated warehouse; 0.8 GW.h for a new water treatment plant in the Okanagan; and 0.3 GW.h for a new city hall in the Kootenays.

Inductrial Dragnoma	GV	GW.h			
Industrial Programs	YTD Plan	Actual	% of Plan		
Compressed Air	0.4	0.0	0		
Industrial Efficiencies	6.0	1.3	197		
	1.0	1.3	127		

The Industrial Efficiency program achieved savings of 1.3 GW.h, in excess of the planned 1.0 GW.h. The majority of savings were the result of completion of a final phase of a project at the Castlegar pulp mill.

Program	Costs
---------	-------

Summary of Costs by Sector						
	(\$0	(\$000 s)				
	YTD Plan	Actual	% of Plan			
Residential	512	579	113			
General Service	377	523	139			
Industrial	100	59	59			
Planning and Evaluation	189	173	92			
Total	1,178	1,334	113			

Costs amounted to \$1,334,000, 113 percent of the plan figure to June 30, 2008.

Costs per Sector:

Residential	(\$0	(\$000s)		
Residential	YTD Plan	Actual	% of Plan	
H.I.P./Watersavers	68	36	53	
New Home Program	143	174	121	
Heat Pumps (Air & Ground)	223	277	124	
Residential Lighting	78	93	119	
Total	512	579	113	

The cost of Residential programs was \$579,000, 113 percent of plan. The largest cost component of Residential programs is the Heat Pumps Program followed by the New Home Program. Incentives paid to participants amounted to \$387,000 during the period, \$70,000 over plan, due to the higher volume of energy savings recorded.

General Service	(\$0		
General Service	YTD Plan	Actual	% of Plan
Lighting	129	224	174
Building and Process Improvement	249	299	120
Total	377	523	139

Costs to June 30, 2008 for General Service amounted to \$523,000 or 139 percent of plan. Incentives paid amounted to \$242,000 and exceeded plan by 17 percent or \$36,000. This corresponds to the savings activity within this sector which also exceeds plan.

Industrial	(\$0	(\$000s)		
Industrial	YTD Plan	Actual	% of Plan	
Industrial Efficiencies	71	51	72	
Compressed Air	29	8	28	
Total	100	59	59	

Industrial sector costs were \$59,000 for the period, 59 percent of plan. Incentives paid during the period amounted to \$17,000, or \$46,000 below plan, as the largest project rebate was throttled by the 2-year payback limitation.

Financial Results

P	Program	D	Planning and Evaluation	Customer	Tradiciona	Benefit/Cost
Program	Benefits	Program Costs		Costs	Total Costs	Ratios
Residential			(\$000s)			
H.I.P./Watersavers	104	36	3	73	111	0.9
New Home program	466	174	9	-23	160	2.9
Heat Pumps	1,171	277	36	607	920	1.3
Residential Lighting	395	93	17	-4	105	3.8
Residential Total	2,136	579	65	653	1,297	1.6
General Service						
Lighting	2,077	224	67	280	571	3.6
Building and Process Improvement	973	299	28	363	689	1.4
General Service Total	3,050	523	95	642	1,260	2.4
Industrial						
Industrial Efficiencies	376	51	13	52	116	3.2
Compressed Air	0	8	0	0	8	0.0
Industrial Total	376	59	13	52	124	3.0
Total	5,562	1,161	173	1,347	2,681	2.1

An overall Benefit/Cost ratio of 2.1 has been achieved to June 30, 2008, which is equal to the plan figure for the year.

The residential sector results had an overall benefit/cost ratio of 1.6. In the General Service and Industrial sectors, financial results exceeded expectations with benefit/cost ratios of 2.4 and 3.0 respectively.

Incentive Mechanism

The incentive mechanism provides for incentives based on Net Benefits exceeding plan. Net Benefits are defined as Gross Benefits attributed to energy and capacity savings based on avoided power purchase costs, less FortisBC program costs and customer-incurred costs pertinent to the energy savings project. The Net Benefits baseline is based on an average of the three preceding years, with actual costs escalated into 2008 dollars and benefits priced under the current BC Hydro rate schedule 3808.

	TRC Net Benefits				
	Actual to:	Base to:	Eligible for		Forecast
	30-Jun 2008	30-Jun 2008	Incentive	Performance	Incentive
		\$000s		\$000s	
Residential	904	956	878	92%	-
General Service	1,885	1,216	1,496	123%	60
Industrial	265	165	248	150%	7
Total	3,054	2,337	2,622		67

Actual Net Benefits to June 30, 2008 amounted to \$3,054,000, a \$717,000 favourable variance over the baseline Net Benefits of \$2,337,000.

As prescribed by the Shared Savings Mechanism ("SSM"), the net benefits for Residential and General Service were capped at 110 percent of the 2008 Plan. The Industrial total net benefits were capped at 150 percent of base net benefits, also as prescribed by the SSM. General Service and Industrial were successful in attracting the maximum incentive rates of 4 percent and 3 percent respectively, while Residential net benefits, at 92 percent of base net benefits, were within the incentive dead band.

Based on current costs, savings and benefit calculations to June 30, 2008 an incentive of \$67,000 has been calculated. This amount will change based on the performance during the second half of the fiscal year.

Appendix A DSM Summary Report BCUC Format

Program Costs					Total	Customer	ustomer Total		Benefit/Cost Ratios		
Direct	Direct	Program	Planning &	Research	Utility	Incurred	Resource	Societal	Total	Rate	Levelised
Incentives	Information	Labour	Evaluation	Adm & OH	Cost	Cost	Cost	Cost	Resource	Impact	Cost
\$000s										¢/kWh	
171.4	34.9	71.0	21.6	14.4	313	607	920	n/a	1.3	0.5	3.0
148.1	11.7	13.8	5.2	3.5	182	-23	160	n/a	2.9	0.6	1.7
53.2	6.0	33.3	10.3	6.9	110	-4	105	n/a	3.8	0.7	1.6
<u>14.5</u>	<u>5.7</u>	15.7	<u>1.5</u>	<u>1.0</u>	<u>38</u>	<u>73</u>	<u>111</u>	<u>n/a</u>	<u>0.9</u>	<u>0.5</u>	<u>4.7</u>
<u>387.2</u>	<u>58.3</u>	<u>133.8</u>	<u>38.7</u>	<u>25.8</u>	<u>644</u>	<u>653</u>	<u>1,297</u>		<u>1.6</u>	0.5	<u>2.7</u>
134.2	33.5	56.4	40.3	26.9	291	280	571	n/a	3.6	0.5	1.2
<u>107.9</u>	76.5	<u>114.1</u>	<u>16.6</u>	<u>11.0</u>	<u>326</u>	<u>363</u>	<u>689</u>	<u>n/a</u>	<u>1.4</u>	<u>0.5</u>	<u>2.7</u>
<u>242.1</u>	110.0	170.5	<u>56.9</u>	<u>37.9</u>	<u>617</u>	<u>642</u>	<u>1,260</u>		<u>2.4</u>	0.5	<u>1.7</u>
16.6	1.5	33.2	8.1	5.4	65	52	116	n/a	3.2	0.6	0.8
<u>0.0</u>	<u>1.5</u>	<u>6.5</u>	<u>0.0</u>	0.0	<u>8</u>	<u>0</u>	<u>8</u>	<u>n/a</u>	<u>0.0</u>	0.0	<u>0.0</u>
<u>16.6</u>	<u>3.0</u>	<u>39.7</u>	<u>8.1</u>	<u>5.4</u>	<u>73</u>	<u>52</u>	<u>124</u>		<u>3.0</u>	<u>0.6</u>	<u>1.0</u>
<u>645.9</u>	<u>171.3</u>	<u>343.9</u>	<u>103.7</u>	<u>69.1</u>	<u>1,334</u>	<u>1,347</u>	<u>2,681</u>		<u>2.1</u>	<u>0.5</u>	<u>2.0</u>
per kWh 2.0				Energy Savings - GW h			h	16.2			
Levelised Capacity Unit Cost - Dollars per kW		139.5				Capacity S	avings - kW	7	2,531		
	Incentives 171.4 148.1 53.2 14.5 <u>387.2</u> 134.2 107.9 <u>242.1</u> 16.6 <u>0.0</u> <u>16.6</u> <u>645.9</u> per kWh	Direct Direct Incentives Information 171.4 34.9 148.1 11.7 53.2 6.0 14.5 5.7 387.2 58.3 134.2 33.5 107.9 76.5 242.1 110.0 16.6 1.5 0.0 1.5 16.6 3.0 645.9 171.3	Direct Direct Program Incentives Information Labour 171.4 34.9 71.0 148.1 11.7 13.8 53.2 6.0 33.3 14.5 5.7 15.7 387.2 58.3 133.8 134.2 33.5 56.4 107.9 76.5 114.1 242.1 110.0 170.5 16.6 1.5 33.2 0.0 1.5 6.5 16.6 3.0 39.7 645.9 171.3 343.9	DirectDirectProgramPlanning & EvaluationIncentivesInformationLabourFevaluation171.434.971.021.6148.111.713.85.253.26.033.310.314.55.715.71.5387.258.3133.838.7134.233.556.440.3107.976.5114.116.6242.1110.0170.556.916.61.533.28.10.01.56.50.016.63.039.78.1645.9171.3343.9103.7er kWh2.0	DirectDirectProgramPlanning & Research EvaluationResearch Adm & OHIncentives InformationLabourEvaluationAdm & OHIncentives InformationValueStoreStore171.434.971.021.614.4148.111.713.85.23.553.26.033.310.36.914.55.715.71.51.0387.258.3133.838.725.8134.233.556.440.326.9107.976.5114.116.611.0242.1110.0170.556.937.916.61.533.28.15.40.01.56.50.00.016.63.039.78.15.4645.9171.3343.9103.769.1verture	DirectDirectProgramPlanning & ResearchItotal UtilityIncentives InformatiorLabourEvaluationAdm & OHCost171.434.971.021.614.4313148.111.713.85.23.518253.26.033.310.36.911014.55.715.71.51.038387.258.3133.838.725.8644134.233.556.440.326.9291107.976.5114.116.611.0326242.1110.0170.556.937.961716.61.533.28.15.4650.01.56.50.00.0816.63.039.78.15.473645.9171.3343.9103.769.11.334ver www	Direct IncentivesProgram LabourPlanning & Research EvaluationIncurred Mdm & OHIncurred Cost171.434.971.021.614.4313607148.111.713.85.23.5182-2353.26.033.310.36.9110-414.55.715.71.51.03873387.258.3133.838.725.8644653134.233.556.440.326.9291280107.976.5114.116.611.0326363242.1110.0170.556.937.961764216.61.533.28.15.465520.01.56.50.00.08016.63.039.78.15.47352645.9171.3343.9103.769.11.3341.347ver kWh2.0	Direct Incentives Program Information Planning & Research Evaluation Research Adm & OH Incurred Utility Adm & OH Resource Cost Incentives Information Labour Featuration Adm & OH Cost Cost Incentives Information Labour Status Otto Cost 171.4 34.9 71.0 21.6 14.4 313 607 920 148.1 11.7 13.8 5.2 3.5 182 -23 160 53.2 6.0 33.3 10.3 6.9 110 -4 105 14.5 5.7 15.7 1.5 1.0 38 73 111 387.2 58.3 133.8 38.7 25.8 644 653 1.297 134.2 33.5 56.4 40.3 26.9 291 280 571 107.9 76.5 114.1 16.6 11.0 326 52 116 0.0 1.5 6.5 0.0	Direct Incentives Information Program Labour Planning & Research Evaluation Itotiti Adm & OH Incurred Utility Resource Cost Societal Cost Incentives Information Labour Fealuation Adm & OH Cost C	Direct IncentivesProgram LabourPlanning & Research EvaluationIncurred UtilityResourceSocietal CostTotal Cost171.434.971.021.614.4313607920n/a1.3148.111.713.85.23.5182-2.3160n/a2.953.26.033.310.36.9110-4105n/a3.814.55.715.71.51.0387.3111n/a9.9387.258.3133.838.725.86446531.2971.6134.233.556.440.326.9291280571n/a3.6107.976.5114.116611.0326363689n/a1.4242.1110.0170.556.937.96176421.260n/a3.216.61.533.28.15.46552116n/a3.216.61.533.28.15.4731241.61.43.016.61.53.93.9.78.15.47312.61.61.43.016.61.53.9.28.15.4732.21241.61.43.016.61.53.9.28.15.4732.21241.61.43.016.63.03.9.78.15.473<	Direct Program Planning & Research Iourity Utily Incurred Resource Societal Total Resource Inpact Incentives Information Labour 21.6 14.4 313 607 920 n/a 1.3 0.5 171.4 34.9 71.0 21.6 14.4 313 607 920 n/a 1.3 0.5 148.1 11.7 13.8 5.2 3.5 182 -23 160 n/a 2.9 0.6 53.2 6.0 33.3 10.3 6.9 110 4 105 n/a 3.8 0.7 14.5 5.7 15.7 1.5 1.0 38 73 111 n/a 3.6 0.5 134.2 33.5 56.4 40.3 26.9 291 280 571 n/a 3.6 0.5 107.9 76.5 114.1 166 11.0 326 363 689 n/a 1.4 <td< td=""></td<>

FortisBC Year to Date ending June 30, 2008