

**FortisBC Inc. – 2009/10 Capital Expenditure Plan**

**ERRATA 2 – September 11, 2008**

- 1. Exhibit B-1 – Section 3, page 58  
Please replace page 58 with the attached updated page 58.**

1

**Right-of-Way Reclamation**

<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008F</b>	<b>2009</b>	<b>2010</b>
<b>Cost (\$000s)</b>	443	421	591 <sup>1</sup>	359	468	496

<sup>1</sup> reflects 2007 spending minus \$0.23 million.

2 **Right-of-Way Reclamation - Pine Beetle Kill Hazard Trees**

3 This project involves the removal of hazard trees killed by the Mountain Pine Beetle (“MPB”)  
4 that have a high probability of falling directly onto energized distribution and transmission lines.  
5 This issue was first addressed in the Company’s 2008 Revenue Requirements Application. As  
6 noted on page 7 of BCUC Order G-147-07 “FortisBC and the Participants hold differing views  
7 on the treatment of removal costs for Pine Beetle Kill. The Parties agree that the 2008 removal  
8 costs will be recorded in a rate-base deferral account, amortized over 10 years, without prejudice  
9 to the treatment of future expenditures”. Pursuant to this order the Company files the 2009 and  
10 2010 forecast expenditures for Right-of-Way Reclamation - Pine Beetle Kill Hazard Trees  
11 project as part of its 2009\10 Capital Expenditure Plan Application.

12 The project is required to address public and employee safety issues, environmental concerns and  
13 to maintain reliable service to FortisBC customers.

14 Recent consecutive mild winters have accelerated the MPB infestation within the FortisBC  
15 service area. Provincial infestation concentration maps for 2001 and 2006 show that MPB  
16 infestation has spread from the north central region of the province into the southern reaches of  
17 the province. Concentrations of MPB infestation are now very evident in the FortisBC service  
18 territory and are certain to increase in severity. The cost to eliminate hazard trees killed by the  
19 MPB has increased accordingly. This was recognized in the FortisBC 2007-2008 Capital  
20 Expenditure Plan Application, page 79, and also in the Preliminary 2008 Revenue Requirements  
21 Application Tab 7, page 17.

22 Trees that have been attacked by the MPB will deteriorate quickly, losing stem wood strength.  
23 BC Hydro experience indicates that dead stem wood is failing much quicker than anticipated and  
24 that Ponderosa pine is failing quicker than Lodgepole pine.