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March 6, 2019

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

**Re: FortisBC Energy Inc. (FEI or the Company) – Fort Nelson Service Area (Fort Nelson)**  
**Gas Cost Reconciliation Account (GCRA) and Commodity Cost Recovery Charge**  
**2019 First Quarter Gas Cost Report**

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The attached materials provide the FEI 2019 First Quarter Gas Cost Report for Fort Nelson (the First Quarter Report) as required under the British Columbia Utilities Commission (BCUC) guidelines.

### **GCRA and Commodity Cost Recovery Charge**

Based on the five-day average of the February 20, 21, 22, 25 and 26, 2019 forward prices (five-day average forward prices ending February 26, 2019), the March 31, 2019 GCRA deferral balance is projected to be approximately \$181.6 thousand surplus after tax (Tab 1, Page 3, Column 14, Line 39). Further, based on the five-day average forward prices ending February 26, 2019, the gas purchase cost assumptions, and the forecast gas cost recoveries at present rates for the 12-month period ending March 31, 2020, and accounting for the projected March 31, 2019 deferral balance, the GCRA ratio is calculated to be 146.4% (Tab 1, Page 1, Column 4, Line 7), which falls outside the 95% to 105% deadband. The tested rate decrease that would produce a 100% commodity recovery-to-cost ratio is calculated to be \$0.492/GJ (Tab 1, Page 1, Column 5, Line 26), which falls within the \$0.50/GJ minimum rate change threshold. The results of the two-criteria rate adjustment mechanism indicate that at this time no change is required to the commodity cost recovery charge.

The schedules at Tab 1, Pages 2 to 5 provide details of the recorded and forecast (based on the five-day average forward prices ending February 26, 2019) monthly GCRA balances,

including the commodity and midstream related costs and recoveries, for 2018 and January 1, 2019 to March 31, 2021.

Provided in Tab 2 is the detail of the forecast cost of gas for Fort Nelson. The Company requests the information contained in Tab 2 be treated as CONFIDENTIAL.

## **CONFIDENTIALITY**

FEI is requesting that this information be filed on a confidential basis pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents adopted by Order G-15-19, and Section 71(5) of the *Utilities Commission Act* and requests that the BCUC exercise its discretion under Section 6.0 of the Rules for Natural Gas Energy Supply Contracts and allow these documents to remain confidential. FEI believes this will ensure that market sensitive information is protected, and FEI's ability to obtain favourable commercial terms for future natural gas contracting is not impaired.

In this regard, FEI further believes that the Core Market could be disadvantaged and may well shoulder incremental costs if utility gas supply procurement strategies as well as contracts are treated in a different manner than those of other gas purchasers, and believes that since it continues to operate within a competitive environment, there is no necessity for public disclosure and risk prejudice or influence in the negotiations or renegotiation of subsequent contracts.

## **Summary**

The Company requests approval for the Commodity Cost Recovery Charge applicable to all sales rate classes in the Fort Nelson service area to remain unchanged at April 1, 2019 at \$1.552/GJ.

FEI will continue to monitor the forward prices and will report the recorded and forecast GCRA balances, including the commodity and midstream related costs and recoveries, in its 2019 Second Quarter Gas Cost Report. Further, and consistent with the Company's position, under normal circumstances the storage and transport rates will be adjusted on an annual basis with a January 1 effective date.

We trust the BCUC will find the attached to be in order. However, should any further information be required, please contact Doug Richardson at 604-592-7643. Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Doug Slater

Attachments

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GAS COST RECONCILIATION ACCOUNT (GCRA) RATE CHANGE TRIGGER MECHANISM**  
**COST OF GAS (COMMODITY COST RECOVERY CHARGE) FLOW-THROUGH**  
**FOR THE FORECAST PERIOD APR 2019 TO MAR 2020**  
**FIVE-DAY AVERAGE FORWARD PRICES - FEB 20, 21, 22, 25, AND 26, 2019**

Tab 1  
Page 1

Line No.	Particulars	Pre-Tax (\$000)	Forecast Energy (TJ)	Percentage	Unit Cost (\$/GJ)	Reference / Comment
	(1)	(2)	(3)	(4)	(5)	(6)
1	<b><u>COST OF GAS COMMODITY COST RECOVERY RATE) CHANGE TRIGGER RATIO</u></b>					
2	(a)					
3	Projected Pre-Tax GCRA Deferral Balance at Mar 31, 2019	\$ (248.8)				(Tab 1, Page 4, Col 14, Line 1)
4	Forecast Total Commodity Related Costs - Apr 2019 to Mar 2020	\$ 730.2				(Tab 1, Page 4, Col 14, Line 11)
5	Forecast Recovery at Existing Cost of Gas Recovery Rate - Apr 2019 to Mar 2020	\$ 704.8				(Tab 1, Page 4, Col 14, Line 15)
6						
7	<b>Trigger</b> = $\frac{\text{Forecast Recovery at Existing Cost of Gas Recovery Rate (Line 5)}}{\text{Forecast Commodity Related Costs (Line 4) + Projected GCRA Balance (Line 3)}}$	\$ 704.8				
8	<b>Ratio</b> = $\frac{\text{Forecast Recovery at Existing Cost of Gas Recovery Rate (Line 5)}}{\text{Forecast Commodity Related Costs (Line 4) + Projected GCRA Balance (Line 3)}}$	\$ 481.4		<b>146.4%</b>		<b>Outside 95% to 105% deadband</b>
9						
10						
11						
12						
13	<b>Cost of Gas (Commodity Cost Recovery Rate)</b>				<b>\$ 1.552</b>	
14						
15						
16						
17						
18	<b><u>COST OF GAS (COMMODITY COST RECOVERY RATE) CHANGE THRESHOLD (+/- \$0.50/GJ)</u></b>					
19						
20	Forecast Sales Rate Classes Recovery Energy - Apr 2019 to Mar 2020		454.1			(Tab 1, Page 4, Col 14, Line 14)
21	(a)					
22	Projected Pre-Tax GCRA Balance at Mar 31, 2019	\$ (248.8)			\$ (0.5479) (b)	
23	Forecast 12-month Cost of Gas Activities - Apr 2019 to Mar 2020	25.4			0.0559 (b)	
24	(Over) / Under Recovery at Existing Commodity Cost Recovery Rate	\$ (223.4)				(Line 3 + Line 4 - Line 5)
25						
26	<b>Tested Commodity Cost Recovery Rate (Decrease) / Increase</b>				<b>\$ (0.492 ) (b)</b>	<b>Within minimum +/- \$0.50/GJ threshold</b>

Notes:

- (a) Pre-tax opening balances are restated based on current income tax rates, to reflect grossed-up after tax amounts.  
(b) Commodity Cost Recovery Rate in tariff is set at 3 decimal places. Individual rate components are shown to 4 decimals places.

Slight differences in totals due to rounding.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GCRA MONTHLY BALANCES AND ACTIVITIES FOR THE YEAR 2018**

Tab 1  
Page 2

Line No.	Particulars (1)	Recorded Jan-18 (2)	Recorded Feb-18 (3)	Recorded Mar-18 (4)	Recorded Apr-18 (5)	Recorded May-18 (6)	Recorded Jun-18 (7)	Recorded Jul-18 (8)	Recorded Aug-18 (9)	Recorded Sep-18 (10)	Recorded Oct-18 (11)	Recorded Nov-18 (12)	Recorded Dec-18 (13)	Jan-18 to Dec-18 (14)
1	<b>GCRA Balance - Beginning (Pre-tax)<sup>(a)</sup></b>	\$ (223,890)	\$ (193,931)	\$ (165,213)	\$ (134,951)	\$ (140,750)	\$ (139,096)	\$ (138,131)	\$ (132,391)	\$ (131,393)	\$ (127,207)	\$ (139,715)	\$ (198,112)	<b>\$ (223,890)</b>
2														
3														
4	Gas Costs Incurred													
5	Commodity Purchases <sup>(b)</sup>	GJ 98,400	80,400	45,450	58,200	1,750	10,500	6,000	3,750	32,500	33,500	45,900	94,250	510,600
6	Average Unit Cost of Gas Purchased	\$/GJ \$ 1.816	\$ 1.973	\$ 2.069	\$ 1.529	\$ 2.837	\$ 1.725	\$ 1.806	\$ 1.924	\$ 1.563	\$ 1.215	\$ 1.094	\$ 0.848	\$ 1.526
7	(Line 8 / Line 5)													
8	Purchase Costs	\$ 178,661	\$ 158,620	\$ 94,030	\$ 88,972	\$ 4,965	\$ 18,114	\$ 10,837	\$ 7,217	\$ 50,801	\$ 40,716	\$ 50,231	\$ 79,970	\$ 783,133
9	Imbalance Gas <sup>(c)</sup>	(5,610)	(13,305)	31,681	(32,776)	15,579	(281)	1,416	6,346	(11,328)	6,696	(7,137)	6,815	(1,903)
10	Company Use Gas Recovered from O&M	(473)	(384)	(456)	(246)	(12)	9	(39)	(27)	(60)	(107)	(149)	(72)	(2,013)
11	<b>Total Gas Costs Incurred</b>	<b>\$ 172,578</b>	<b>\$ 144,932</b>	<b>\$ 125,254</b>	<b>\$ 55,950</b>	<b>\$ 20,533</b>	<b>\$ 17,843</b>	<b>\$ 12,214</b>	<b>\$ 13,536</b>	<b>\$ 39,414</b>	<b>\$ 47,305</b>	<b>\$ 42,945</b>	<b>\$ 86,713</b>	<b>\$ 779,217</b>
12														
13														
14	<b>Cost of Gas Recovery</b>													
15	Sales Rate Classes Recovered	GJ 90,916	73,949	60,436	39,284	12,018	10,751	4,121	7,981	22,423	38,071	64,497	75,951	500,397
16														
17	Sales Classes @ <b>APPROVED</b> Recovery Rate	\$ (142,553)	\$ (116,174)	\$ (94,945)	\$ (61,715)	\$ (18,881)	\$ (16,889)	\$ (6,475)	\$ (12,538)	\$ (35,226)	\$ (59,809)	\$ (101,325)	\$ (119,318)	\$ (785,848)
18	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
19	T-Service UAF Recovered <sup>(d)</sup>	(66)	(40)	(47)	(34)	2	12	(0)	0	(1)	(4)	(18)	(78)	(274)
20	<b>Total Cost of Gas Recovery</b>	<b>\$ (142,619)</b>	<b>\$ (116,214)</b>	<b>\$ (94,992)</b>	<b>\$ (61,749)</b>	<b>\$ (18,879)</b>	<b>\$ (16,877)</b>	<b>\$ (6,475)</b>	<b>\$ (12,538)</b>	<b>\$ (35,228)</b>	<b>\$ (59,814)</b>	<b>\$ (101,342)</b>	<b>\$ (119,397)</b>	<b>\$ (786,122)</b>
21														
22														
23	<b>GCRA Balance - Ending (Pre-tax)</b>	<b>\$ (193,931)</b>	<b>\$ (165,213)</b>	<b>\$ (134,951)</b>	<b>\$ (140,750)</b>	<b>\$ (139,096)</b>	<b>\$ (138,131)</b>	<b>\$ (132,391)</b>	<b>\$ (131,393)</b>	<b>\$ (127,207)</b>	<b>\$ (139,715)</b>	<b>\$ (198,112)</b>	<b>\$ (230,796)</b>	<b>\$ (230,796)</b>
24	(Line 1 + Line 11 + Line 20)													
25														
26	Tax Rate	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
27														
28	<b>GCRA Balance - Ending (After-tax)</b>	<b>\$ (141,570)</b>	<b>\$ (120,606)</b>	<b>\$ (98,514)</b>	<b>\$ (102,748)</b>	<b>\$ (101,540)</b>	<b>\$ (100,835)</b>	<b>\$ (96,646)</b>	<b>\$ (95,917)</b>	<b>\$ (92,861)</b>	<b>\$ (101,992)</b>	<b>\$ (144,622)</b>	<b>\$ (168,481)</b>	<b>\$ (168,481)</b>

Notes:

- (a) Pre-tax opening balances are restated based on current income tax rates, to reflect grossed-up after tax amounts.  
(b) Commodity Purchases include Company Use Gas quantities, as well as Sales & T-Service UAF requirements.  
(c) Imbalance Gas comprises the Westcoast Energy and T-Service imbalances, which vary monthly; the amount shown in the first Projected column reflects the forecast value to settle the total imbalance at the end of the recorded period.  
(d) Sales UAF costs are recovered via gas cost recovery rates; T-Service UAF costs are recovered via delivery revenues.

Slight differences in totals due to rounding.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GCRA MONTHLY BALANCES AND ACTIVITIES AT EXISTING RATES**  
**RECORDED PERIOD TO JAN 2019 AND FORECAST TO MAR 2019**  
**FIVE-DAY AVERAGE FORWARD PRICES - FEB 20, 21, 22, 25, AND 26, 2019**

Tab 1  
Page 3

Line No.	Particulars	Recorded Jan-19	Projected Feb-19	Projected Mar-19	Jan-19 to Mar-19
	(1)	(2)	(3)	(4)	(14)
1	<b>GCRA Balance - Beginning (Pre-tax)<sup>(a)</sup></b>	\$ (230,796)	\$ (213,045)	\$ (220,900)	<b>\$ (230,796)</b>
2					
3	<b>2019 GCRA Activities</b>				
4	<u>Commodity Costs Incurred</u>				
5	Commodity Purchases <sup>(b)</sup>	GJ 92,100	68,786	62,269	223,155
6	Average Unit Cost of Gas Purchased	\$/GJ \$ 1.694	\$ 1.219	\$ 1.092	\$ 1.362
7	(Line 8 / Line 5)				
8	Total Purchase Costs	\$ 155,986	\$ 83,884	\$ 67,984	\$ 307,854
9	Imbalance Gas <sup>(c)</sup>	(8,299)	5,450	-	(2,849)
10	Company Use Gas Recovered from O&M	(352)	(412)	(355)	(1,119)
11	Commodity Related Costs Total	\$ 147,335	\$ 88,922	\$ 67,629	\$ 303,886
12					
13	<u>Commodity Costs Recoveries</u>				
14	Sales Rate Classes Recovered	GJ 82,232	67,181	60,840	210,253
15	Adjust Sales Under / (Over) Accrual <sup>(d)</sup>	GJ -	(5,743)	-	(5,743)
16					
17	Recovery @ <b>Approved Cost of Gas Recovery Rate</b>	\$ (127,522)	\$ (95,351)	\$ (94,424)	\$ (317,297)
18					
19	<b>Total Cmmmodity Related Activities</b>	\$ 19,813	\$ (6,429)	\$ (26,795)	\$ (13,412)
20	(Lines 11 & 17)				
21					
22	<u>Storage amd Transport Costs and Recoveries</u>				
23					
24	Transportation Costs Incurred <sup>(d)</sup>	\$ 1,763	\$ 1,669	\$ 1,669	\$ 5,102
25					
26	Recovery @ <b>Approved Storage &amp; Transport Rates</b>	(3,576)	(2,895)	(2,623)	(9,094)
27					
28	Recovery Others				
29	T-Service Balancing Gas	-	-	-	-
30	T-Service UAF Recovered <sup>(e)</sup>	(249)	(200)	(183)	(633)
31					
32	<b>Total Storage and Transport Related Activities</b>	\$ (2,062)	\$ (1,426)	\$ (1,137)	\$ (4,625)
33	(Lines 24, 26, 29, & 30)				
34	<b>GCRA Balance - Ending (Pre-tax)</b>	\$ (213,045)	\$ (220,900)	\$ (248,833)	<b>\$ (248,833)</b>
35	(Lines 1, 19 & 32)				
36					
37	Tax Rate	27.0%	27.0%	27.0%	27.0%
38					
39	<b>GCRA Balance - Ending (After-tax)</b>	\$ (155,523)	\$ (161,257)	\$ (181,648)	<b>\$ (181,648)</b>

Notes:

- (a) Pre-tax opening balances are restated based on current income tax rates, to reflect grossed-up after tax amounts.
- (b) Commodity Purchases include Company Use Gas quantities, as well as Sales & T-Service UAF requirements.
- (c) Imbalance Gas comprises the Westcoast Energy and T-Service imbalances, which vary monthly; the amount shown in the first Projected column reflects the forecast value to settle the total imbalance at the end of the recorded period.
- (d) Adjustment to the forecast recoveries to account for any under / (over) accrued Sales at the end of the recorded period.
- (e) Sales UAF costs are recovered via gas cost recovery rates; T-Service UAF costs are recovered via delivery revenues.

Slight differences in totals due to rounding.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GCRA MONTHLY BALANCES AND ACTIVITIES AT EXISTING RATES**  
**FORECAST PERIOD FROM APR 2019 TO MAR 2020**  
**FIVE-DAY AVERAGE FORWARD PRICES - FEB 20, 21, 22, 25, AND 26, 2019**

Tab 1  
Page 4

Line No.	Particulars		Forecast Apr-19 (2)	Forecast May-19 (3)	Forecast Jun-19 (4)	Forecast Jul-19 (5)	Forecast Aug-19 (6)	Forecast Sep-19 (7)	Forecast Oct-19 (8)	Forecast Nov-19 (9)	Forecast Dec-19 (10)	Forecast Jan-20 (11)	Forecast Feb-20 (12)	Forecast Mar-20 (13)	Apr-19 to Mar-20 (14)
1	<b>GCRA Balance - Beginning (Pre-tax)<sup>(a)</sup></b>		\$ (248,833)	\$ (275,364)	\$ (288,343)	\$ (295,836)	\$ (300,728)	\$ (307,035)	\$ (309,965)	\$ (315,239)	\$ (305,058)	\$ (283,242)	\$ (256,365)	\$ (233,361)	<b>\$ (248,833)</b>
2															
3	<b>GCRA Activities</b>														
4	<u>Commodity Costs Incurred</u>														
5	Commodity Purchases <sup>(b)</sup>	GJ	33,912	17,102	9,126	6,211	8,263	14,479	34,282	61,707	78,132	77,360	65,032	59,212	464,817
6	Average Unit Cost of Gas Purchased (Line 8 / Line 5)	\$/GJ	\$ 0.732	\$ 0.701	\$ 0.558	\$ 0.502	\$ 0.599	\$ 1.250	\$ 1.366	\$ 1.707	\$ 1.828	\$ 1.895	\$ 1.898	\$ 1.698	\$ 1.578
7															
8	Total Purchase Costs	\$	\$ 24,828	\$ 11,991	\$ 5,092	\$ 3,120	\$ 4,947	\$ 18,091	\$ 46,817	\$ 105,345	\$ 142,798	\$ 146,625	\$ 123,422	\$ 100,549	\$ 733,624
9	Imbalance Gas <sup>(c)</sup>		-	-	-	-	-	-	-	-	-	-	-	-	-
10	Company Use Gas Recovered from O&M		(139)	(146)	(32)	(28)	(20)	(67)	(55)	(534)	(667)	(597)	(641)	(475)	(3,403)
11	Commodity Related Costs Total	\$	\$ 24,689	\$ 11,845	\$ 5,059	\$ 3,092	\$ 4,927	\$ 18,024	\$ 46,762	\$ 104,811	\$ 142,131	\$ 146,028	\$ 122,780	\$ 100,074	\$ 730,221
12															
13	<u>Commodity Costs Recoveries</u>														
14	Sales Rate Classes Recovered	GJ	33,124	16,610	8,917	6,053	8,091	14,183	33,645	60,250	76,326	75,617	63,490	57,835	454,141
15	Recovery @ <b>Approved Cost of Gas Recovery Rate</b>	\$	\$ (51,409)	\$ (25,779)	\$ (13,838)	\$ (9,394)	\$ (12,557)	\$ (22,012)	\$ (52,217)	\$ (93,508)	\$ (118,458)	\$ (117,358)	\$ (98,536)	\$ (89,759)	\$ (704,827)
16															
17	<b>Total Commodity Related Activities</b> (Lines 11 & 15)	\$	\$ (26,720)	\$ (13,934)	\$ (8,779)	\$ (6,302)	\$ (7,631)	\$ (3,988)	\$ (5,455)	\$ 11,303	\$ 23,672	\$ 28,670	\$ 24,244	\$ 10,314	\$ 25,394
18															
19															
20	<u>Storage and Transport Costs and Recoveries</u>														
21	Transportation Costs Incurred	\$	\$ 1,669	\$ 1,669	\$ 1,669	\$ 1,669	\$ 1,669	\$ 1,669	\$ 1,669	\$ 1,669	\$ 1,669	\$ 1,702	\$ 1,702	\$ 1,702	\$ 20,129
22															
23	Recovery @ <b>Approved Storage &amp; Transport Rates</b>		(1,425)	(712)	(382)	(259)	(345)	(610)	(1,449)	(2,599)	(3,295)	(3,267)	(2,742)	(2,497)	(19,582)
24															
25	Recovery Others														
26	T-Service Balancing Gas		-	-	-	-	-	-	-	-	-	-	-	-	-
27	T-Service UAF Recovered <sup>(d)</sup>		(55)	(3)	(0)	(0)	(0)	(1)	(39)	(192)	(230)	(229)	(200)	(183)	(1,133)
28															
29	<b>Total Storage and Transport Related Activities</b> (Lines 21, 23, 26, & 27)	\$	\$ 189	\$ 955	\$ 1,287	\$ 1,410	\$ 1,324	\$ 1,058	\$ 181	\$ (1,122)	\$ (1,856)	\$ (1,794)	\$ (1,240)	\$ (977)	\$ (586)
30															
31	<b>GCRA Balance - Ending (Pre-tax)</b> (Lines 1, 17 & 29)	\$	\$ (275,364)	\$ (288,343)	\$ (295,836)	\$ (300,728)	\$ (307,035)	\$ (309,965)	\$ (315,239)	\$ (305,058)	\$ (283,242)	\$ (256,365)	\$ (233,361)	\$ (224,024)	<b>\$ (224,024)</b>
32															
33															
34	Tax Rate		27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
35															
36	<b>GCRA Balance - Ending (After-tax)</b>	\$	\$ (201,016)	\$ (210,491)	\$ (215,960)	\$ (219,532)	\$ (224,136)	\$ (226,274)	\$ (230,124)	\$ (222,692)	\$ (206,767)	\$ (187,147)	\$ (170,353)	\$ (163,537)	<b>\$ (163,537)</b>

Notes:

- (a) Pre-tax opening balances are restated based on current income tax rates, to reflect grossed-up after tax amounts.
- (b) Commodity Purchases include Company Use Gas quantities, as well as Sales & T-Service UAF requirements.
- (c) Imbalance Gas comprises the Westcoast Energy and T-Service imbalances, which vary monthly; the amount shown in the first Projected column reflects the forecast value to settle the total imbalance at the end of the recorded period.
- (d) Sales UAF costs are recovered via gas cost recovery rates; T-Service UAF costs are recovered via delivery revenues.

Slight differences in totals due to rounding.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GCRA MONTHLY BALANCES AND ACTIVITIES AT EXISTING RATES**  
**FORECAST PERIOD FROM APR 2020 TO MAR 2021**  
**FIVE-DAY AVERAGE FORWARD PRICES - FEB 20, 21, 22, 25, AND 26, 2019**

Tab 1  
Page 5

Line No.	Particulars	Forecast Apr-20 (2)	Forecast May-20 (3)	Forecast Jun-20 (4)	Forecast Jul-20 (5)	Forecast Aug-20 (6)	Forecast Sep-20 (7)	Forecast Oct-20 (8)	Forecast Nov-20 (9)	Forecast Dec-20 (10)	Forecast Jan-21 (11)	Forecast Feb-21 (12)	Forecast Mar-21 (13)	Apr-20 to Mar-21 (14)
1	<b>GCRA Balance - Beginning (Pre-tax)<sup>(a)</sup></b>	\$ (224,024)	\$ (233,084)	\$ (238,069)	\$ (239,498)	\$ (239,487)	\$ (239,989)	\$ (242,172)	\$ (245,838)	\$ (239,477)	\$ (220,930)	\$ (194,073)	\$ (175,983)	\$ <b>(224,024)</b>
2														
3	<b>GCRA Activities</b>													
4	<u>Commodity Costs Incurred</u>													
5	Commodity Purchases <sup>(b)</sup>	GJ 32,174	16,231	8,657	5,890	7,815	13,721	32,422	58,517	73,922	72,890	61,279	55,781	439,299
6	Average Unit Cost of Gas Purchased (Line 8 / Line 5)	\$/GJ 1.233	1.153	1.208	1.284	1.289	1.287	1.404	1.649	1.798	1.915	1.838	1.713	1.655
7														
8	Total Purchase Costs	\$ 39,672	\$ 18,714	\$ 10,457	\$ 7,563	\$ 10,075	\$ 17,652	\$ 45,513	\$ 96,508	\$ 132,918	\$ 139,603	\$ 112,604	\$ 95,552	\$ 726,830
9	Imbalance Gas <sup>(c)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Company Use Gas Recovered from O&M	(234)	(240)	(70)	(71)	(44)	(69)	(56)	(516)	(656)	(603)	(621)	(480)	(3,661)
11	Commodity Related Costs Total	\$ 39,437	\$ 18,474	\$ 10,387	\$ 7,492	\$ 10,031	\$ 17,582	\$ 45,456	\$ 95,992	\$ 132,262	\$ 139,000	\$ 111,983	\$ 95,072	\$ 723,169
12														
13	<u>Commodity Costs Recoveries</u>													
14	Sales Rate Classes Recovered	GJ 31,416	15,754	8,455	5,737	7,651	13,438	31,817	57,113	72,187	71,221	59,799	54,461	429,050
15	Recovery @ <b>Approved Cost of Gas Recovery Rate</b>	\$ (48,758)	\$ (24,450)	\$ (13,122)	\$ (8,904)	\$ (11,875)	\$ (20,855)	\$ (49,380)	\$ (88,640)	\$ (112,034)	\$ (110,536)	\$ (92,808)	\$ (84,524)	\$ (665,885)
16														
17	<b>Total Commodity Related Activities</b>	\$ (9,320)	\$ (5,976)	\$ (2,735)	\$ (1,412)	\$ (1,844)	\$ (3,273)	\$ (3,924)	\$ 7,351	\$ 20,228	\$ 28,464	\$ 19,175	\$ 10,549	\$ 57,284
18	(Lines 11 & 15)													
19														
20	<u>Storage and Transport</u>													
21	Transportation Costs Incurred	\$ 1,669	1,669	1,669	1,669	1,669	1,669	1,669	1,669	1,669	1,702	1,702	1,702	20,129
22														
23	Recovery @ <b>Approved Storage &amp; Transport Rates</b>	(1,354)	(676)	(363)	(246)	(327)	(578)	(1,372)	(2,467)	(3,120)	(3,081)	(2,587)	(2,355)	(18,526)
24														
25	Recovery Others													
26	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
27	T-Service UAF Recovered <sup>(d)</sup>	(55)	(3)	(0)	(0)	(0)	(1)	(39)	(192)	(230)	(229)	(200)	(183)	(1,133)
28														
29	<b>Total Storage and Transport Related Activities</b>	\$ 260	\$ 990	\$ 1,306	\$ 1,423	\$ 1,342	\$ 1,089	\$ 258	\$ (990)	\$ (1,681)	\$ (1,608)	\$ (1,084)	\$ (835)	\$ 470
30	(Lines 21, 23, 26, & 27)													
31	<b>GCRA Balance - Ending (Pre-tax)</b>	\$ (233,084)	\$ (238,069)	\$ (239,498)	\$ (239,487)	\$ (239,989)	\$ (242,172)	\$ (245,838)	\$ (239,477)	\$ (220,930)	\$ (194,073)	\$ (175,983)	\$ (166,270)	\$ <b>(166,270)</b>
32	(Lines 1, 17 & 29)													
33														
34	Tax Rate	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
35														
36	<b>GCRA Balance - Ending (After-tax)</b>	\$ (170,151)	\$ (173,790)	\$ (174,834)	\$ (174,826)	\$ (175,192)	\$ (176,786)	\$ (179,462)	\$ (174,818)	\$ (161,279)	\$ (141,674)	\$ (128,468)	\$ (121,377)	\$ <b>(121,377)</b>

Notes:

- (a) Pre-tax opening balances are restated based on current income tax rates, to reflect grossed-up after tax amounts.
- (b) Commodity Purchases include Company Use Gas quantities, as well as Sales & T-Service UAF requirements.
- (c) Imbalance Gas comprises the Westcoast Energy and T-Service imbalances, which vary monthly; the amount shown in the first Projected column reflects the forecast value to settle the total imbalance at the end of the recorded period.
- (d) Sales UAF costs are recovered via gas cost recovery rates; T-Service UAF costs are recovered via delivery revenues.

Slight differences in totals due to rounding.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**STATION 2 INDEX FORECAST FOR THE PERIOD ENDING MAR 2021**

Tab 1  
Page 6

Line No	Particulars		Five-day Average Forward Prices - Feb 20, 21, 22, 25, and 26, 2019		Five-day Average Forward Prices - Nov 6, 7, 8, 9, and 13, 2018		Change in Forward Price
	(1)		2019 Q1 Gas Cost Report		2018 Q4 Gas Cost Report		(4) = (2) - (3)
1	Station 2 Index Prices - \$CDN/GJ <sup>(a)</sup>						
2							
3	2018	October	↑	\$ 0.95	Recorded Forecast ↓	\$ 0.95	\$ -
4		November		\$ 0.62		\$ 0.59	\$ 0.03
5		December		\$ 0.39		\$ 1.60	\$ (1.20)
6	2019	January	Recorded Forecast ↓	\$ 1.35		\$ 2.06	\$ (0.72)
7		February		\$ 0.86		\$ 2.08	\$ (1.22)
8		March		\$ 0.96		\$ 1.27	\$ (0.31)
9		April	↓	\$ 0.73		\$ 0.83	\$ (0.10)
10		May		\$ 0.70		\$ 0.90	\$ (0.20)
11		June		\$ 0.56		\$ 0.82	\$ (0.26)
12		July		\$ 0.50		\$ 0.88	\$ (0.38)
13		August		\$ 0.60		\$ 0.94	\$ (0.34)
14		September		\$ 1.25		\$ 1.06	\$ 0.19
15		October		\$ 1.37		\$ 1.28	\$ 0.09
16		November		\$ 1.75		\$ 1.51	\$ 0.24
17		December		\$ 1.93		\$ 1.87	\$ 0.06
18	2020	January		\$ 2.03		\$ 2.14	\$ (0.10)
19		February		\$ 2.04		\$ 2.00	\$ 0.04
20		March		\$ 1.74		\$ 1.56	\$ 0.18
21		April		\$ 1.23		\$ 1.07	\$ 0.16
22		May		\$ 1.15		\$ 1.04	\$ 0.11
23		June		\$ 1.21		\$ 1.10	\$ 0.11
24		July		\$ 1.28		\$ 1.16	\$ 0.12
25		August		\$ 1.29		\$ 1.17	\$ 0.11
26		September		\$ 1.29		\$ 1.18	\$ 0.11
27		October		\$ 1.40		\$ 1.20	\$ 0.20
28		November		\$ 1.48		\$ 1.56	\$ (0.08)
29		December		\$ 1.71		\$ 1.78	\$ (0.08)
30	2021	January		\$ 1.88			
31		February		\$ 1.76			
32		March		\$ 1.58			
33							
34	Simple Average (Apr 2019 - Mar 2020)			\$ 1.27		\$ 1.32	-3.7% \$ (0.05)
35	Simple Average (Jul 2019 - Jun 2020)			\$ 1.40		\$ 1.37	2.1% \$ 0.03
36	Simple Average (Oct 2019 - Sep 2020)			\$ 1.53		\$ 1.42	7.2% \$ 0.10
37	Simple Average (Jan 2020 - Dec 2020)			\$ 1.49		\$ 1.41	5.2% \$ 0.07
38	Simple Average (Apr 2020 - Mar 2021)			\$ 1.44			

Notes:

(a) Recorded monthly price reflects the average booked cost for the month.



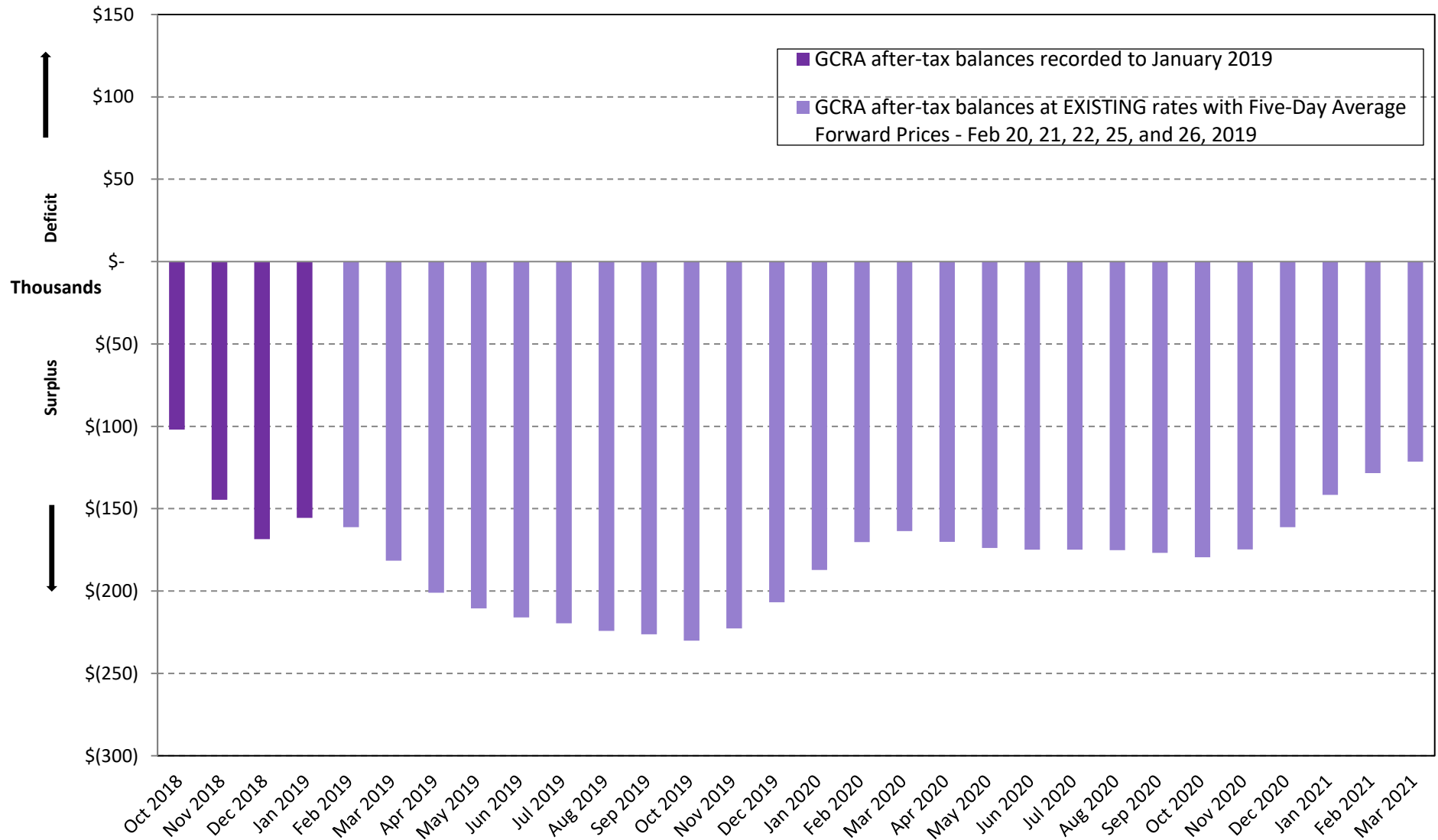
**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GCRA AFTER-TAX BALANCES AT EXISTING RECOVERY RATES**  
**FOR FORECAST PERIOD ENDING MAR 2021**  
**FIVE-DAY AVERAGE FORWARD PRICES - FEB 20, 21, 22, 25, AND 26, 2019**  
**(\$000)**

Tab 1  
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Line No	Particulars		Five-day Average Forward Prices - Feb 20, 21, 22, 25, and 26, 2019		Five-day Average Forward Prices - Nov 6, 7, 8, 9, and 13, 2018	
			2019 Q1 Gas Cost Report		2018 Q4 Gas Cost Report	
		(1)		(2)		(3)
1	<b>2018</b>	October		\$ (102.0)	<b>Recorded</b>	\$ (102.0)
2		November		\$ (144.6)	<b>Forecast</b>	\$ (130.3)
3		December		\$ (168.5)		\$ (134.5)
4	<b>2019</b>	January	<b>Recorded</b>	\$ (155.5)		\$ (123.1)
5		February	<b>Forecast</b>	\$ (161.3)		\$ (111.5)
6		March		\$ (181.6)		\$ (112.8)
7		April		\$ (201.0)		\$ (129.8)
8		May		\$ (210.5)		\$ (136.8)
9		June		\$ (216.0)		\$ (140.5)
10		July		\$ (219.5)		\$ (142.4)
11		August		\$ (224.1)		\$ (144.9)
12		September		\$ (226.3)		\$ (149.0)
13		October		\$ (230.1)		\$ (155.1)
14		November		\$ (222.7)		\$ (152.0)
15		December		\$ (206.8)		\$ (134.6)
16	<b>2020</b>	January		\$ (187.1)		\$ (107.5)
17		February		\$ (170.4)		\$ (88.9)
18		March		\$ (163.5)		\$ (84.5)
19		April		\$ (170.2)		\$ (94.8)
20		May		\$ (173.8)		\$ (99.7)
21		June		\$ (174.8)		\$ (101.4)
22		July		\$ (174.8)		\$ (101.9)
23		August		\$ (175.2)		\$ (103.0)
24		September		\$ (176.8)		\$ (105.6)
25		October		\$ (179.5)		\$ (113.1)
26		November		\$ (174.8)		\$ (107.7)
27		December		\$ (161.3)		\$ (93.1)
28	<b>2021</b>	January		\$ (141.7)		
29		February		\$ (128.5)		
30		March		\$ (121.4)		

FortisBC Energy Inc. - Fort Nelson Service Area  
 GCRA After-Tax Monthly Balances  
 Recorded to January 2019 and Forecast to March 2021

Tab 1  
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March #, 2019

Letter L-##-##

Mr. Doug Slater  
Director, Regulatory Affairs  
FortisBC Energy Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8  
[gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

Dear Mr. Slater:

Re: FortisBC Energy Inc. – Fort Nelson Service Area  
2019 First Quarter Gas Cost Report

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On March 6, 2019, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its 2019 First Quarter Gas Cost Report for the Fort Nelson service area (Report), which includes details regarding the Gas Cost Reconciliation Account and the Commodity Cost Recovery Charge.

BCUC notes that the Commodity Cost Recovery Charge for the Fort Nelson service area remains unchanged from the previously approved January 1, 2019 unbundled commodity cost recovery rate at \$1.552 per gigajoule, via Order G-224-18.

BCUC reviewed the Report within the context of the quarterly gas costs review and rate setting mechanism guidelines pursuant to Letters L-5-01, L-40-11 and L-15-16. BCUC acknowledges receipt of the Report and accepts FEI's recommendation that the Commodity Cost Recovery Charge for the Fort Nelson service area remain unchanged at \$1.552 per gigajoule effective April 1, 2019.

BCUC will hold the information in Tab 2 of the Report confidential, as requested, since it contains market sensitive information.

Yours truly,

Patrick Wruck