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September 4, 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 Third Quarter Gas Cost Report**

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The attached materials provide the FEI 2019 Third Quarter Gas Cost Report for Fort Nelson (the Third 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 August 20, 21, 22, 23 and 26, 2019 forward prices (five-day average forward prices ending August 26, 2019), the September 30, 2019 GCRA deferral balance is projected to be approximately \$195.6 thousand surplus after tax (Tab 1, Page 2, Column 14, Line 39). Further, based on the five-day average forward prices ending August 26, 2019, the gas purchase cost assumptions, and the forecast gas cost recoveries at present rates for the 12-month period ending September 30, 2020, and accounting for the projected March 31, 2019 deferral balance, the GCRA ratio is calculated to be 95.9% (Tab 1, Page 1, Column 4, Line 7), which falls within the 95% to 105% deadband. The tested rate increase that would produce a 100% commodity recovery-to-cost ratio is calculated to be \$0.045/GJ (Tab 1, Page 1, Column 5, Line 27), 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 4 provide details of the recorded and forecast (based on the five-day average forward prices ending August 26, 2019) monthly GCRA balances, including the commodity and midstream related costs and recoveries for 2019 to September

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 October 1, 2019 at \$1.048/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 Fourth Quarter Gas Cost Report. 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 Gurvinder Sidhu 604-592-7675.

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**  
**COMMODITY COST RECOVERY CHARGE FLOW-THROUGH**  
**FOR THE FORECAST PERIOD OCT 2019 TO SEP 2020**  
**FIVE-DAY AVERAGE FORWARD PRICES - AUG 20, 21, 22, 23, 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>COMMODITY COST RECOVERY CHARGE CHANGE TRIGGER RATIO</u></b>  |                 |                      |              |                     |   |
| 2        | (a)  |                 |                      |              |                     |   |
| 3        | Projected Pre-Tax GCRA Deferral Balance at Sep 30, 2019  | \$ (267.9)      |                      |              |                     | (Tab 1, Page 3, Col 14, Line 1)               |
| 4        | Forecast Total Commodity Related Costs - Oct 2019 to Sep 2020  | \$ 758.2        |                      |              |                     | (Tab 1, Page 3, Col 14, Line 11)              |
| 5        | Forecast Storage and Transport Related Activities Imbalance - Oct 2019 to Sep 2020   | \$ 1.1          |                      |              |                     | (Tab 1, Page 3, Col 14, Line 29)              |
| 6        | Forecast Recovery at Existing Commodity Cost Recovery Charge - Oct 2019 to Sep 2020  | \$ 471.2        |                      |              |                     | (Tab 1, Page 3, Col 14, Line 15)              |
| 7        |  |                 |                      |              |                     |   |
| 8        |  |                 |                      |              |                     |   |
| 9        | <b>Trigger</b> = $\frac{\text{Forecast Recovery at Existing Cost of Gas Recovery Rate (Line 6)}}{\text{Projected GCRA Balance (Line 3) + Forecast Commodity Related Costs (Line 4) + Forecast Storage and Transport Related Activities Imbalance (Line 5)}}$ | \$ 471.2        |                      |              |                     |   |
| 10       | <b>Ratio</b> =   | \$ 491.4        |                      |              |                     |   |
| 11       |  |                 |                      | <b>95.9%</b> |                     | <b>Within 95% to 105% deadband</b>            |
| 12       |  |                 |                      |              |                     |   |
| 13       |  |                 |                      |              |                     |   |
| 14       | <b><u>Existing Commodity Cost Recovery Charge, effective July 1, 2019</u></b>  |                 |                      |              | <b>\$ 1.048</b>     |   |
| 15       |  |                 |                      |              |                     |   |
| 16       |  |                 |                      |              |                     |   |
| 17       |  |                 |                      |              |                     |   |
| 18       |  |                 |                      |              |                     |   |
| 19       | <b><u>COMMODITY COST RECOVERY CHARGE CHANGE THRESHOLD (+/- \$0.50/GJ)</u></b>  |                 |                      |              |                     |   |
| 20       |  |                 |                      |              |                     |   |
| 21       | Forecast Sales Rate Classes Recovery Energy - Oct 2019 to Sep 2020   |                 | 449.6                |              |                     | (Tab 1, Page 3, Col 14, Line 14)              |
| 22       | (a)  |                 |                      |              |                     |   |
| 23       | Projected Pre-Tax GCRA Balance at Sep 30, 2019   | \$ (267.9)      |                      |              | \$ (0.5958) (b)     |   |
| 24       | Forecast 12-month GCRA Activities - Oct 2019 to Sep 2020   | 288.1           |                      |              | 0.6407 (b)          |   |
| 25       | (Over) / Under Recovery at Existing Commodity Cost Recovery Charge   | \$ 20.2         |                      |              |                     | (Line 3 + Line 4 + Line 5 - Line 6)           |
| 26       |  |                 |                      |              |                     |   |
| 27       | <b>Tested Commodity Cost Recovery Charge (Decrease) / Increase</b>   |                 |                      |              | <b>\$ 0.045 (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 Charge in tariff is set at 3 decimal places. Individual rate components are shown to 4 decimal places.

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 JUL 2019 AND FORECAST TO SEP 2019**  
**FIVE-DAY AVERAGE FORWARD PRICES - AUG 20, 21, 22, 23, AND 26, 2019**

Tab 1  
Page 2

| Line No. | Particulars   | Recorded Jan-19<br>(2) | Recorded Feb-19<br>(3) | Recorded Mar-19<br>(4) | Recorded Apr-19<br>(5) | Recorded May-19<br>(6) | Recorded Jun-19<br>(7) | Recorded Jul-19<br>(8) | Projected Aug-19<br>(9) | Projected Sep-19<br>(10) | (11) | (12) | (13) | Jan-19 to Sep-19<br>(14) |
|----------|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|--------------------------|------|------|------|--------------------------|
| 1        | <b>GCRA Balance - Beginning (Pre-tax) <sup>(a)</sup></b>                          | \$ (230,796)           | \$ (213,045)           | \$ (201,486)           | \$ (229,209)           | \$ (248,381)           | \$ (260,808)           | \$ (269,620)           | \$ (268,575)            | \$ (266,622)             |      |      |      | <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              | 87,400                 | 44,300                 | 24,000                 | 18,300                 | 9,000                  | 5,850                  | 8,263                   | 14,479                   |      |      |      | 303,691                  |
| 6        | Average Unit Cost of Gas Purchased<br>(Line 8 / Line 5)                           | \$/GJ \$ 1.694         | \$ 1.654               | \$ 1.007               | \$ 0.698               | \$ 0.608               | \$ 0.465               | \$ 0.619               | \$ 0.744                | \$ 0.862                 |      |      |      | \$ 1.302                 |
| 7        |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 8        | Total Purchase Costs  | \$ 155,986             | \$ 144,574             | \$ 44,589              | \$ 16,758              | \$ 11,135              | \$ 4,189               | \$ 3,620               | \$ 6,151                | \$ 12,477                |      |      |      | \$ 399,479               |
| 9        | Imbalance Gas <sup>(c)</sup>  | (8,299)                | (13,067)               | 6,844                  | 11,220                 | (1,040)                | 1,137                  | 704                    | (347)                   | -                        |      |      |      | (2,849)                  |
| 10       | Company Use Gas Recovered from O&M  | (352)                  | (442)                  | (232)                  | (25)                   | (39)                   | (24)                   | (15)                   | (25)                    | (47)                     |      |      |      | (1,201)                  |
| 11       | Commodity Related Costs Total   | \$ 147,335             | \$ 131,064             | \$ 51,200              | \$ 27,952              | \$ 10,056              | \$ 5,302               | \$ 4,309               | \$ 5,779                | \$ 12,431                |      |      |      | \$ 395,428               |
| 12       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 13       | <u>Commodity Costs Recoveries</u>   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 14       | Sales Rate Classes Recovered  | GJ 82,232              | 76,898                 | 50,920                 | 31,571                 | 15,977                 | 10,837                 | 5,635                  | 8,091                   | 14,183                   |      |      |      | 296,344                  |
| 15       | Adjust Sales Under / (Over) Accrual <sup>(d)</sup>                                | GJ -                   | -                      | -                      | -                      | -                      | -                      | -                      | (3,076)                 | -                        |      |      |      | (3,076)                  |
| 16       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 17       | Recovery @ Approved Commodity Cost Recovery Rate                                  | \$ (127,522)           | \$ (119,346)           | \$ (76,615)            | \$ (47,551)            | \$ (23,594)            | \$ (15,433)            | \$ (4,802)             | \$ (5,256)              | \$ (14,864)              |      |      |      | \$ (434,983)             |
| 18       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 19       | <b>Total Commodity Related Activities</b> (Lines 11 & 17)                         | \$ 19,813              | \$ 11,718              | \$ (25,414)            | \$ (19,599)            | \$ (13,539)            | \$ (10,131)            | \$ (493)               | \$ 523                  | \$ (2,433)               |      |      |      | \$ (39,554)              |
| 20       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 21       | <u>Storage and Transport Costs and Recoveries</u>                                 |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 22       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 23       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 24       | Transportation Costs Incurred <sup>(d)</sup>                                      | \$ 1,763               | \$ 3,340               | \$ 72                  | \$ 1,790               | \$ 1,791               | \$ 1,777               | \$ 1,778               | \$ 1,775                | \$ 1,775                 |      |      |      | \$ 15,862                |
| 25       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 26       | Recovery @ Approved Storage & Transport Rates                                     | \$ (3,576)             | (3,294)                | (2,198)                | (1,352)                | (685)                  | (463)                  | (240)                  | (345)                   | (610)                    |      |      |      | (12,763)                 |
| 27       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 28       | Recovery Others   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 29       | T-Service Balancing Gas   | \$ -                   | -                      | -                      | -                      | -                      | -                      | -                      | -                       | -                        |      |      |      | -                        |
| 30       | T-Service UAF Recovered <sup>(e)</sup>  | \$ (249)               | (205)                  | (183)                  | (11)                   | 5                      | 6                      | (0)                    | (0)                     | (1)                      |      |      |      | (640)                    |
| 31       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 32       | <b>Total Storage and Transport Related Activities</b><br>(Lines 24 ,26, 29, & 30) | \$ (2,062)             | \$ (159)               | \$ (2,309)             | \$ 427                 | \$ 1,112               | \$ 1,319               | \$ 1,538               | \$ 1,429                | \$ 1,164                 |      |      |      | \$ 2,459                 |
| 33       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 34       | <b>GCRA Balance - Ending (Pre-tax)</b> (Lines 1, 19 & 32)                         | \$ (213,045)           | \$ (201,486)           | \$ (229,209)           | \$ (248,381)           | \$ (260,808)           | \$ (269,620)           | \$ (268,575)           | \$ (266,622)            | \$ (267,891)             |      |      |      | \$ (267,891)             |
| 35       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 36       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 37       | Tax Rate  | 27.0%                  | 27.0%                  | 27.0%                  | 27.0%                  | 27.0%                  | 27.0%                  | 27.0%                  | 27.0%                   | 27.0%                    |      |      |      | 27.0%                    |
| 38       |   |                        |                        |                        |                        |                        |                        |                        |                         |                          |      |      |      |                          |
| 39       | <b>GCRA Balance - Ending (After-tax)</b>  | \$ (155,523)           | \$ (147,085)           | \$ (167,323)           | \$ (181,318)           | \$ (190,390)           | \$ (196,822)           | \$ (196,060)           | \$ (194,634)            | \$ (195,561)             |      |      |      | \$ (195,561)             |

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 Enbridge - 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 OCT 2019 TO SEP 2020**  
**FIVE-DAY AVERAGE FORWARD PRICES - AUG 20, 21, 22, 23, AND 26, 2019**

Tab 1  
Page 3

| Line No. | Particulars   | Forecast Oct-19 | Forecast Nov-19 | Forecast Dec-19 | Forecast Jan-20 | Forecast Feb-20 | Forecast Mar-20 | Forecast Apr-20 | Forecast May-20 | Forecast Jun-20 | Forecast Jul-20 | Forecast Aug-20 | Forecast Sep-20 | Oct-19 to Sep-20    |
|----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
|          | (1)   | (2)             | (3)             | (4)             | (5)             | (6)             | (7)             | (8)             | (9)             | (10)            | (11)            | (12)            | (13)            | (14)                |
| 1        | <b>GCRA Balance - Beginning (Pre-tax) <sup>(a)</sup></b>  | \$ (267,891)    | \$ (256,954)    | \$ (220,926)    | \$ (161,153)    | \$ (95,953)     | \$ (42,001)     | \$ (7,304)      | \$ 1,736        | \$ 6,382        | \$ 9,224        | \$ 12,128       | \$ 15,359       | \$ <b>(267,891)</b> |
| 2        |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 3        | <b>GCRA Activities</b>                                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 4        | <u>Commodity Costs Incurred</u>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 5        | Commodity Purchases <sup>(b)</sup>                        | GJ 34,282       | 61,707          | 78,132          | 77,360          | 65,032          | 59,212          | 32,174          | 16,231          | 8,657           | 5,890           | 7,815           | 13,721          | 460,212             |
| 6        | Average Unit Cost of Gas Purchased                        | \$/GJ \$ 1.341  | \$ 1.632        | \$ 1.820        | \$ 1.897        | \$ 1.880        | \$ 1.632        | \$ 1.299        | \$ 1.250        | \$ 1.193        | \$ 1.260        | \$ 1.255        | \$ 1.292        | \$ 1.655            |
| 7        | (Line 8 / Line 5)   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 8        | Total Purchase Costs                                      | \$ 45,964       | \$ 100,697      | \$ 142,177      | \$ 146,729      | \$ 122,257      | \$ 96,633       | \$ 41,809       | \$ 20,285       | \$ 10,325       | \$ 7,421        | \$ 9,809        | \$ 17,724       | \$ 761,832          |
| 9        | Imbalance Gas <sup>(c)</sup>                              | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                   |
| 10       | Company Use Gas Recovered from O&M                        | (54)            | (511)           | (664)           | (597)           | (635)           | (457)           | (247)           | (260)           | (69)            | (69)            | (43)            | (70)            | (3,676)             |
| 11       | Commodity Related Costs Total                             | \$ 45,910       | \$ 100,187      | \$ 141,513      | \$ 146,132      | \$ 121,622      | \$ 96,176       | \$ 41,562       | \$ 20,025       | \$ 10,256       | \$ 7,352        | \$ 9,767        | \$ 17,655       | \$ 758,155          |
| 12       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 13       | <u>Commodity Costs Recoveries</u>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 14       | Sales Rate Classes Recovered                              | GJ 33,645       | 60,250          | 76,326          | 75,617          | 63,490          | 57,835          | 31,416          | 15,754          | 8,455           | 5,737           | 7,651           | 13,438          | 449,613             |
| 15       | Recovery @ <b>Approved Commodity Cost Recovery Rate</b>   | \$ (35,260)     | \$ (63,142)     | \$ (79,990)     | \$ (79,247)     | \$ (66,537)     | \$ (60,611)     | \$ (32,924)     | \$ (16,510)     | \$ (8,861)      | \$ (6,012)      | \$ (8,018)      | \$ (14,083)     | \$ (471,195)        |
| 16       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 17       | <b>Total Commodity Related Activities</b> (Lines 11 & 15) | \$ 10,650       | \$ 37,045       | \$ 61,523       | \$ 66,885       | \$ 55,085       | \$ 35,566       | \$ 8,638        | \$ 3,515        | \$ 1,395        | \$ 1,339        | \$ 1,748        | \$ 3,572        | \$ 286,961          |
| 18       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 19       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 20       | <u>Storage and Transport Costs and Recoveries</u>         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 21       | Transportation Costs Incurred                             | \$ 1,775        | \$ 1,775        | \$ 1,775        | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 21,619           |
| 22       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 23       | Recovery @ <b>Approved Storage &amp; Transport Rates</b>  | \$ (1,449)      | (2,599)         | (3,295)         | (3,267)         | (2,742)         | (2,497)         | (1,354)         | (676)           | (363)           | (246)           | (327)           | (578)           | (19,394)            |
| 24       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 25       | Recovery Others   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 26       | T-Service Balancing Gas                                   | \$ -            | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                   |
| 27       | T-Service UAF Recovered <sup>(d)</sup>                    | \$ (39)         | (192)           | (230)           | (229)           | (200)           | (183)           | (55)            | (3)             | (0)             | (0)             | (0)             | (1)             | (1,133)             |
| 28       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 29       | <b>Total Storage and Transport Related Activities</b>     | \$ 287          | \$ (1,016)      | \$ (1,750)      | \$ (1,686)      | \$ (1,132)      | \$ (869)        | \$ 402          | \$ 1,132        | \$ 1,447        | \$ 1,564        | \$ 1,483        | \$ 1,231        | \$ 1,093            |
| 30       | (Lines 21 ,23, 26, & 27)                                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |
| 31       | <b>GCRA Balance - Ending (Pre-tax)</b> (Lines 1, 17 & 29) | \$ (256,954)    | \$ (220,926)    | \$ (161,153)    | \$ (95,953)     | \$ (42,001)     | \$ (7,304)      | \$ 1,736        | \$ 6,382        | \$ 9,224        | \$ 12,128       | \$ 15,359       | \$ 20,162       | \$ <b>20,162</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>                  | \$ (187,576)    | \$ (161,276)    | \$ (117,641)    | \$ (70,046)     | \$ (30,660)     | \$ (5,332)      | \$ 1,267        | \$ 4,659        | \$ 6,734        | \$ 8,853        | \$ 11,212       | \$ 14,718       | \$ <b>14,718</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 Enbridge - 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 OCT 2020 TO SEP 2021**  
**FIVE-DAY AVERAGE FORWARD PRICES - AUG 20, 21, 22, 23, AND 26, 2019**

Tab 1  
Page 4

| Line No. | Particulars   | Forecast Oct-20 | Forecast Nov-20 | Forecast Dec-20 | Forecast Jan-21 | Forecast Feb-21 | Forecast Mar-21 | Forecast Apr-21 | Forecast May-21 | Forecast Jun-21 | Forecast Jul-21 | Forecast Aug-21 | Forecast Sep-21 | Oct-20 to Sep-21 |
|----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|          | (1)   | (2)             | (3)             | (4)             | (5)             | (6)             | (7)             | (8)             | (9)             | (10)            | (11)            | (12)            | (13)            | (14)             |
| 1        | <b>GCRA Balance - Beginning (Pre-tax) <sup>(a)</sup></b>  | \$ 20,162       | \$ 32,541       | \$ 69,416       | \$ 126,600      | \$ 188,431      | \$ 239,370      | \$ 281,363      | \$ 293,234      | \$ 299,941      | \$ 304,611      | \$ 308,778      | \$ 313,804      | \$ 20,162        |
| 2        |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 3        | <b>GCRA Activities</b>                                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 4        | <u>Commodity Costs Incurred</u>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 5        | Commodity Purchases <sup>(b)</sup>                        | GJ 32,422       | 58,517          | 73,922          | 72,890          | 61,279          | 55,781          | 30,289          | 15,265          | 8,140           | 5,538           | 7,332           | 12,921          | 434,297          |
| 6        | Average Unit Cost of Gas Purchased                        | \$/GJ \$ 1,400  | \$ 1,676        | \$ 1,827        | \$ 1,901        | \$ 1,880        | \$ 1,797        | \$ 1,407        | \$ 1,396        | \$ 1,422        | \$ 1,496        | \$ 1,508        | \$ 1,506        | \$ 1,720         |
| 7        | (Line 8 / Line 5)   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 8        | Total Purchase Costs                                      | \$ 45,380       | \$ 98,103       | \$ 135,043      | \$ 138,533      | \$ 115,184      | \$ 100,263      | \$ 42,603       | \$ 21,304       | \$ 11,576       | \$ 8,285        | \$ 11,059       | \$ 19,462       | \$ 746,795       |
| 9        | Imbalance Gas <sup>(c)</sup>                              | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                |
| 10       | Company Use Gas Recovered from O&M                        | (56)            | (525)           | (667)           | (599)           | (635)           | (503)           | (267)           | (290)           | (82)            | (82)            | (51)            | (81)            | (3,840)          |
| 11       | Commodity Related Costs Total                             | \$ 45,324       | \$ 97,578       | \$ 134,376      | \$ 137,934      | \$ 114,549      | \$ 99,759       | \$ 42,336       | \$ 21,014       | \$ 11,494       | \$ 8,202        | \$ 11,008       | \$ 19,381       | \$ 742,955       |
| 12       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 13       | <u>Commodity Costs Recoveries</u>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 14       | Sales Rate Classes Recovered                              | GJ 31,817       | 57,113          | 72,187          | 71,221          | 59,799          | 54,461          | 29,563          | 14,804          | 7,947           | 5,391           | 7,176           | 12,652          | 424,131          |
| 15       | Recovery @ <b>Approved Commodity Cost Recovery Rate</b>   | \$ (33,344)     | \$ (59,855)     | \$ (75,652)     | \$ (74,640)     | \$ (62,670)     | \$ (57,075)     | \$ (30,982)     | \$ (15,514)     | \$ (8,328)      | \$ (5,650)      | \$ (7,521)      | \$ (13,259)     | \$ (444,490)     |
| 16       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 17       | <b>Total Commodity Related Activities</b> (Lines 11 & 15) | \$ 11,980       | \$ 37,723       | \$ 58,724       | \$ 63,294       | \$ 51,879       | \$ 42,684       | \$ 11,354       | \$ 5,500        | \$ 3,166        | \$ 2,552        | \$ 3,487        | \$ 6,122        | \$ 298,466       |
| 18       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 19       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 20       | <u>Storage and Transport Costs and Recoveries</u>         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 21       | Transportation Costs Incurred                             | \$ 1,810        | \$ 1,810        | \$ 1,810        | \$ 1,847        | \$ 1,847        | \$ 1,847        | \$ 1,847        | \$ 1,847        | \$ 1,847        | \$ 1,847        | \$ 1,847        | \$ 1,847        | \$ 22,052        |
| 22       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 23       | Recovery @ <b>Approved Storage &amp; Transport Rates</b>  | \$ (1,372)      | (2,467)         | (3,120)         | (3,081)         | (2,587)         | (2,355)         | (1,276)         | (637)           | (342)           | (232)           | (308)           | (546)           | (18,321)         |
| 24       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 25       | Recovery Others   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 26       | T-Service Balancing Gas                                   | \$ -            | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                |
| 27       | T-Service UAF Recovered <sup>(d)</sup>                    | \$ (39)         | (192)           | (230)           | (229)           | (200)           | (183)           | (55)            | (3)             | (0)             | (0)             | (0)             | (1)             | (1,133)          |
| 28       |   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 29       | <b>Total Storage and Transport Related Activities</b>     | \$ 399          | \$ (849)        | \$ (1,540)      | \$ (1,464)      | \$ (940)        | \$ (691)        | \$ 516          | \$ 1,207        | \$ 1,505        | \$ 1,615        | \$ 1,539        | \$ 1,300        | \$ 2,598         |
| 30       | (Lines 21 ,23, 26, & 27)                                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 31       | <b>GCRA Balance - Ending (Pre-tax)</b> (Lines 1, 17 & 29) | \$ 32,541       | \$ 69,416       | \$ 126,600      | \$ 188,431      | \$ 239,370      | \$ 281,363      | \$ 293,234      | \$ 299,941      | \$ 304,611      | \$ 308,778      | \$ 313,804      | \$ 321,226      | \$ 321,226       |
| 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>                  | \$ 23,755       | \$ 50,674       | \$ 92,418       | \$ 137,555      | \$ 174,740      | \$ 205,395      | \$ 214,060      | \$ 218,957      | \$ 222,366      | \$ 225,408      | \$ 229,077      | \$ 234,495      | \$ 234,495       |



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 Enbridge - 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 SEP 2021**

Tab 1  
Page 5

| Line No | Particulars                                      |           | Five-day Average Forward<br>Prices - Aug 20, 21, 22, 23,<br>and 26, 2019                                  |         | Five-day Average Forward<br>Prices - May 17, 21, 22, 23,<br>and 24, 2019                                    |         | Change in Forward<br>Price |
|---------|--|-----------|---|---------|---|---------|----------------------------|
|         | (1)  |           | 2019 Q3 Gas Cost Report   |         | 2019 Q2 Gas Cost Report   |         | (4) = (2) - (3)            |
| 1       | Station 2 Index Prices - \$CDN/GJ <sup>(a)</sup> |           |   |         |   |         |                            |
| 2       |  |           |   |         |   |         |                            |
| 3       | 2019   | April     | <br>Recorded<br>Forecast | \$ 0.70 | Recorded<br>Forecast<br> | \$ 0.70 | \$ -                       |
| 4       |  | May       |   | \$ 0.61 |   | \$ 0.76 | \$ (0.15)                  |
| 5       |  | June      |   | \$ 0.47 |   | \$ 0.60 | \$ (0.13)                  |
| 6       |  | July      |   | \$ 0.62 |   | \$ 0.58 | \$ 0.04                    |
| 7       |  | August    |   | \$ 0.74 |   | \$ 0.70 | \$ 0.04                    |
| 8       | 2020   | September | \$ 0.86   | \$ 0.79 | \$ 0.07   |         |                            |
| 9       |  | October   | \$ 1.34   | \$ 1.32 | \$ 0.02   |         |                            |
| 10      |  | November  | \$ 1.56   | \$ 1.61 | \$ (0.05)   |         |                            |
| 11      |  | December  | \$ 1.94   | \$ 1.96 | \$ (0.02)   |         |                            |
| 12      |  | January   | \$ 2.03   | \$ 2.07 | \$ (0.05)   |         |                            |
| 13      |  | February  | \$ 2.00   | \$ 2.03 | \$ (0.03)   |         |                            |
| 14      |  | March     | \$ 1.63   | \$ 1.64 | \$ (0.01)   |         |                            |
| 15      |  | April     | \$ 1.30   | \$ 1.09 | \$ 0.21   |         |                            |
| 16      |  | May       | \$ 1.25   | \$ 0.93 | \$ 0.32   |         |                            |
| 17      |  | June      | \$ 1.19   | \$ 0.95 | \$ 0.25   |         |                            |
| 18      | 2021   | July      | \$ 1.26   | \$ 0.98 | \$ 0.28   |         |                            |
| 19      |  | August    | \$ 1.26   | \$ 0.99 | \$ 0.26   |         |                            |
| 20      |  | September | \$ 1.29   | \$ 0.99 | \$ 0.30   |         |                            |
| 21      |  | October   | \$ 1.40   | \$ 1.18 | \$ 0.22   |         |                            |
| 22      |  | November  | \$ 1.53   | \$ 1.62 | \$ (0.09)   |         |                            |
| 23      |  | December  | \$ 1.76   | \$ 1.85 | \$ (0.10)   |         |                            |
| 24      |  | January   | \$ 1.87   | \$ 1.98 | \$ (0.12)   |         |                            |
| 25      |  | February  | \$ 1.83   | \$ 1.90 | \$ (0.06)   |         |                            |
| 26      |  | March     | \$ 1.71   | \$ 1.73 | \$ (0.01)   |         |                            |
| 27      |  | April     | \$ 1.41   | \$ 1.26 | \$ 0.15   |         |                            |
| 28      | May  | \$ 1.40   | \$ 1.18   | \$ 0.22 |   |         |                            |
| 29      | June   | \$ 1.42   | \$ 1.21   | \$ 0.21 |   |         |                            |
| 30      | July   | \$ 1.50   |   |         |   |         |                            |
| 31      | August   | \$ 1.51   |   |         |   |         |                            |
| 32      | September  | \$ 1.51   |   |         |   |         |                            |
| 33      |  |           |   |         |   |         |                            |
| 34      | Simple Average (Oct 2019 - Sep 2020)             |           | \$ 1.50   | \$ 1.38 | 9.0%  | \$ 0.12 |                            |
| 35      | Simple Average (Jan 2020 - Dec 2020)             |           | \$ 1.49   | \$ 1.36 | 9.6%  | \$ 0.13 |                            |
| 36      | Simple Average (Apr 2020 - Mar 2021)             |           | \$ 1.47   | \$ 1.35 | 9.0%  | \$ 0.12 |                            |
| 37      | Simple Average (Jul 2020 - Jun 2021)             |           | \$ 1.51   | \$ 1.41 | 7.5%  | \$ 0.11 |                            |
| 38      | Simple Average (Oct 2020 - Sep 2021)             |           | \$ 1.57   |         |   |         |                            |

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 SEP 2021**  
**FIVE-DAY AVERAGE FORWARD PRICES - AUG 20, 21, 22, 23, AND 26, 2019**  
**(\$000)**

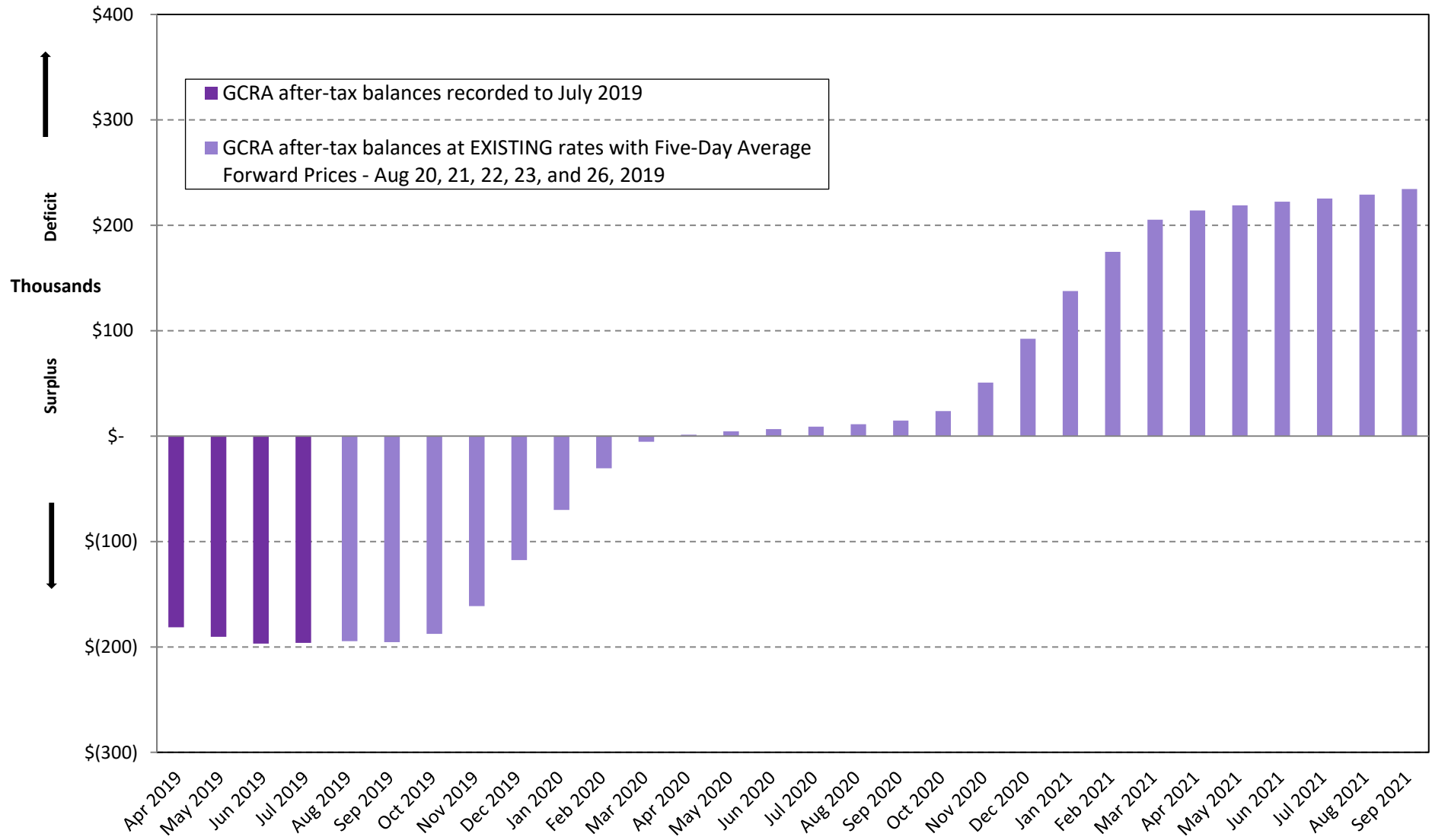
Tab 1  
Page 6

| Line No | Particulars |           | Five-day Average Forward<br>Prices - Aug 20, 21, 22, 23, and<br>26, 2019 |            | Five-day Average Forward Prices -<br>May 17, 21, 22, 23, and 24, 2019 |            |
|---------|-------------|-----------|--|------------|---|------------|
|         |             |           | 2019 Q3 Gas Cost Report  |            | 2019 Q2 Gas Cost Report   |            |
|         |             | (1)       |  | (2)        |   | (3)        |
| 1       | <b>2019</b> | April     |  | \$ (181.3) | <b>Recorded</b>   | \$ (181.3) |
| 2       |             | May       |  | \$ (190.4) | <b>Forecast</b>   | \$ (184.8) |
| 3       |             | June      |  | \$ (196.8) |   | \$ (189.9) |
| 4       |             | July      | <b>Recorded</b>  | \$ (196.1) |   | \$ (190.9) |
| 5       |             | August    | <b>Forecast</b>  | \$ (194.6) |   | \$ (191.8) |
| 6       |             | September |  | \$ (195.6) |   | \$ (193.5) |
| 7       |             | October   |  | \$ (187.6) |   | \$ (186.1) |
| 8       |             | November  |  | \$ (161.3) |   | \$ (160.9) |
| 9       |             | December  |  | \$ (117.6) |   | \$ (115.8) |
| 10      | <b>2020</b> | January   |  | \$ (70.0)  |   | \$ (66.9)  |
| 11      |             | February  |  | \$ (30.7)  |   | \$ (27.2)  |
| 12      |             | March     |  | \$ (5.3)   |   | \$ (1.9)   |
| 13      |             | April     |  | \$ 1.3     |   | \$ (0.2)   |
| 14      |             | May       |  | \$ 4.7     |   | \$ (0.6)   |
| 15      |             | June      |  | \$ 6.7     |   | \$ (0.1)   |
| 16      |             | July      |  | \$ 8.9     |   | \$ 0.8     |
| 17      |             | August    |  | \$ 11.2    |   | \$ 1.7     |
| 18      |             | September |  | \$ 14.7    |   | \$ 2.2     |
| 19      |             | October   |  | \$ 23.8    |   | \$ 5.9     |
| 20      |             | November  |  | \$ 50.7    |   | \$ 31.9    |
| 21      |             | December  |  | \$ 92.4    |   | \$ 72.9    |
| 22      | <b>2021</b> | January   |  | \$ 137.6   |   | \$ 117.9   |
| 23      |             | February  |  | \$ 174.7   |   | \$ 153.4   |
| 24      |             | March     |  | \$ 205.4   |   | \$ 181.2   |
| 25      |             | April     |  | \$ 214.1   |   | \$ 186.6   |
| 26      |             | May       |  | \$ 219.0   |   | \$ 189.0   |
| 27      |             | June      |  | \$ 222.4   |   | \$ 191.1   |
| 28      |             | July      |  | \$ 225.4   |   |            |
| 29      |             | August    |  | \$ 229.1   |   |            |
| 30      |             | September |  | \$ 234.5   |   |            |



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

Tab 1  
 Page 7



September #, 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 Third Quarter Gas Cost Report

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On September 4, 2019, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its 2019 Third 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 was last changed effective July 1, 2019 unbundled commodity cost recovery rate at \$1.048 per gigajoule, via Order G-128-19.

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 \$1.048 per gigajoule effective October 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