

June 7, 2012

British Columbia Utilities Commission  
6<sup>th</sup> Floor, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. (“FEI” or the “Company”) – Fort Nelson Service Area  
Gas Cost Reconciliation Account (“GCRA”) and Gas Cost Recovery Rates  
2012 Second Quarter Gas Cost Report**

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The attached materials provide the FEI 2012 Second Quarter Gas Cost Report for the Fort Nelson service area (“Fort Nelson”) as required under British Columbia Utilities Commission (the “Commission”) guidelines.

Based on the five-day average of the May 14, 15, 16, 17, and 18, 2012 forward prices for natural gas (“five-day average forward prices ending May 18, 2012”), the June 30, 2012 GCRA deferral balance is projected to be approximately \$59,300 deficit after tax (Tab 1, Page 2, Column 2, Line 28). Further, based on the five-day average forward prices ending May 18, 2012, the gas purchase cost assumptions, and the forecast gas cost recoveries at present rates for the 12-month period ending June 30, 2013, and accounting for the projected June 30, 2012 deferral balance, the GCRA ratio is calculated to be 95.6% (Tab 1, Page 1, Column 3, Line 10). The GCRA trigger ratio falls within the deadband range of 95% to 105%, indicating that a rate change is not required at this time.

A summary of the forward prices is provided on Tab 1, Page 4, and a summary of the recorded and forecast monthly GCRA balances is provided on Tab 1, Page 5.

Provided in Tab 2 are the details of the forecast gas costs for Fort Nelson. The Company requests the information contained in Tab 2 be treated as CONFIDENTIAL.

## **CONFIDENTIALITY**

Consistent with past practice and previous discussions and positions on the confidentiality of selected filings (and further emphasized in the Company’s January 31, 1994 submission to the Commission) FEI is requesting that this information be filed on a confidential basis pursuant to Section 71(5) of the *Utilities Commission Act* and requests that the Commission 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 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.

In summary, the Company proposes that the gas cost recovery rates for Fort Nelson remain unchanged at July 1, 2012. The Company will continue to monitor the forward prices and will report these results in the 2012 Third Quarter Gas Cost Report.

We trust the Commission will find the attached to be in order. However, should any further information be required, please contact Brian Noel at 604-592-7467.

All of which is respectfully submitted.

Yours very truly,

**FORTISBC ENERGY INC.**

***Original signed by: Shawn Hill***

**For:** Diane Roy

Attachments

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GAS COST RECONCILIATION ACCOUNT ("GCRA") RATE CHANGE TRIGGER MECHANISM**  
**FOR THE PERIOD JULY 1, 2012 TO JUNE 30, 2013**  
**WITH EXISTING APRIL 1, 2012 GAS COST RECOVERY RATES**  
**FIVE-DAY AVERAGE FORWARD PRICES - MAY 14, 15, 16, 17, AND 18, 2012**

Line No.	Particulars	Annual (\$000)	Percentage	Volume (TJ)	Unit Cost (\$/GJ)
	(1)	(2)	(3)	(4)	(5)
1	<b><u>RATE CHANGE TRIGGER MECHANISM</u></b>				
2	Projected Grossed-up GCRA Balance as at June 30, 2012	\$ 79.1			
3	( Tab 1, Page 2, Col 2, Line 21)				
4					
5	Forecast Incurred Gas Costs - July 2012 to June 2013	\$ 2,088.2			
6	( Tab 1, Page 2, Col 14, Line 16)				
7	Forecast Recovered Gas Costs - July 2012 to June 2013	\$ 2,072.7			
8	( Tab 1, Page 2, Col 14, Line 7)				
9					
10	Ratio = $\frac{\text{Forecast Recovered Gas Costs}}{\text{Forecast Incurred Gas Costs} + \text{Projected GCRA Balance}}$	= \$ 2,072.7			
11		= \$ 2,167.3	= <u>95.6%</u>		
12					
13					
14					
15					
16	<b><u>BALANCING REQUIREMENT</u></b>				
17	(applicable when Rate Change Trigger Mechanism Ratio falls outside 95% to 105% deadband and outside ± \$0.50/GJ threshold)				
18					
19					
20	<b>TESTED RATES</b>				
21					
22	Forecast 12 Month Sales Recovery Volumes July 2012 to June 2013			582.8	
23	( Tab 1, Page 2, Col 14, Line 2)				
24					
25	Projected GCRA Balance at June 30, 2012 (Line 2)	\$ 79.1			\$ 0.1358 <sup>(1*)</sup>
26	Forecast GCRA Activities - July 2012 to June 2013 (Line 5 minus Line 7)	15.5			\$ 0.0266 <sup>(1*)</sup>
27	(Over) / Under Recovery at Existing Rates	<u>\$ 94.6</u>			
28					
29					
30	<b>Proposed Rates (Decrease) / Increase</b>				<u>\$ 0.162</u> <sup>(1*)</sup>

Notes: Slight differences in totals due to rounding.

Pre-tax opening balances are restated based on current income taxes, to reflect grossed-up after tax amounts.

(1\*) Gas cost recovery rates in tariff are set at 3 decimal places . Individual rate components are shown to 4 decimal places.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA  
RECOVERED AND INCURRED COSTS SUMMARY  
FOR THE PERIOD JULY 1, 2012 TO JUNE 30, 2013  
WITH EXISTING APRIL 1, 2012 GAS COST RECOVERY RATES  
FIVE-DAY AVERAGE FORWARD PRICES - MAY 14, 15, 16, 17, AND 18, 2012**

Line No.	Particulars (1)	Jul-12 (2)	Aug-12 (3)	Sep-12 (4)	Oct-12 (5)	Nov-12 (6)	Dec-12 (7)	Jan-13 (8)	Feb-13 (9)	Mar-13 (10)	Apr-13 (11)	May-13 (12)	Jun-13 (13)	1-12 month Forecast Total (14)
<b>1</b>	<b><u>RECOVERED GAS COSTS</u></b>													
2	Total Sales - TJ	13.8	14.7	24.6	41.7	66.8	84.1	98.3	74.2	73.4	45.6	26.3	19.3	<b>582.8</b>
3	T-Service UAF - TJ	0.0	0.0	-	-	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.5
4														
5	Recovery on Sales - \$000	\$ 49.1	\$ 52.1	\$ 87.3	\$ 148.2	\$ 237.2	\$ 298.8	\$ 349.4	\$ 263.6	\$ 260.6	\$ 162.1	\$ 93.6	\$ 68.5	\$ 2,070.5
6	Recovery on T-Service UAF - \$000	0.0	0.0	-	-	0.1	0.3	0.5	0.5	0.4	0.3	0.1	0.0	2.1
7	Total Forecast Recovered Gas Costs - \$000	<u>\$ 49.1</u>	<u>\$ 52.1</u>	<u>\$ 87.3</u>	<u>\$ 148.2</u>	<u>\$ 237.3</u>	<u>\$ 299.1</u>	<u>\$ 349.9</u>	<u>\$ 264.1</u>	<u>\$ 261.0</u>	<u>\$ 162.3</u>	<u>\$ 93.6</u>	<u>\$ 68.5</u>	<u>\$ 2,072.7</u>
8														
9														
10														
<b>11</b>	<b><u>INCURRED GAS COSTS</u></b>													
12	Total Purchases Incl. UAF - TJ	14.0	14.8	24.8	42.1	67.4	85.0	99.5	75.1	74.2	46.1	26.6	19.5	589.1
13														
14	Incurred Cost - \$/GJ	2.9206	2.9591	2.9644	3.0358	3.5999	3.7867	3.8268	3.8293	3.8165	3.0908	3.0989	3.1355	3.5445
15														
16	Forecast Incurred Gas Costs - \$000	<u>\$ 40.8</u>	<u>\$ 43.8</u>	<u>\$ 73.5</u>	<u>\$ 127.9</u>	<u>\$ 242.8</u>	<u>\$ 321.9</u>	<u>\$ 380.6</u>	<u>\$ 287.5</u>	<u>\$ 283.1</u>	<u>\$ 142.6</u>	<u>\$ 82.5</u>	<u>\$ 61.1</u>	<u>\$ 2,088.2</u>
17														
18														
19														
<b>20</b>	<b><u>GCRA BALANCE</u></b>													
21	Opening Balances (Pre-Tax) - \$000 <sup>(1*)</sup>	\$ 79.1	\$ 70.8	\$ 62.5	\$ 48.8	\$ 28.5	\$ 34.0	\$ 56.8	\$ 87.5	\$ 110.9	\$ 133.0	\$ 113.3	\$ 102.1	
22	Forecast Activity - \$000	(8.3)	(8.3)	(13.7)	(20.3)	5.5	22.8	30.7	23.3	22.1	(19.7)	(11.2)	(7.4)	15.5
23	Closing Balances (Pre-tax) - \$000	<u>\$ 70.8</u>	<u>\$ 62.5</u>	<u>\$ 48.8</u>	<u>\$ 28.5</u>	<u>\$ 34.0</u>	<u>\$ 56.8</u>	<u>\$ 87.5</u>	<u>\$ 110.9</u>	<u>\$ 133.0</u>	<u>\$ 113.3</u>	<u>\$ 102.1</u>	<u>\$ 94.6</u>	
24														
25														
26	Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	
27														
28	Opening Balances (After-Tax) - \$000	\$ 59.3	\$ 53.1	\$ 46.9	\$ 36.6	\$ 21.4	\$ 25.5	\$ 42.6	\$ 65.6	\$ 83.1	\$ 99.7	\$ 84.9	\$ 76.6	
29	Closing Balances (After Tax) - \$000	<u>\$ 53.1</u>	<u>\$ 46.9</u>	<u>\$ 36.6</u>	<u>\$ 21.4</u>	<u>\$ 25.5</u>	<u>\$ 42.6</u>	<u>\$ 65.6</u>	<u>\$ 83.1</u>	<u>\$ 99.7</u>	<u>\$ 84.9</u>	<u>\$ 76.6</u>	<u>\$ 71.0</u>	

Notes: Slight differences in totals due to rounding.

(1\*) Pre-tax opening balances are restated based on current income taxes, to reflect grossed-up after tax amounts.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA  
RECOVERED AND INCURRED COSTS SUMMARY  
FOR THE PERIOD JULY 1, 2013 TO JUNE 30, 2014  
WITH EXISTING APRIL 1, 2012 GAS COST RECOVERY RATES  
FIVE-DAY AVERAGE FORWARD PRICES - MAY 14, 15, 16, 17, AND 18, 2012**

Line No.	Particulars	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	13-24 month Forecast Total
	(1)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
1	<b>RECOVERED GAS COSTS</b>													
2	Total Sales - TJ	14.0	14.9	25.0	42.3	67.8	85.4	100.0	75.4	74.5	46.3	26.7	19.6	591.9
3	T-Service UAF - TJ	0.0	0.0	-	-	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.5
4														
5	Recovery on Sales - \$000	\$ 49.7	\$ 52.9	\$ 88.8	\$ 150.4	\$ 241.0	\$ 303.3	\$ 355.2	\$ 267.8	\$ 264.8	\$ 164.5	\$ 94.9	\$ 69.5	\$ 2,102.9
6	Recovery on T-Service UAF - \$000	0.0	0.0	-	-	0.1	0.3	0.5	0.5	0.4	0.3	0.1	0.0	2.1
7	Total Forecast Recovered Gas Costs - \$000	<u>\$ 49.7</u>	<u>\$ 52.9</u>	<u>\$ 88.8</u>	<u>\$ 150.4</u>	<u>\$ 241.1</u>	<u>\$ 303.6</u>	<u>\$ 355.7</u>	<u>\$ 268.3</u>	<u>\$ 265.2</u>	<u>\$ 164.8</u>	<u>\$ 95.0</u>	<u>\$ 69.5</u>	<u>\$ 2,105.0</u>
8														
9														
10														
11	<b>INCURRED GAS COSTS</b>													
12	Total Purchases Incl. UAF - TJ	14.1	15.0	25.3	42.8	68.5	86.3	101.1	76.2	75.4	46.8	27.0	19.8	598.3
13														
14	Incurred Cost - \$/GJ	3.1977	3.2074	3.1814	3.2117	3.8522	4.0296	4.0434	4.0086	3.9751	3.3040	3.3183	3.3721	3.7569
15														
16	Forecast Incurred Gas Costs - \$000	<u>\$ 45.2</u>	<u>\$ 48.2</u>	<u>\$ 80.3</u>	<u>\$ 137.3</u>	<u>\$ 264.0</u>	<u>\$ 347.8</u>	<u>\$ 408.8</u>	<u>\$ 305.7</u>	<u>\$ 299.6</u>	<u>\$ 154.7</u>	<u>\$ 89.6</u>	<u>\$ 66.6</u>	<u>\$ 2,247.9</u>
17														
18														
19														
20	<b>GCRA BALANCE</b>													
21	Opening Balances (Pre-Tax) - \$000 <sup>(1*)</sup>	\$ 94.6	\$ 90.1	\$ 85.5	\$ 77.0	\$ 63.9	\$ 86.8	\$ 130.9	\$ 184.0	\$ 221.4	\$ 255.8	\$ 245.8	\$ 240.4	
22	Forecast Activity - \$000	(4.5)	(4.7)	(8.5)	(13.1)	22.9	44.1	53.1	37.4	34.4	(10.0)	(5.4)	(2.9)	142.9
23	Closing Balances (Pre-tax) - \$000	<u>\$ 90.1</u>	<u>\$ 85.5</u>	<u>\$ 77.0</u>	<u>\$ 63.9</u>	<u>\$ 86.8</u>	<u>\$ 130.9</u>	<u>\$ 184.0</u>	<u>\$ 221.4</u>	<u>\$ 255.8</u>	<u>\$ 245.8</u>	<u>\$ 240.4</u>	<u>\$ 237.5</u>	
24														
25														
26	Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	
27														
28	Opening Balances (After-Tax) - \$000	\$ 71.0	\$ 67.6	\$ 64.1	\$ 57.7	\$ 47.9	\$ 65.1	\$ 98.2	\$ 138.0	\$ 166.0	\$ 191.9	\$ 184.3	\$ 180.3	
29	Closing Balances (After Tax) - \$000	<u>\$ 67.6</u>	<u>\$ 64.1</u>	<u>\$ 57.7</u>	<u>\$ 47.9</u>	<u>\$ 65.1</u>	<u>\$ 98.2</u>	<u>\$ 138.0</u>	<u>\$ 166.0</u>	<u>\$ 191.9</u>	<u>\$ 184.3</u>	<u>\$ 180.3</u>	<u>\$ 178.1</u>	

Notes: Slight differences in totals due to rounding.

(1\*) Pre-tax opening balances are restated based on current income taxes, to reflect grossed-up after tax amounts.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA  
STATION NO. 2 INDEX FORECAST  
FOR THE PERIOD ENDING JUNE 30, 2014**

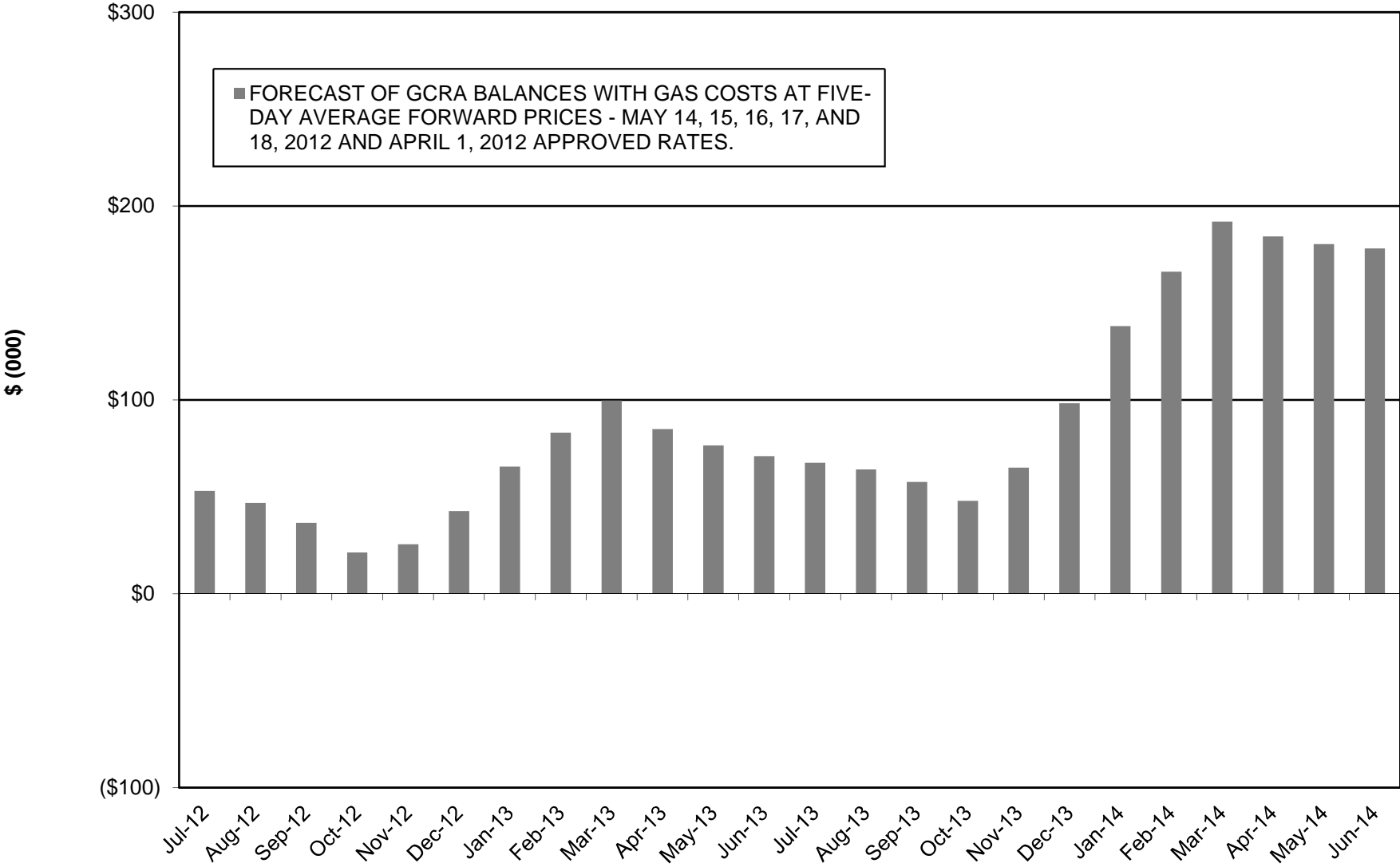
Line No	Particulars	Five-day Average Forward	Five-day Average Forward	Change in Forward Prices
		Prices - May 14, 15, 16, 17, and 18, 2012	Prices - February 13, 14, 15, 16, and 17, 2012	
	(1)	2012 Q2 Gas Cost Report	2012 Q1 Gas Cost Report	(4) = (2) - (3)
1	<b>Station No. 2 Index Prices - \$CDN/GJ</b>			
2	<b>2011</b>			
3	July	\$ 3.15	\$ 3.15	\$ -
4	August	\$ 3.03	\$ 3.03	\$ -
5	September	\$ 3.12	\$ 3.12	\$ -
6	October	\$ 2.80	\$ 2.80	\$ -
7	November	\$ 2.96	\$ 2.96	\$ -
8	December	\$ 2.77	\$ 2.77	\$ -
9	<i>Simple Average (Jul, 2011 - Jun, 2012)</i>	<u>\$ 2.44</u>	<u>\$ 2.52</u>	-3.4% <u>\$ (0.09)</u>
10	<i>Simple Average (Oct, 2011 - Sep, 2012)</i>	<u>\$ 2.20</u>	<u>\$ 2.31</u>	-4.5% <u>\$ (0.10)</u>
11	<b>2012</b>			
12	January	\$ 2.28	Recorded \$ 2.28	\$ -
13	February	\$ 2.02	Projected \$ 2.02	\$ 0.01
14	March	\$ 1.73	Forecast \$ 2.01	\$ (0.28)
15	April	\$ 1.51	\$ 2.04	\$ (0.54)
16	May	\$ 1.86	\$ 2.04	\$ (0.18)
17	June	\$ 2.04	\$ 2.09	\$ (0.06)
18	July	\$ 2.09	\$ 2.17	\$ (0.08)
19	August	\$ 2.15	\$ 2.22	\$ (0.07)
20	September	\$ 2.21	\$ 2.27	\$ (0.06)
21	October	\$ 2.34	\$ 2.36	\$ (0.02)
22	November	\$ 2.70	\$ 2.65	\$ 0.04
23	December	\$ 3.01	\$ 3.08	\$ (0.07)
24	<i>Simple Average (Jan, 2012 - Dec, 2012)</i>	<u>\$ 2.16</u>	<u>\$ 2.27</u>	-4.8% <u>\$ (0.11)</u>
25	<i>Simple Average (Apr, 2012 - Mar, 2013)</i>	<u>\$ 2.43</u>	<u>\$ 2.52</u>	-3.8% <u>\$ (0.10)</u>
26	<i>Simple Average (Jul, 2012 - Jun, 2013)</i>	<u>\$ 2.72</u>	<u>\$ 2.77</u>	-1.8% <u>\$ (0.05)</u>
27	<i>Simple Average (Oct, 2012 - Sep, 2013)</i>	<u>\$ 2.95</u>	<u>\$ 3.00</u>	-1.9% <u>\$ (0.06)</u>
28	<b>2013</b>			
29	January	\$ 3.08	\$ 3.13	\$ (0.05)
30	February	\$ 3.08	\$ 3.13	\$ (0.05)
31	March	\$ 3.06	\$ 3.10	\$ (0.04)
32	April	\$ 2.98	\$ 3.03	\$ (0.05)
33	May	\$ 2.97	\$ 3.04	\$ (0.07)
34	June	\$ 2.99	\$ 3.07	\$ (0.08)
35	July	\$ 3.04	\$ 3.14	\$ (0.10)
36	August	\$ 3.06	\$ 3.15	\$ (0.09)
37	September	\$ 3.06	\$ 3.16	\$ (0.10)
38	October	\$ 3.11	\$ 3.19	\$ (0.08)
39	November	\$ 3.25	\$ 3.35	\$ (0.09)
40	December	\$ 3.53	\$ 3.58	\$ (0.05)
41	<i>Simple Average (Jan, 2013 - Dec, 2013)</i>	<u>\$ 3.10</u>	<u>\$ 3.17</u>	-2.3% <u>\$ (0.07)</u>
42	<i>Simple Average (Apr, 2013 - Mar, 2014)</i>	<u>\$ 3.21</u>	<u>\$ 3.30</u>	-2.7% <u>\$ (0.09)</u>
43	<i>Simple Average (Jul, 2013 - Jun, 2014)</i>	<u>\$ 3.30</u>		
44	<b>2014</b>			
45	January	\$ 3.56	\$ 3.65	\$ (0.09)
46	February	\$ 3.50	\$ 3.64	\$ (0.13)
47	March	\$ 3.45	\$ 3.58	\$ (0.13)
48	April	\$ 3.35		
49	May	\$ 3.35		
50	June	\$ 3.39		

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA**  
**GCRA AFTER TAX BALANCES (\$000)**  
**FOR THE PERIOD ENDING JUNE 30, 2014**  
**WITH EXISTING APRIL 1, 2012 GAS COST RECOVERY RATES**

Line No.	Particulars	2012 Q2 Gas Cost Report April 1, 2012 Rates Five-day Average Forward Prices - May 14, 15, 16, 17, and 18, 2012		2012 Q1 Gas Cost Report April 1, 2012 Rates Five-day Average Forward Prices - February 13, 14, 15, 16, and 17, 2012	
		(1)	(2)	(3)	(3)
1	2011 Jul		\$ 33.2 (A)	\$ 33.2 (A)	
2	Aug		\$ 6.7 (A)	\$ 6.7 (A)	
3	Sep		\$ (13.4) (A)	\$ (13.4) (A)	
4	Oct		\$ (24.8) (A)	\$ (24.8) (A)	
5	Nov		\$ 34.4 (A)	\$ 34.4 (A)	
6	Dec		\$ 48.2 (A)	\$ 48.2 (A)	
7	2012 Jan		\$ 39.7 (A)	Adjusted \$ 39.7 (A)	
8	Feb		\$ 47.8 (A)	Projected \$ 22.3	
9	Mar		\$ 61.6 (A)	\$ 10.8	
10	Apr		\$ 82.9 (A)	\$ (13.9)	
11	May		\$ 67.9	\$ (28.0)	
12	Jun		\$ 59.3	\$ (37.5)	
13	Jul		\$ 53.1	\$ (43.7)	
14	Aug		\$ 46.9	\$ (49.8)	
15	Sep		\$ 36.6	\$ (60.0)	
16	Oct		\$ 21.4	\$ (75.7)	
17	Nov		\$ 25.5	\$ (74.5)	
18	Dec		\$ 42.6	\$ (56.4)	
19	2013 Jan		\$ 65.6	\$ (33.3)	
20	Feb		\$ 83.1	\$ (16.0)	
21	Mar		\$ 99.7	\$ 0.2	
22	Apr		\$ 84.9	\$ (14.3)	
23	May		\$ 76.6	\$ (22.2)	
24	Jun		\$ 71.0	\$ (27.4)	
25	Jul		\$ 67.6	\$ (30.2)	
26	Aug		\$ 64.1	\$ (33.2)	
27	Sep		\$ 57.7	\$ (38.6)	
28	Oct		\$ 47.9	\$ (47.3)	
29	Nov		\$ 65.1	\$ (26.8)	
30	Dec		\$ 98.2	\$ 8.8	
31	2014 Jan		\$ 138.0	\$ 53.4	
32	Feb		\$ 166.0	\$ 86.6	
33	Mar		\$ 191.9	\$ 117.0	
34	Apr		\$ 184.3		
35	May		\$ 180.3		
36	Jun		\$ 178.1		

Notes: (A) Includes volumetric adjustments to match accrued revenues to costs for gas volumes purchased.

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA  
 GCRA AFTER TAX BALANCES BY MONTH  
 FOR THE PERIOD ENDING JUNE 2014







LETTER NO. L-XX-12

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. CANADA V6Z 2N3  
TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102  
Log No. XXXX

ERICA M. HAMILTON  
COMMISSION SECRETARY  
Commission.Secretary@bcuc.com  
web site: <http://www.bcuc.com>

## DRAFT ORDER

### VIA E-MAIL

[gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

June XX, 2012

Ms. Diane Roy  
Director, Regulatory Affairs – Gas  
FortisBC Energy Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.  
Fort Nelson Service Area  
2012 Second Quarter Gas Cost Report

Further to your June 7, 2012 filing of the 2012 Second Quarter Gas Cost Report (the Report) for the Fort Nelson Service Area. The Commission acknowledges receipt of the Report and accepts the recommendation that the gas cost recovery rates remain unchanged at July 1, 2012.

The Commission will hold confidential the information in Tab 2 of the Report.

Yours truly,

Erica M. Hamilton  
Commission Secretary