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June 3, 2015

Via Email
Original via Mail

British Columbia Utilities Commission 6th 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), Gas Cost Recovery Rates,

2015 Second Quarter Gas Cost Report

The attached materials provide the FEI 2015 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, 18, 19, and 20, 2015 forward prices for natural gas (five-day average forward prices ending May 20, 2015), the June 30, 2015 GCRA deferral balance is projected to be approximately \$241.6 thousand surplus after tax (Tab 1, Page 2, Column 2, Line 28). Further, based on the five-day average forward prices ending May 20, 2015, the gas purchase cost assumptions, and the forecast gas cost recoveries at present rates for the 12-month period ending June 30, 2016, and accounting for the projected June 30, 2015 deferral balance, the GCRA ratio is calculated to be 110.5% (Tab 1, Page 1, Column 3, Line 10), which falls outside the 95% to 105% deadband. The tested rate decrease that would produce a 100 percent commodity recovery-to-cost ratio is calculated to be \$0.245/GJ (Tab 1, Page 1, Column 5, Line 30), which falls within the \$0.50/GJ rate change threshold. The results of the two-criteria rate adjustment mechanism indicate 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.

June 3, 2015
British Columbia Utilities Commission
FEI – Fort Nelson Service Area 2015 Second Quarter Gas Cost Report
Page 2



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.

SUMMARY

The Company requests approval for the gas cost recovery rates for Fort Nelson to remain unchanged at July 1, 2015.

The Company will continue to monitor the forward prices and will report these results in the 2015 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 Doug Richardson at 604-592-7643.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA GAS COST RECONCILIATION ACCOUNT (GCRA) RATE CHANGE TRIGGER MECHANISM FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016 AT EXISTING GAS COST RECOVERY RATES

FORWARD PRICES - MAY 14, 15, 18, 19, AND 20, 2015

Line No.	Particulars Particulars	Annual (\$000)	Percentage	Energy (TJ)	_	nit Cost (\$/GJ)
	(1)	(2)	(3)	(4)		(5)
1	RATE CHANGE TRIGGER MECHANISM					
2	Projected Grossed-up GCRA Balance as at June 30, 2015	\$ (326.5)				
3	(Tab 1, Page 2, Col 2, Line 21)					
4						
5	Forecast Incurred Gas Costs - July 2015 to June 2016	\$ 1,715.7				
6	(Tab 1, Page 2, Col 14, Line 16)					
7	Forecast Recovered Gas Costs - July 2015 to June 2016	\$ 1,535.1				
8	(Tab 1, Page 2, Col 14, Line 7)					
9	Forecost Decovered Cos Costs					
10	Ratio = Forecast Recovered Gas Costs = \$1,535.1	- <u>-</u>	110.5%			
11 12	Forecast Incurred Gas Costs + Projected GCRA Balance \$ 1,389.1					
13 14						
15						
16	BALANCING REQUIREMENT					
17	(applicable when Rate Change Trigger Mechanism Ratio falls outside 95% to 105% deadband a	nd outside + 9	\$0.50/G.I.thresh	old)		
18	(applicable when ridic onlings ringger weenanism ridito lails outside 35% to 105% deadband a	na oatsiac ± t	,0.00/Q0 till C311	ola)		
19						
20	TESTED RATE					
21						
22	Forecast 12 Month Sales Recovery Energy July 2015 to June 2016			595.2		
23	(Tab 1, Page 2, Col 14, Line 2)					
24						
25	Projected GCRA Balance at June 30, 2015 (Line 2)	\$ (326.5)			\$	$(0.5486)^{(1*)}$
26	Forecast GCRA Activities - July 2015 to June 2016 (Line 5 minus Line 7)	180.5			\$	0.3033 (1*)
27	(Over) / Under Recovery at Existing Rates	\$ (146.0)	·			
28			•			
29						
30	TESTED RATE (DECREASE) / INCREASE				\$	(0.245) ^(1*)

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, 2015 TO JUNE 30, 2016 AT EXISTING GAS COST RECOVERY RATES FORWARD PRICES - MAY 14, 15, 18, 19, AND 20, 2015

														1-12 month
Line														Forecast
No.	Particulars	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	RECOVERED GAS COSTS													
2	Total Sales - TJ	10.4	13.7	25.9	43.5	71.5	89.8	106.9	77.2	73.7	43.3	23.9	15.4	595.2
3	T-Service UAF - TJ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
4														
5	Recovery on Sales - \$000	\$ 26.7	\$ 35.4		\$ 112.1		\$ 231.6	•	*	*	\$ 111.8		•	, ,
6	Recovery on T-Service UAF - \$000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
7	Total Forecast Recovered Gas Costs - \$000	\$ 26.7	\$ 35.4	\$ 66.8	\$ 112.1	\$ 184.3	\$ 231.7	\$ 275.7	\$ 199.1	\$ 190.1	\$ 111.8	\$ 61.7	\$ 39.8	\$ 1,535.1
8														
9														
10	MOURRER CAR COSTS													
11	INCURRED GAS COSTS													
	Purchases - TJ (1*)	10.4	13.8	25.9	43.5	71.5	89.9	107.0	77.3	73.8	43.4	23.9	15.4	595.8
13	Average Cost of Cos Directored #/C.I	0.6776	0.0005	0.5400	0.5501	0.0005	0.0704	0.0551	0.0000	0.0071	0.5070	0.0001	0.7470	0.0705
14 15	Average Cost of Gas Purchased - \$/GJ	2.6776	2.6325	2.5409	2.5561	2.8905	2.9784	3.0551	3.0330	2.9971	2.5878	2.6301	2.7478	2.8795
16	Forecast Incurred Gas Costs - \$000	\$ 27.8	\$ 36.2	\$ 65.9	\$ 111.2	\$ 206.8	\$ 267.8	\$ 326.8	\$ 234.4	\$ 221.1	\$ 112.3	\$ 62.9	\$ 42.4	\$ 1,715.7
17	·		-			-	<u>-</u>		<u> </u>				<u>- </u>	
18														
19														
20	GCRA BALANCE													
21	Opening Balances (Pre-Tax) - \$000 (2*)	\$ (326.5)	\$ (325.5)	\$ (324.7)	\$ (325.6)	\$ (326.5)	\$ (304.0)	\$ (267.9)	\$ (216.7)	\$ (181.5)	\$ (150.4)	\$ (149.9)	\$ (148.7)	
22	Forecast Activity - \$000	1.1	0.8	(0.9)	(0.9)	22.5	36.1	51.2	35.3	31.0	0.5	1.3		\$ 180.5
23	Closing Balances (Pre-tax) - \$000	\$ (325.5)	\$ (324.7)	\$ (325.6)	\$ (326.5)	\$ (304.0)	\$ (267.9)	\$ (216.7)	\$ (181.5)	\$ (150.4)	\$ (149.9)	\$ (148.7)	\$ (146.0)	
24														
25														
26 27	Tax Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	
27 28	Opening Balances (After-Tax) - \$000	\$ (241.6)	\$ (240.8)	\$ (240.3)	\$ (241.0)	\$ (241.6)	\$ (225.0)	\$ (198.3)	\$ (160.4)	\$ (134.3)	\$ (111.3)	\$ (111.0)	\$ (110.0)	
29		\$ (240.8)	,	,		,	\$ (198.3)		\$ (134.3)	,	/	\$ (110.0)	\$ (108.0)	

Notes: Slight differences in totals due to rounding.

^(1*) Purchases include Sales & T-Service UAF quantities, but exclude Company Use Gas quantities.

^(2*) 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, 2016 TO JUNE 30, 2017 AT EXISTING GAS COST RECOVERY RATES FORWARD PRICES - MAY 14, 15, 18, 19, AND 20, 2015

																							-24 month		
Line No.	Particulars	Jul	-16	Aug-1	16	Sep-16	 Oct-16	N	lov-16	 Dec-16	 Jan-17	F	eb-17	N	lar-17	A	pr-17	M	lay-17	J	un-17	F	orecast Total		
	(1)	(2	2)	(3)		(4)	(5)		(6)	(7)	(8)		(9)		(10)		(11)		(12)	<u>'</u>		(13)		(13)	
1 2 3 4 5 6 7 8 9	RECOVERED GAS COSTS Total Sales - TJ T-Service UAF - TJ Recovery on Sales - \$000 Recovery on T-Service UAF - \$000 Total Forecast Recovered Gas Costs - \$000	\$ <u>\$</u>	10.5 0.0 27.1 0.0 27.1	\$ 3	3.9 0.0 5.9 \$ 0.0	26.3 0.0 67.7 0.0 67.7	\$ 43.7 0.0 112.8 0.0 112.8	\$	71.9 0.0 185.5 0.0 185.5	\$ 90.3 0.0 232.8 0.0 232.9	\$ 107.5 0.0 277.2 0.0 277.3	\$	77.8 0.0 200.6 0.0 200.7	\$	74.2 0.0 191.4 0.0 191.4	\$	43.7 0.0 112.7 0.0 112.7	\$	24.1 0.0 62.2 0.0 62.2	\$	15.6 - 40.2 - 40.2	\$ \$	599.5 0.1 1,546.1 0.2 1,546.3		
10 11 12 13 14 15 16	INCURRED GAS COSTS Purchases - TJ (1*) Average Cost of Gas Purchased - \$/GJ Forecast Incurred Gas Costs - \$000	2. \$	10.5 6789 28.2	2.67	3.9 735 <u>7.2</u> \$	26.3 2.6412 6 69.4	\$ 43.8 2.6730 117.0	\$	72.0 2.9840 214.9	\$ 90.4 3.1147 281.5	\$ 107.6 3.2156 346.1	\$	77.9 3.1843 248.0	\$	74.3 3.1392 233.2	\$	43.7 2.6712 116.9	\$	24.1 2.6787 64.6	\$	15.6 2.7659 43.2	\$	600.2 2.9994 1,800.1		
18 19 20 21 22 23 24 25 26	GCRA BALANCE Opening Balances (Pre-Tax) - \$000 (2*) Forecast Activity - \$000 Closing Balances (Pre-tax) - \$000 Tax Rate	\$ (146.0) 1.1 144.9)		4.9) \$ 1.4 3.6) \$	` 1.7 [′]	\$ (141.9) 4.2 (137.6) 26.00%	\$	(137.6) 29.3 (108.3) 26.00%	\$ (108.3) 48.6 (59.7) 26.00%	\$ (59.7) 68.8 9.1 26.00%	\$	9.1 47.3 56.4 26.00%	\$	56.4 41.8 98.2 26.00%	\$	4.1	\$	102.4 2.5 104.8 26.00%	\$	104.8 3.0 107.8 26.00%	=	253.8		
28	Opening Balances (After-Tax) - \$000 Closing Balances (After Tax) - \$000		108.0) 107.2)		7.2) \$ 6.2) \$		(105.0) (101.9)	\$	(101.9) (80.1)	(80.1) (44.2)	(44.2) 6.7		6.7 41.8	\$	41.8 72.7	\$	72.7 75.8		75.8 77.6	\$	77.6 79.8	-			

Notes: Slight differences in totals due to rounding.

^(1*) Purchases include Sales & T-Service UAF quantities, but exclude Company Use Gas quantities.

 $^(2^*)$ 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, 2017

Station No. 2 Index Prices - \$CDN(GJ ⁽¹⁾	Line No	Particulars	Forward Price 18, 19, ar 2015 Q2 Ga	id 20,	2015	Forward Price 12, 13, 17, a 2015 Q1 Ga	and 1	8, 2015	Change in Forward Prices				
2 2015 January		(1)		(2)			(3)						
2 2015 January		0 N. 0											
Sebruary Sebruary Sebruar		·	٨	Φ	0.00	5	Φ	0.00		Φ			
4 March		•	f)	Ф							- (0.07)		
Second Recorded						•					. ,		
6 May Projected \$ 1.82			Deserted.			,				Ф	` ,		
Topical Projected						Forecast				Φ			
8 July Forecast \$ 2.43			•							Φ			
September \$ 2.45			•			∜	Φ			Φ			
10 September \$ 2.44 \$ 2.38 \$ 0.06 11	-		rorecasi			,				Φ			
11													
12				Φ									
13 December \$ 2.78 \$ 2.87 \$ (0.09) 14 Simple Average (Jan, 2015 - Dec, 2015) \$ 2.28 \$ 2.49 \$ 2.61 -4.5% \$ (0.12) 15 Simple Average (Apr, 2015 - Mar, 2016) \$ 2.28 \$ 2.270 -2.8% \$ (0.12) 16 Simple Average (Jul, 2015 - Jun, 2016) \$ 2.62 \$ 2.70 -2.8% \$ (0.08) 17 Simple Average (Oct, 2015 - Sep, 2016) \$ 2.66 \$ 2.80 -5.0% \$ (0.14) 18 2016 January \$ 2.96 \$ 3.05 \$ (0.14) 19 February \$ 2.86 \$ 3.00 \$ (0.15) 20 March \$ 2.80 \$ 2.94 \$ (0.14) 21 April \$ 2.53 \$ 2.74 \$ (0.21) 22 May \$ 2.52 \$ 2.68 \$ (0.15) 23 June \$ 2.52 \$ 2.68 \$ (0.15) 24 July \$ 2.58 \$ 2.76 \$ (0.18) 25 August \$ 2.50 \$ 2.78 \$ (0.18) 26 September \$ 2.60 \$ 2.78 \$ (0.18) 27 October \$ 2.65 \$ 2.86 \$ (0.15) 28 November \$ 2.65 \$ 2.86 \$ (0.15) 29 December \$ 2.271 \$ 2.90 \$ (0.18) 20 Simple Average (Jan, 2016 - Dec, 2016) \$ 2.279 \$ (0.23) 31 Simple Average (Jan, 2016 - Bep, 2017) \$ 2.279 \$ (0.23) 32 Simple Average (Jan, 2016 - Sep, 2017) \$ 2.279 \$ (0.28) 33 2017 January \$ 3.07 \$ 3.35 \$ (0.28) 34 February \$ 3.02 \$ 3.32 \$ (0.28) 35 April \$ 2.65 \$ 3.23 \$ (0.28) 36 April \$ 2.65 \$ 3.24 \$ (0.28) 37 May \$ 2.64 \$ (0.24)			Ÿ	Ψ 2									
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23				\$			\$			\$			
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31 Simple Average (Apr, 2016 - Mar, 2017) \$ 2.73 \$ 2.94 -7.4% \$ (0.22) 32 Simple Average (Oct, 2016 - Sep, 2017) \$ 2.76 \$ 3.07 \$ 3.35 \$ (0.28) 34 February \$ 3.02 \$ 3.32 \$ (0.30) 35 March \$ 2.95 \$ 3.23 \$ (0.28) 36 April \$ 2.65 37 May \$ 2.64									2.22/	*			
32 Simple Average (Oct, 2016 - Sep, 2017) \$ 2.76 33 2017 January \$ 3.07 \$ 3.35 \$ (0.28) 34 February \$ 3.02 \$ 3.32 \$ (0.30) 35 March \$ 2.95 \$ 3.23 \$ (0.28) 36 April \$ 2.65 37 May \$ 2.64				_			\$			<u> </u>			
33 2017 January \$ 3.07 \$ 3.35 \$ (0.28) 34 February \$ 3.02 \$ 3.32 \$ (0.30) 35 March \$ 2.95 \$ 3.23 \$ (0.28) 36 April \$ 2.65 37 May \$ 2.64							\$	<u>2.94</u>	-7.4%	\$	(0.22)		
34 February \$ 3.02 \$ 3.32 \$ (0.30) 35 March \$ 2.95 \$ 3.23 \$ (0.28) 36 April \$ 2.65 37 May \$ 2.64	32	Simple Average (Oct, 2016 - Sep, 2017)		\$									
35 March \$ 2.95 \$ 3.23 \$ (0.28) 36 April \$ 2.65 37 May \$ 2.64	33	2017 January		\$	3.07		\$	3.35		\$	(0.28)		
36 April \$ 2.65 37 May \$ 2.64	34	February					\$			\$			
37 May \$ 2.64				\$			\$	3.23			(0.28)		
	36	April			2.65								
38 June \$ 2.70		May											
	38	June		\$	2.70								

Notes: (1) Average of daily prices is used for recorded months.

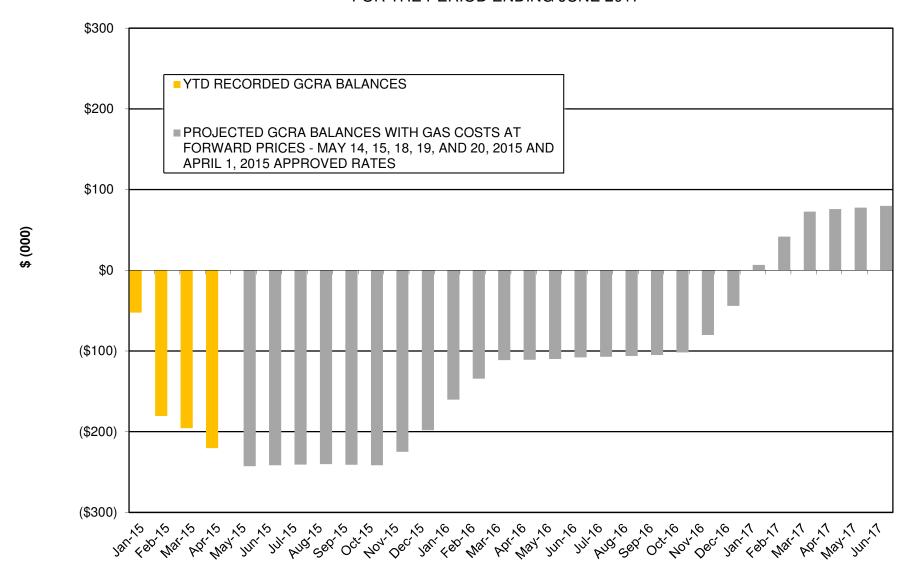
FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA GCRA AFTER TAX BALANCES (\$000) FOR THE PERIOD ENDING JUNE 30, 2017 AT EXISTING GAS COST RECOVERY RATES

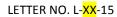
Tab 1 Page 5

			2015 Q2 Gas Cost Report			2015 Q1 Gas Cost Report						
			April 1, 2	Rates	April 1, 2015 Rates							
Line			Forward Prices - N			Forward Prices - February 11, 12, 13,						
No.	Pa	rticulars	and 20	-		17, and		-				
		(1)		2)		(3)						
		(-)	,	_,		(-)						
1	2014	Oct		\$	143.7	Recorded	\$	143.7				
2		Nov		\$	109.5	Recorded	\$	109.5				
3		Dec		\$	5.4 ^(A)	Adjusted	\$	95.4				
4	2015	Jan	٨	\$	(52.5) ^(A)	Adjusted	\$	22.4				
5		Feb	Î	\$	(180.5)	Projected	\$	(53.2)				
6		Mar		\$	(195.6)	Projected	\$	(126.6)				
7		Apr	Recorded	\$	(220.3)	Forecast	\$	(132.3)				
8		May	Projected	\$	(242.8)		\$	(135.6)				
9		Jun	Projected	\$	(241.6)		\$	(136.7)				
10		Jul	Forecast	\$	(240.8)	∜	\$ \$ \$ \$ \$ \$ \$ \$	(137.5)				
11		Aug		\$	(240.3)		\$	(138.6)				
12		Sep		\$	(241.0)		\$	(141.5)				
13		Oct	A	\$	(241.6)		\$	(143.4)				
14		Nov		\$ \$	(225.0)		\$	(127.1)				
15		Dec		\$	(198.3)		\$	(98.7)				
16	2016	Jan		\$ \$	(160.4)		\$	(55.8)				
17		Feb		\$	(134.3)		\$	(26.1)				
18		Mar		\$ \$ \$	(111.3)		\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	(0.0)				
19		Apr		\$	(111.0)		\$	5.9				
20		May		\$	(110.0)		\$	8.5				
21		Jun		\$	(108.0)		\$	11.5				
22		Jul		\$ \$	(107.2)		\$	13.9				
23		Aug		\$	(106.2)		\$	16.9				
24		Sep		\$	(105.0)		\$	21.9				
25		Oct		\$ \$	(101.9)		\$	31.8				
26		Nov		\$	(80.1)		\$	60.8				
27		Dec		\$	(44.2)		\$	108.1				
28	2017	Jan		\$	6.7		\$	175.3				
29		Feb		\$	41.8		\$	222.7				
30		Mar		\$ \$ \$ \$ \$ \$ \$	72.7		\$	264.7				
31		Apr		\$	75.8							
32		May		\$	77.6							
33		Jun		\$	79.8							

Notes: (A) The December 2014 and January 2015 balances were overstated in the 2015 First Quarter Report. During the completion of the 2014 Status Report a reconciliation of the annual gas sales quantities was completed, and the finalized annual sales quantities resulted in the final yearend deferral balance showing on this schedule; which reconciles to the yearend deferral balance reported in the 2014 Status Report.

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA GCRA AFTER TAX BALANCES BY MONTH FOR THE PERIOD ENDING JUNE 2017







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

DRAFT ORDER

VIA E-MAIL

June XX, 2015

gas.regulatory.affairs@fortisbc.com

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

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Fort Nelson Service Area
2015 Second Quarter Gas Cost Report

Further to your June 3, 2015 filing of the 2015 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, 2015.

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

Yours truly,

Erica M. Hamilton
Commission Secretary