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March 1, 2017

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

Attention: Ms. Erica Hamilton, Commission Secretary and Director

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. – Mainland, Vancouver Island, and Whistler Service Areas
Commodity Cost Reconciliation Account (CCRA) and Midstream Cost
Reconciliation Account (MCRA) Quarterly Gas Costs
2017 First Quarter Gas Cost Report**

The attached materials provide the FortisBC Energy Inc. (FEI or the Company) 2017 First Quarter Gas Cost Report (the First Quarter Report) for the CCRA and MCRA deferral accounts as required under British Columbia Utilities Commission (the Commission) guidelines. The gas cost forecast used within the attached report is based on the five-day average of the February 15, 16, 17, 21, and 22, 2017 forward prices (five-day average forward prices ending February 22, 2017).

CCRA Deferral Account

Based on the five-day average forward prices ending February 22, 2017, the March 31, 2017 CCRA balance is projected to be approximately \$7 million surplus after tax. Further, based on the five-day average forward prices ending February 22, 2017, the gas purchase cost assumptions, and the forecast commodity cost recoveries at present rates for the 12-month period ending March 31, 2018, and accounting for the projected March 31, 2017 deferral balance, the CCRA trigger ratio is calculated to be 103.8 percent (Tab 1, Page 2, Column 4, Line 7), which falls within the deadband range of 95 percent to 105 percent. The tested rate decrease that would produce a 100 percent commodity recovery-to-cost ratio is calculated to be \$0.075/GJ (Tab 1, Page 2, Column 5, Line 19), which falls inside 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.

The schedules at Tab 2, Pages 1 and 2, provide details of the recorded and forecast, based on the five-day average forward prices ending February 22, 2017, CCRA gas supply costs. The schedule at Tab 2, Page 3 provides the information related to the unitization of the forecast CCRA gas supply costs for the April 1, 2017 to March 31, 2018 prospective period.

MCRA Deferral Account

The monthly MCRA deferral account balances are shown on the schedule provided at Tab 1, Page 3, at the existing rates. The MCRA balance at March 31, 2018, based on the five-day average forward prices ending February 22, 2017, is projected to be approximately \$15 million surplus after tax. Further, the MCRA balance at December 31, 2017 and December 31, 2018, based on the five-day average forward prices ending February 22, 2017, are projected to be approximately \$15 million surplus and \$12 million deficit after tax, respectively.

The schedules at Tab 2, Pages 4 to 6, provide details of MCRA gas supply costs for calendar 2016, 2017, and 2018 based on the five-day average forward prices ending February 22, 2017.

FEI will continue to monitor and report the MCRA balances consistent with the Company's position that midstream rates be reported on a quarterly basis and, under normal circumstances, midstream rates be adjusted on an annual basis with a January 1 effective date.

Summary

The Company hereby proposes the Commodity Cost Recovery Charge remains unchanged at April 1, 2017.

FEI will continue to monitor the forward prices, and will report CCRA and MCRA balances in its 2017 Second 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

Tab 1

Page 1

Page 1

2016 to 2019 tax rate at 26.0%.

(a) Pre-tax opening balances are restated based on current income tax rates, to reflect grossed-up after tax amounts.

(b) For rate setting purposes CCRA pre-tax balances include grossed-up projected deferred interest of approximately \$2.1 million credit as at March 31, 2017.

(c) For rate setting purposes CCRA after-tax balances are independently grossed-up to reflect pre-tax amounts.

Slight differences in totals due to rounding.

FORTISBC ENERGY INC. - MAINLAND, VANCOUVER ISLAND AND WHISTLER SERVICE AREAS
CCRA RATE CHANGE TRIGGER MECHANISM
FOR THE FORECAST PERIOD APR 2017 TO MAR 2018
FIVE-DAY AVERAGE FORWARD PRICES - FEB 15,16, 17, 21, AND 22, 2017

Tab 1
Page 2

Line No.	Particulars	Pre-Tax (\$Millions)	Forecast Energy (TJ)	Percentage	Unit Cost (\$/GJ)	Reference / Comment
	(1)	(2)	(3)	(4)	(5)	(6)
1	<u>CCRA RATE CHANGE TRIGGER RATIO</u>					
2						
3	Projected Deferral Balance at Mar 31, 2017	\$ (9)				(Tab 1, Page 1, Col.14, Line 15)
4	Forecast Incurred Gas Costs - Apr 2017 to Mar 2018	\$ 245				(Tab 1, Page 1, Col.14, Line 24)
5	Forecast Recovery Gas Costs at Existing Recovery Rate - Apr 2017 to Mar 2018	\$ 245				(Tab 1, Page 1, Col.14, Line 25)
6						
7	CCRA = <u>Forecast Recovered Gas Costs (Line 5)</u>	= \$ 245		= 103.8%		
8	Ratio <u>Forecast Incurred Gas Costs (Line 4) + Projected CCRA Balance (Line 3)</u>	\$ 236				Within 95% to 105% deadband
9						
10						
11						
12						
13						
14	<u>CCRA RATE CHANGE THRESHOLD (+/- \$0.50/GJ)</u>					
15						
16	Forecast 12-month CCRA Baseload - Apr 2017 to Mar 2018		119,397			(Tab1, Page 7, Col.5, Line 11)
17	(Over) / Under Recovery at Existing CCRA Rate	\$ (9)				(Line 3 + Line4 - Line 5)
18						
19	Tested Rate (Decrease) / Increase				<u>\$ (0.075)</u>	Within minimum +/- \$0.50/GJ threshold

Slight differences in totals due to rounding.

Tab 1
Page 3

Notes:

2016 to 2018 tax rate at 26.0%.

(a) Pre-tax opening balances are restated based on current income tax rates, to reflect grossed-up after tax amounts.

(b) For rate setting purposes MCRA pre-tax balances include grossed-up projected deferred interest of approximately \$4.1 million credit as at March 31, 2017.

(c) For rate setting purposes MCRA after-tax balances are independently grossed-up to reflect pre-tax amounts.

(d) BCUC Order G-177-16 approved the 1/2 projected MCRA cumulative balance at Dec 31, 2016 to be amortized into 2017 midstream rates, via Rider 6, as filed in the FEI 2016 Fourth Quarter Gas Cost Report.

Slight differences in totals due to rounding.

Tab 1
Page 4.1

Conversation Factors
1 MMBtu = 1.055056 GJ



Forecast Apr 2017 - Mar 2018	Forecast Jan 2017 - Dec 2017	
\$ 1.3089	\$ 1.3411	-2.4% \$ (0.0321)

Tab 1
Page 4.2

Forecast Apr 2017 - Mar 2018	Forecast Jan 2017 - Dec 2017			
\$ 1,3089	\$ 1,3411	-2.4%	\$	(0.0321)

FORTISBC ENERGY INC. - MAINLAND, VANCOUVER ISLAND AND WHISTLER SERVICE AREAS
AECO INDEX FORECAST FOR THE PERIOD ENDING MAR 2019

Tab 1
Page 5

Line No	Particulars		Five-day Average Forward Prices - Feb 15,16, 17, 21, and 22, 2017 2017 Q1 Gas Cost Report		Five-day Average Forward Prices - Nov 8, 9, 10, 14, and 15, 2016 2016 Q4 Gas Cost Report		Change in Forward Price (4) = (2) - (3)	
	(1)		(2)		(3)			
1	AECO Index Prices - \$CDN/GJ							
2								
3	2016	October		\$ 2.47	Recorded	\$ 2.47	\$ -	
4		November		\$ 2.84	Forecast	\$ 2.84	\$ (0.00)	
5		December		\$ 2.70		\$ 2.45	\$ 0.24	
6	2017	January		\$ 3.33		\$ 2.48	\$ 0.85	
7		February		\$ 2.70		\$ 2.50	\$ 0.20	
8		March		\$ 2.39		\$ 2.50	\$ (0.10)	
9		April		\$ 2.29		\$ 2.43	\$ (0.14)	
10		May		\$ 2.27		\$ 2.41	\$ (0.14)	
11		June		\$ 2.27		\$ 2.43	\$ (0.16)	
12		July		\$ 2.29		\$ 2.47	\$ (0.18)	
13		August		\$ 2.33		\$ 2.47	\$ (0.15)	
14		September		\$ 2.35		\$ 2.47	\$ (0.12)	
15		October		\$ 2.43		\$ 2.52	\$ (0.09)	
16		November		\$ 2.76		\$ 2.71	\$ 0.06	
17		December		\$ 2.89		\$ 2.90	\$ (0.01)	
18	2018	January		\$ 2.99		\$ 3.03	\$ (0.04)	
19		February		\$ 3.00		\$ 2.96	\$ 0.03	
20		March		\$ 2.91		\$ 2.86	\$ 0.05	
21		April		\$ 2.40		\$ 2.46	\$ (0.06)	
22		May		\$ 2.34		\$ 2.46	\$ (0.12)	
23		June		\$ 2.37		\$ 2.44	\$ (0.07)	
24		July		\$ 2.37		\$ 2.47	\$ (0.10)	
25		August		\$ 2.38		\$ 2.45	\$ (0.07)	
26		September		\$ 2.38		\$ 2.43	\$ (0.05)	
27		October		\$ 2.42		\$ 2.53	\$ (0.11)	
28		November		\$ 2.52		\$ 2.61	\$ (0.08)	
29		December		\$ 2.70		\$ 2.78	\$ (0.08)	
30	2019	January		\$ 2.83				
31		February		\$ 2.80				
32		March		\$ 2.67				
33								
34	Simple Average (Apr 2017 - Mar 2018)			\$ 2.56		\$ 2.64	-2.8%	\$ (0.07)
35	Simple Average (Jul 2017 - Jun 2018)			\$ 2.59		\$ 2.65	-2.2%	\$ (0.06)
36	Simple Average (Oct 2017 - Sep 2018)			\$ 2.60		\$ 2.64	-1.5%	\$ (0.04)
37	Simple Average (Jan 2018 - Dec 2018)			\$ 2.57		\$ 2.62	-2.2%	\$ (0.06)
38	Simple Average (Apr 2018 - Mar 2019)			\$ 2.52				

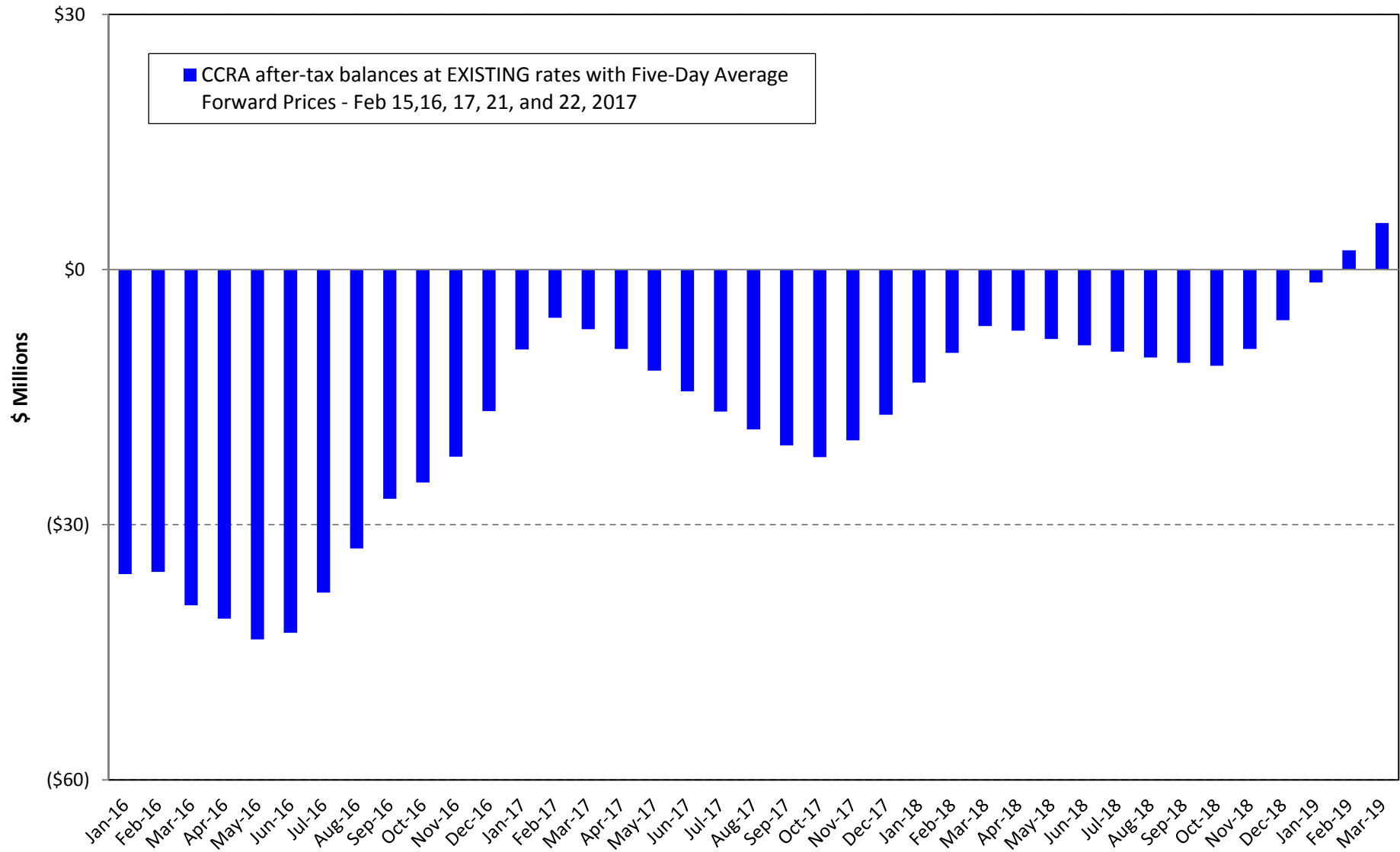
FORTISBC ENERGY INC. - MAINLAND, VANCOUVER ISLAND AND WHISTLER SERVICE AREAS
GAS BUDGET COST SUMMUARY FOR THE FORECAST PERIOD APR 2017 TO MAR 2018
FIVE-DAY AVERAGE FORWARD PRICES - FEB 15,16, 17, 21, AND 22, 2017

No.	Particulars	Costs (\$000)		Quantities (TJ)		Unit Cost (\$/GJ)	Reference / Comments
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CCRA						
2	Commodity						
3	STN 2		\$ 166,843		93,667	\$ 1.781	
4	AECO		77,415		30,177	\$ 2.565	
5	Huntingdon		-		-		
6	Commodity Costs before Hedging		\$ 244,258		123,844	\$ 1.972	incl. Fuel Gas Provided to Midstream (Receipt Point Fuel Gas) per Order E-10-16, FEI implemented hedges for summer 2017.
7	Mark to Market Hedges Cost / (Gain)		(451)		-		
8	Subtotal Commodity Purchased		\$ 243,807		123,844	\$ 1.969	
9	Core Market Administration Costs		1,463		-		
10	Fuel Gas Provided to Midstream				(4,448)		
11	Total CCRA Baseload				119,397		
12	Total CCRA Costs		\$ 245,270			\$ 2.054	average unit cost = Line 12, Col. 3 divided by Line 11, Col.5
13							
14							
15	MCRA						
16	Midstream Commodity Related Costs						
17	Midstream Commodity before Hedging		\$ 48,518		21,698	\$ 2.236	
18	Mark to Market Hedges Cost / (Gain)		-		-		
19	Imbalance		(1,849)		(658)		
20	Company Use Gas Recovered from O&M		(4,726)		(701)		
21	Injections into Storage	\$ (51,558)		(27,463)		\$ 1.877	
22	Withdrawals from Storage	53,097		27,596		\$ 1.924	
23	Storage Withdrawal / (Injection) Activity		1,539		133		
24	Total Midstream Commodity Related Costs		\$ 43,482		20,471	\$ 2.124	incl. Company Use Gas and UAF
25							
26	Storage Related Costs						
27	Storage Demand - Third Party Storage	\$ 36,165					
28	On-System Storage - Mt. Hayes (LNG)	18,821					
29	Total Storage Related Costs		54,986				
30							
31	Transport Related Costs		117,479				
32							
33	Mitigation						
34	Commodity Mitigation	\$ (37,174)			(18,880)		
35	Storage Mitigation	-					
36	Transportation Mitigation	(56,084)					
37	Total Mitigation		(93,258)				
38							
39	GSMIP Incentive Sharing		1,000				
40							
41	Core Market Administration Costs		3,415				
42							
43							
44	UAF (Sales & T-Service) & Net Transportation Fuel ^(a)				(1,591)		
45							
46	Net MCRA Commodity (Lines 24, 34 & 44)				-		
47	Total MCRA Costs (Lines 24, 29, 31, 37, 39, & 41)		\$ 127,104			\$ 1.027	average unit cost = Line 47, Col. 3 divided by Line 48, Col.5
48	Total Core Sales Quantities				123,745		
49	Total Forecast Gas Costs (Lines 12 & 47)		\$ 372,374				reference to Tab 1, Page 8, Line 11, Col. 3

Notes: (a) The total cost of UAF (Sales Rate Classes and T-Service) is included as a component of gas purchased. Sales UAF costs are recovered via gas cost recovery rates.
As the T-Service UAF costs are recovered via delivery revenues, they are excluded from the storage and transportation flow-through calculation.

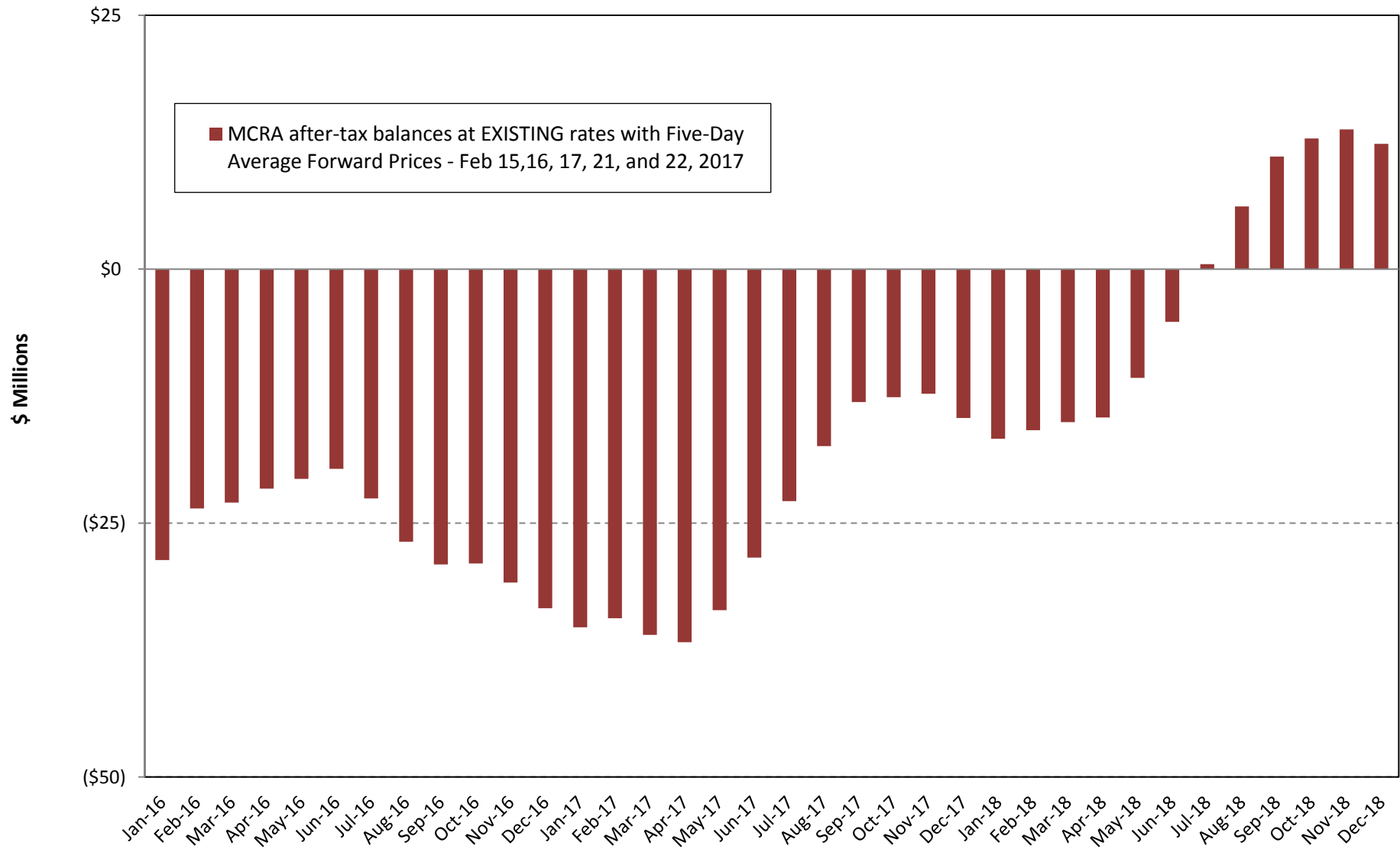
FortisBC Energy Inc. - Mainland, Vancouver Island and Whistler Service Areas
 CCRA After-Tax Monthly Balances
 Recorded January 2017 and Forecast to March 2019

Tab 1
 Page 9



FortisBC Energy Inc. - Mainland, Vancouver Island and Whistler Service Areas
 MCRA After-Tax Monthly Balances
 Recorded January 2017 and Forecast to March 2019

Tab 1
 Page 10



FORTISBC ENERGY INC. - MAINLAND, VANCOUVER ISLAND AND WHISTLER SERVICE AREAS
CCRA INCURRED MONTHLY ACTIVITIES
RECORDED PERIOD TO JAN 2017 AND FORECAST TO MAR 2017
FIVE-DAY AVERAGE FORWARD PRICES - FEB 15,16, 17, 21, AND 22, 2017

Tab 2
Page 1

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Slight differences in totals due to rounding.

FORTISBC ENERGY INC. - MAINLAND, VANCOUVER ISLAND AND WHISTLER SERVICE AREAS
COMMODITY COST RECONCILIATION ACCOUNT (CCRA)
COST OF GAS (COMMODITY COST RECOVERY CHARGE) FLOW-THROUGH
FOR THE FORECAST PERIOD APR 1, 2017 TO MAR 31, 2018
FIVE-DAY AVERAGE FORWARD PRICES - FEB 15,16, 17, 21, AND 22, 2017

Tab 2
Page 3

Line No.	Particulars	Unit	RS-1 to RS-7
	(1)		(2)
1	<u>CCRA Baseload</u>	TJ	119,397
2			
3	<u>CCRA Incurred Costs</u>		
5	STN 2	\$000	\$ 166,842.7
6	AECO		77,415.0
7	CCRA Commodity Costs before Hedging		\$ 244,257.7
8	Mark to Market Hedges Cost / (Gain)		(450.9)
9	Core Market Administration Costs		1,463.4
10	Total Incurred Costs before CCRA deferral amortization		\$ 245,270.2
11			
12	Pre-tax CCRA Deficit/(Surplus) as of Mar 31, 2017		(9,495.5)
13	Total CCRA Incurred Costs		\$ 235,774.7
14			
15			
16	<u>CCRA Incurred Unit Costs</u>	\$/GJ	
17	CCRA Commodity Costs before Hedging		\$ 2.0458
18	Mark to Market Hedges Cost / (Gain)		(0.0038)
19	Core Market Administration Costs		0.0123
20	Total Incurred Costs before CCRA deferral amortization		\$ 2.0542
21	Pre-tax CCRA Deficit/(Surplus) as of Mar 31, 2017		(0.0795)
22	CCRA Gas Costs Incurred -- Flow-Through		\$ 1.9747
23			
24			
25			
26			
27			
28			
29	<u>Cost of Gas (Commodity Cost Recovery Charge)</u>		<u>RS-1 to RS-7</u>
30			
31	TESTED Flow-Through Cost of Gas effective Apr 1, 2017		\$ 1.975
32			
33	Existing Cost of Gas (effective since Oct 1, 2016)		2.050
34			
35	Cost of Gas Increase / (Decrease)	\$/GJ	\$ (0.075)
36			
37	Cost of Gas Percentage Increase / (Decrease)		-3.66%

Tab 2
Page 4

(Line 8, 13, 22, 28, 30 & 32)

(a) The total cost of UAF is included as a component of gas purchased. Sales UAF costs are recovered via gas cost recovery rates, while T-Service UAF costs are recovered via delivery revenues.

b) Imbalance is composed of two components. Spectra imbalance (difference between Spectra metered and authorized deliveries) and Transportation imbalance (difference between the authorized receipts and customers' consumption or "burn")

c) The net impact to the MCRA related to the movement of commodity costs into or out of the Gas in Storage inventory account. Gas injections to storage result in credits to the MCRA, while withdrawals result in costs being debited to the MCRA.

Slight difference in totals due to rounding.

Tab 2
Page 5

Notes:

(a) The total cost of UAF is included as a component of gas purchased. Sales UAF costs are recovered via gas cost recovery rates, while T-Service UAF costs are recovered via delivery revenues.

(b) Imbalance is composed of two components, Spectra imbalance (difference between Spectra metered and authorized deliveries) and Transportation imbalance (difference between the authorized receipts and customers' consumption or "burn").

The Jan 1, 2017 opening balance reflects FEI owed Spectra / Transportation Marketers 650 TJ of gas valued at \$1,897.7K. As imbalance amounts can be either a debit or credit value, and typically remain within a narrow range, FEI does not forecast future imbalance amounts.

(c) The net impact to the MCRA related to the movement of commodity costs into or out of the Gas in Storage inventory account. Gas injections to storage result in credits to the MCRA, while withdrawals result in costs being debited to the MCRA.

Slight difference in totals due to rounding

FORTISBC ENERGY INC. - MAINLAND, VANCOUVER ISLAND AND WHISTLER SERVICE AREAS
MCRA INCURRED MONTHLY ACTIVITIES FOR THE YEAR 2018
FORECAST PERIODS WITH FIVE-DAY AVERAGE FORWARD PRICES - FEB 15,16, 17, 21, AND 22, 2017

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
		Opening balance	Forecast Jan-18	Forecast Feb-18	Forecast Mar-18	Forecast Apr-18	Forecast May-18	Forecast Jun-18	Forecast Jul-18	Forecast Aug-18	Forecast Sep-18	Forecast Oct-18	Forecast Nov-18	Forecast Dec-18	2018 Total
1	MCRA COSTS	(\$000)													
2	<u>Midstream Commodity Related Costs</u>														
3	Midstream Commodity Costs before Hedging ^(a)		\$ 12,180.0	\$ 11,037.4	\$ 7,164.5	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 6,765.6	\$ 12,028.3	\$ 49,177.9
4	Mark to Market Hedges Cost / (Gain)		-	-	-	-	-	-	-	-	-	-	-	-	-
5	Imbalance ^(b)	\$ 1,848.8	(1,848.8)	-	-	-	-	-	-	-	-	-	-	-	(1,848.8)
6	Company Use Gas Recovered from O&M Storage Withdrawal / (Injection) Activity ^(c)		(879.9)	(693.4)	(591.3)	(414.0)	(232.2)	(205.4)	(155.7)	(103.7)	(144.8)	(217.7)	(465.1)	(755.7)	(4,858.9)
7			<u>10,859.7</u>	<u>9,824.2</u>	<u>6,798.9</u>	<u>450.5</u>	<u>(7,547.9)</u>	<u>(9,503.0)</u>	<u>(11,604.3)</u>	<u>(11,255.6)</u>	<u>(9,121.1)</u>	<u>(1,665.9)</u>	<u>9,819.5</u>	<u>11,938.8</u>	<u>(1,006.2)</u>
8	Total Midstream Commodity Related Costs		<u>\$ 20,311.0</u>	<u>\$ 20,168.2</u>	<u>\$ 13,372.1</u>	<u>\$ 36.7</u>	<u>\$ (7,779.8)</u>	<u>\$ (9,708.1)</u>	<u>\$ (11,759.7)</u>	<u>\$ (11,359.0)</u>	<u>\$ (9,265.6)</u>	<u>\$ (1,883.2)</u>	<u>\$ 16,120.0</u>	<u>\$ 23,211.4</u>	<u>\$ 41,464.0</u>
9															
10	<u>Storage Related Costs</u>														
11	Storage Demand - Third Party Storage		\$ 2,534.3	\$ 2,508.6	\$ 2,519.4	\$ 2,540.4	\$ 3,541.5	\$ 3,530.1	\$ 3,527.7	\$ 3,526.7	\$ 3,513.3	\$ 3,525.5	\$ 2,542.4	\$ 2,556.8	\$ 36,366.9
12	On-System Storage - Mt. Hayes (LNG)		<u>1,534.9</u>	<u>1,534.5</u>	<u>1,517.4</u>	<u>1,517.4</u>	<u>1,517.4</u>	<u>1,517.4</u>	<u>1,625.5</u>	<u>1,709.6</u>	<u>1,704.2</u>	<u>1,600.0</u>	<u>1,521.4</u>	<u>1,521.5</u>	<u>18,821.1</u>
13	Total Storage Related Costs		<u>\$ 4,069.2</u>	<u>\$ 4,043.1</u>	<u>\$ 4,036.7</u>	<u>\$ 4,057.8</u>	<u>\$ 5,058.9</u>	<u>\$ 5,047.5</u>	<u>\$ 5,153.2</u>	<u>\$ 5,236.3</u>	<u>\$ 5,217.5</u>	<u>\$ 5,125.5</u>	<u>\$ 4,063.8</u>	<u>\$ 4,078.3</u>	<u>\$ 55,187.9</u>
14															
15	<u>Transportation Related Costs</u>														
16	Spectra (BC Pipeline)		\$ 8,280.1	\$ 8,192.0	\$ 8,124.4	\$ 7,856.1	\$ 7,886.8	\$ 7,837.2	\$ 7,912.8	\$ 7,892.0	\$ 7,794.7	\$ 7,829.6	\$ 8,039.3	\$ 8,290.4	\$ 95,935.3
17	TransCanada (Foothill BC)		398.6	398.6	398.6	300.4	300.4	300.4	300.4	300.4	300.4	300.4	398.6	398.6	4,095.3
18	TransCanada (Nova Alta)		984.4	984.4	984.4	984.4	984.4	984.4	984.4	984.4	984.4	984.4	984.4	984.4	11,813.0
19	Northwest Pipeline		775.3	721.2	767.1	377.6	369.7	369.7	410.8	399.2	364.7	381.3	778.5	808.3	6,523.4
20	FortisBC Energy Huntingdon Inc.		11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	134.1
21	Southern Crossing Pipeline		<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>3,600.0</u>
22	Total Transportation Related Costs		<u>\$ 10,749.6</u>	<u>\$ 10,607.3</u>	<u>\$ 10,585.7</u>	<u>\$ 9,829.7</u>	<u>\$ 9,852.5</u>	<u>\$ 9,802.8</u>	<u>\$ 9,919.5</u>	<u>\$ 9,887.2</u>	<u>\$ 9,755.3</u>	<u>\$ 9,806.8</u>	<u>\$ 10,511.9</u>	<u>\$ 10,792.9</u>	<u>\$ 122,101.1</u>
23															
24	<u>Mitigation</u>														
25	Commodity Related Mitigation		\$ (3,352.0)	\$ (7,410.9)	\$ (6,500.9)	\$ (863.1)	\$ (793.0)	\$ (1,676.0)	\$ (1,769.9)	\$ (2,134.4)	\$ (1,990.0)	\$ (1,067.7)	\$ (8,508.0)	\$ (4,489.1)	\$ (40,555.1)
26	Storage Related Mitigation		-	-	-	-	-	-	-	-	-	-	-	-	-
27	Transportation Related Mitigation		<u>(1,409.4)</u>	<u>(1,240.0)</u>	<u>(1,913.5)</u>	<u>(4,981.5)</u>	<u>(5,326.5)</u>	<u>(5,182.7)</u>	<u>(5,887.1)</u>	<u>(6,052.3)</u>	<u>(5,930.8)</u>	<u>(5,140.4)</u>	<u>(1,964.7)</u>	<u>(1,505.0)</u>	<u>(46,533.9)</u>
28	Total Mitigation		<u>\$ (4,761.4)</u>	<u>\$ (8,650.8)</u>	<u>\$ (8,414.4)</u>	<u>\$ (5,844.6)</u>	<u>\$ (6,119.5)</u>	<u>\$ (6,858.7)</u>	<u>\$ (7,657.0)</u>	<u>\$ (8,186.7)</u>	<u>\$ (7,920.8)</u>	<u>\$ (6,208.1)</u>	<u>\$ (10,472.7)</u>	<u>\$ (5,994.1)</u>	<u>\$ (87,089.0)</u>
29															
30	<u>GSMIP Incentive Sharing</u>		<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 83.3</u>	<u>\$ 1,000.0</u>
31															
32	<u>Core Market Administration Costs</u>		<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 284.6</u>	<u>\$ 3,414.6</u>
33	TOTAL MCRA COSTS	(\$000)	<u>\$ 30,736.2</u>	<u>\$ 26,535.7</u>	<u>\$ 19,948.0</u>	<u>\$ 8,447.4</u>	<u>\$ 1,379.9</u>	<u>\$ (1,348.6)</u>	<u>\$ (3,976.2)</u>	<u>\$ (4,054.4)</u>	<u>\$ (1,845.7)</u>	<u>\$ 7,208.9</u>	<u>\$ 20,590.9</u>	<u>\$ 32,456.4</u>	<u>\$ 136,078.6</u>
	(Line 8, 13, 22, 28, 30 & 32)														

Notes:

(a) The total cost of UAF is included as a component of gas purchased. Sales UAF costs are recovered via gas cost recovery rates, while T-Service UAF costs are recovered via delivery revenues.

(b) Imbalance is composed of two components, Spectra imbalance (difference between Spectra metered and authorized deliveries) and Transportation imbalance (difference between the authorized receipts and customers' consumption or "burn"). For developing the forecast midstream costs opening imbalance amounts are forecast to be settled at the beginning of the prospective period. As imbalance amounts can be either a debit or credit value, and typically remain within a narrow range, FEI does not forecast future imbalance amounts.

(c) The net impact to the MCRA related to the movement of commodity costs into or out of the Gas in Storage inventory account. Gas injections to storage result in credits to the MCRA, while withdrawals result in costs being debited to the MCRA.

Slight difference in totals due to rounding.



British Columbia
Utilities Commission

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Log No. #####

Letter L-##-##

Via Email

gas.regulatory.affairs@fortisbc.com

March ##, 2017

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc. – Mainland, Vancouver Island, and Whistler Service Areas
2017 First Quarter Gas Cost Report
Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account

On March 1, 2017, FortisBC Energy Inc. filed with the British Columbia Utilities Commission (Commission) its 2017 First Quarter Gas Cost Report for the Mainland, Vancouver Island, and Whistler service areas (Report).

The Commission notes that Order G-145-16 established the current Commodity Cost Recovery Charge for the Mainland, Vancouver Island, and Whistler service areas.

The Commission acknowledges receipt of the Report and accepts the recommendation that the Commodity Cost Recovery Charge for the Mainland, Vancouver Island, and Whistler service areas remain unchanged at \$2.050 per gigajoule effective April 1, 2017.

Yours truly,

Erica Hamilton