



Diane Roy
Vice President, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

March 7, 2018

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
Gas Cost Reconciliation Account (GCRA), Gas Cost Recovery Rates
2018 First Quarter Gas Cost Report**

The attached materials provide the FEI 2018 First 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 February 21, 22, 23, 26, and 27, 2018 forward prices for natural gas (five-day average forward prices ending February 27, 2018), the March 31, 2018 GCRA deferral balance is projected to be approximately \$122.0 thousand surplus after tax (Tab 1, Page 3, Column 14, Line 30). Further, based on the five-day average forward prices ending February 27, 2018, the gas purchase cost assumptions, and the forecast gas cost recoveries at present rates for the 12-month period ending March 31, 2019, and accounting for the projected March 31, 2018 deferral balance, the GCRA ratio is calculated to be 128.2% (Tab 1, Page 1, Column 4, Line 7), which falls outside the 95% to 105% deadband. The tested rate decrease that would produce a 100% commodity recovery-to-cost ratio is calculated to be \$0.346/GJ (Tab 1, Page 1, Column 5, Line 26), 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 1, Pages 2 to 5, provide details of the recorded and forecast, based on the five-day average forward prices ending February 27, 2018, GCRA gas supply costs and recoveries.

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

FEI is requesting that this information be filed on a confidential basis pursuant to section 18 of the Commission's Rules of Practice and Procedure regarding confidential documents, established by Order G-1-16, and 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 April 1, 2018.

The Company will continue to monitor the forward prices and will report these results in the 2018 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

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
GAS COST RECONCILIATION ACCOUNT (GCRA) RATE CHANGE TRIGGER MECHANISM
FOR THE FORECAST PERIOD APR 2018 TO MAR 2019
FIVE-DAY AVERAGE FORWARD PRICES - FEB 21, 22, 23, 26, AND 27, 2018

Line No.	Particulars	Pre-Tax (\$000)	Forecast Energy (TJ)	Percentage	Unit Cost (\$/GJ)	Reference / Comment
	(1)	(2)	(3)	(4)	(5)	(6)
1	<u>GCRA RATE CHANGE TRIGGER RATIO</u>					
2						
3	Projected Pre-Tax Deferral Balance at Mar 31, 2018 ^(a)	\$ (167.2)				(Tab 1, Page 4, Col 14, Line 1)
4	Forecast Incurred Gas Costs - Apr 2018 to Mar 2019	\$ 799.5				(Tab 1, Page 4, Col 14, Line 11)
5	Forecast Recovery Gas Costs at Existing Recovery Rate - Apr 2018 to Mar 2019	\$ 810.7				(Tab 1, Page 4, Col 14, Line 20)
6						
7	GCRA = $\frac{\text{Forecast Recovered Gas Costs (Line 5)}}{\text{Forecast Incurred Gas Costs (Line 4) + Projected GCRA Balance (Line 3)}}$ = $\frac{\$ 810.7}{\$ 632.3}$			128.2%		Outside 95% to 105% deadband
8	Ratio					
9						
10						
11						
12						
13	<u>Existing Gas Cost Recovery Charge, Effective January 1, 2018</u>				<u>\$ 1.571</u>	
14						
15						
16						
17						
18	<u>GCRA RATE CHANGE THRESHOLD (+/- \$0.50/GJ)</u>					
19						
20	Forecast Sales Rate Classes Recovery Energy - Apr 2018 to Mar 2019		515.9			(Tab 1, Page 4, Col 14, Line 15)
21						
22	Projected Pre-Tax GCRA Balance at Mar 31, 2018 ^(a)	\$ (167.2)			\$ (0.3240) ^(b)	
23	Forecast 12-month GCRA Activities - Apr 2018 to Mar 2019	<u>(11.3)</u>			<u>(0.0219) ^(b)</u>	
24	(Over) / Under Recovery at Existing Rate	<u>\$ (178.4)</u>				(Line 3 + Line 4 - Line 5)
25						
26	Tested Rate (Decrease) / Increase				<u>\$ (0.346) ^(b)</u>	Within minimum +/- \$0.50/GJ threshold

Notes:

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

(b) Gas cost recovery rate 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 FOR THE YEAR 2017

Line No.	Particulars	Recorded Jan-17	Recorded Feb-17	Recorded Mar-17	Recorded Apr-17	Recorded May-17	Recorded Jun-17	Recorded Jul-17	Recorded Aug-17	Recorded Sep-17	Recorded Oct-17	Recorded Nov-17	Recorded Dec-17	Jan-17 to Dec-17
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	GCRA Balance - Beginning (Pre-tax)^(a)	\$ (124,115)	\$ (69,570)	\$ (39,430)	\$ (17,912)	\$ (12,648)	\$ (1,776)	\$ (4,142)	\$ (8,598)	\$ (21,349)	\$ (39,542)	\$ (97,642)	\$ (144,330)	\$ (124,115)
2														
3														
4	Gas Costs Incurred													
5	Commodity Purchases ^(b)	GJ 77,700	63,500	80,800	40,723	10,200	13,000	4,200	7,200	6,900	20,800	78,000	91,600	494,623
6	Average Unit Cost of Gas Purchased	\$/GJ 2.533	\$ 2.348	\$ 2.394	\$ 2.363	\$ 2.390	\$ 1.919	\$ 1.617	\$ 0.714	\$ 0.940	\$ 0.508	\$ 1.186	\$ 1.039	\$ 1.833
7	(Line 8 / Line 5)													
8	Purchase Costs	\$ 196,782	\$ 149,092	\$ 193,452	\$ 96,208	\$ 24,383	\$ 24,953	\$ 6,791	\$ 5,140	\$ 6,485	\$ 10,567	\$ 92,518	\$ 95,189	\$ 901,560
9	Imbalance Gas ^(c)	(2,427)	11,189	(10,526)	(18,916)	22,719	(3,579)	5,255	(541)	1,277	735	19,110	(15,753)	8,544
10	Company Use Gas Recovered from O&M	(2,166)	907	(647)	(885)	(136)	(65)	(32)	(17)	(21)	(54)	(128)	(170)	(3,415)
11	Total Gas Costs Incurred	\$ 192,190	\$ 161,188	\$ 182,279	\$ 76,407	\$ 46,965	\$ 21,310	\$ 12,014	\$ 4,582	\$ 7,740	\$ 11,248	\$ 111,500	\$ 79,266	\$ 906,689
12														
13														
14	<u>Cost of Gas Recovery</u>													
15	Sales Rate Classes Recovered	GJ 73,754	62,805	77,041	35,166	17,304	11,356	7,896	8,309	12,432	33,244	75,830	74,645	489,782
16														
17	Sales Classes @ APPROVED Recovery Rate	\$ (137,585)	\$ (131,012)	\$ (160,707)	\$ (71,104)	\$ (36,097)	\$ (23,688)	\$ (16,471)	\$ (17,333)	\$ (25,934)	\$ (69,347)	\$ (158,182)	\$ (155,710)	\$ (1,003,169)
18	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
19	T-Service UAF Recovered ^(d)	(61)	(36)	(54)	(39)	4	13	1	(0)	(0)	(1)	(7)	(90)	(270)
20	Total Cost of Gas Recovery	\$ (137,645)	\$ (131,048)	\$ (160,761)	\$ (71,144)	\$ (36,093)	\$ (23,675)	\$ (16,470)	\$ (17,333)	\$ (25,934)	\$ (69,348)	\$ (158,189)	\$ (155,800)	\$ (1,003,439)
21														
22														
23														
24	GCRA Balance - Ending (Pre-tax)	\$ (69,570)	\$ (39,430)	\$ (17,912)	\$ (12,648)	\$ (1,776)	\$ (4,142)	\$ (8,598)	\$ (21,349)	\$ (39,542)	\$ (97,642)	\$ (144,330)	\$ (220,865)	\$ (220,865)
25	(Line 1 + Line 11 + Line 20)													
26														
27	Tax Rate	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
28														
29	GCRA Balance - Ending (After-tax)	\$ (51,482)	\$ (29,178)	\$ (13,255)	\$ (9,360)	\$ (1,314)	\$ (3,065)	\$ (6,363)	\$ (15,798)	\$ (29,261)	\$ (72,255)	\$ (106,804)	\$ (163,440)	\$ (163,440)

Notes:

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

Slight differences in totals due to rounding.

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
GCRA MONTHLY BALANCES AND ACTIVITIES AT EXISTING RATES
RECORDED PERIOD TO JAN 2018 AND FORECAST TO MAR 2018
FIVE-DAY AVERAGE FORWARD PRICES - FEB 21, 22, 23, 26, AND 27, 2018

Line No.	Particulars	Recorded Jan-18	Projected Feb-18	Projected Mar-18	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	Jan-18 to Mar-18
	(1)	(2)	(3)	(4)										(14)
1	GCRA Balance - Beginning (Pre-tax) ^(a)	\$ (223,890)	\$ (193,931)	\$ (172,598)										\$ (223,890)
2														
3														
4	Gas Costs Incurred													
5	Commodity Purchases ^(b)	GJ 98,400	72,410	68,325										239,135
6	Average Unit Cost of Gas Purchased	\$/GJ \$ 1.816	\$ 1.759	\$ 1.639										\$ 1.722
7	(Line 8 / Line 5)													
8	Purchase Costs	\$ 178,661	\$ 127,346	\$ 112,007										\$ 418,014
9	Imbalance Gas ^(c)	(5,610)	858	-										(4,752)
10	Company Use Gas Recovered from O&M	(473)	(587)	(453)										(1,513)
11	Total Gas Costs Incurred	\$ 172,578	\$ 127,617	\$ 111,555										\$ 411,749
12														
13														
14	<u>Cost of Gas Recovery</u>													
15	Sales Rate Classes Recovered	GJ 90,916	71,525	67,527										229,967
16	Adjust Sales Under / (Over) Accrual ^(d)	GJ -	(3,898)	-										(3,898)
17														
18	Sales Classes @ APPROVED Recovery Rate	\$ (142,553)	\$ (106,241)	\$ (106,085)										\$ (354,879)
19	T-Service Balancing Gas	-	-	-										-
20	T-Service UAF Recovered ^(e)	(66)	(42)	(41)										(149)
21	Total Cost of Gas Recovery	\$ (142,619)	\$ (106,283)	\$ (106,126)										\$ (355,028)
22														
23														
24														
25	GCRA Balance - Ending (Pre-tax)	\$ (193,931)	\$ (172,598)	\$ (167,169)										\$ (167,169)
26	(Line 1 + Line 11 + Line 21)													
27														
28	Tax Rate	27.0%	27.0%	27.0%										27.0%
29														
30	GCRA Balance - Ending (After-tax)	\$ (141,570)	\$ (125,996)	\$ (122,033)										\$ (122,033)

Notes:

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

Slight differences in totals due to rounding.

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
GCRA MONTHLY BALANCES AND ACTIVITIES AT EXISTING RATES
FORECAST PERIOD FROM APR 2018 TO MAR 2019
FIVE-DAY AVERAGE FORWARD PRICES - FEB 21, 22, 23, 26, AND 27, 2018

Line No.	Particulars	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	Forecast Jan-19	Forecast Feb-19	Forecast Mar-19	Apr-18 to Mar-19
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	GCRA Balance - Beginning (Pre-tax)^(a)	\$ (167,169)	\$ (176,830)	\$ (184,307)	\$ (186,553)	\$ (187,579)	\$ (188,766)	\$ (191,556)	\$ (196,358)	\$ (195,638)	\$ (191,093)	\$ (183,749)	\$ (178,963)	\$ (167,169)
2														
3														
4	Gas Costs Incurred													
5	Commodity Purchases ^(b)	GJ 35,576	19,907	10,057	7,477	9,139	17,204	38,388	68,371	89,998	87,929	70,996	66,992	522,035
6	Average Unit Cost of Gas Purchased	\$/GJ 1.286	\$ 1.180	\$ 1.335	\$ 1.420	\$ 1.429	\$ 1.397	\$ 1.435	\$ 1.570	\$ 1.610	\$ 1.643	\$ 1.627	\$ 1.567	\$ 1.531
7	(Line 8 / Line 5)													
8	Purchase Costs	\$ 45,767	\$ 23,484	\$ 13,423	\$ 10,620	\$ 13,060	\$ 24,035	\$ 55,075	\$ 107,351	\$ 144,926	\$ 144,507	\$ 115,530	\$ 104,998	\$ 802,776
9	Imbalance Gas ^(c)	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Company Use Gas Recovered from O&M	(236)	(230)	(69)	(67)	(43)	(71)	(56)	(485)	(582)	(512)	(543)	(433)	(3,325)
11	Total Gas Costs Incurred	\$ 45,530	\$ 23,255	\$ 13,354	\$ 10,553	\$ 13,017	\$ 23,964	\$ 55,019	\$ 106,866	\$ 144,344	\$ 143,995	\$ 114,987	\$ 104,566	\$ 799,452
12														
13														
14	<u>Cost of Gas Recovery</u>													
15	Sales Rate Classes Recovered	GJ 35,120	19,561	9,930	7,371	9,041	17,030	38,073	67,539	88,955	86,953	70,120	66,204	515,896
16														
17	Sales Classes @ Existing Recovery Rate	\$ (55,173)	\$ (30,730)	\$ (15,600)	\$ (11,579)	\$ (14,204)	\$ (26,754)	\$ (59,812)	\$ (106,104)	\$ (139,749)	\$ (136,603)	\$ (110,159)	\$ (104,006)	\$ (810,472)
18	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
19	T-Service UAF Recovered ^(d)	(19)	(1)	(0)	(0)	(0)	(1)	(8)	(43)	(51)	(47)	(42)	(41)	(254)
20	Total Cost of Gas Recovery	\$ (55,192)	\$ (30,731)	\$ (15,600)	\$ (11,579)	\$ (14,204)	\$ (26,754)	\$ (59,820)	\$ (106,146)	\$ (139,799)	\$ (136,651)	\$ (110,201)	\$ (104,047)	\$ (810,727)
21														
22														
23														
24	GCRA Balance - Ending (Pre-tax)	\$ (176,830)	\$ (184,307)	\$ (186,553)	\$ (187,579)	\$ (188,766)	\$ (191,556)	\$ (196,358)	\$ (195,638)	\$ (191,093)	\$ (183,749)	\$ (178,963)	\$ (178,444)	\$ (178,444)
25	(Line 1 + Line 11 + Line 20)													
26														
27	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%
28														
29	GCRA Balance - Ending (After-tax)	\$ (129,086)	\$ (134,544)	\$ (136,183)	\$ (136,933)	\$ (137,799)	\$ (139,836)	\$ (143,341)	\$ (142,816)	\$ (139,498)	\$ (134,136)	\$ (130,643)	\$ (130,264)	\$ (130,264)

Notes:

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

Slight differences in totals due to rounding.

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
GCRA MONTHLY BALANCES AND ACTIVITIES AT EXISTING RATES
FORECAST PERIOD FROM APR 2019 TO MAR 2020
FIVE-DAY AVERAGE FORWARD PRICES - FEB 21, 22, 23, 26, AND 27, 2018

Line No.	Particulars	Forecast Apr-19	Forecast May-19	Forecast Jun-19	Forecast Jul-19	Forecast Aug-19	Forecast Sep-19	Forecast Oct-19	Forecast Nov-19	Forecast Dec-19	Forecast Jan-20	Forecast Feb-20	Forecast Mar-20	Apr-19 to Mar-20
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	GCRA Balance - Beginning (Pre-tax)^(a)	\$ (178,444)	\$ (200,368)	\$ (211,553)	\$ (216,827)	\$ (219,959)	\$ (224,461)	\$ (233,809)	\$ (256,797)	\$ (257,254)	\$ (249,379)	\$ (237,551)	\$ (228,299)	\$ (178,444)
2														
3														
4	Gas Costs Incurred													
5	Commodity Purchases ^(b)	GJ 34,906	19,549	9,891	7,348	8,980	16,907	37,674	67,031	88,208	86,191	69,573	65,635	511,894
6	Average Unit Cost of Gas Purchased	\$/GJ \$ 0.928	\$ 0.981	\$ 1.023	\$ 1.129	\$ 1.056	\$ 1.005	\$ 0.949	\$ 1.553	\$ 1.649	\$ 1.697	\$ 1.693	\$ 1.635	\$ 1.465
7	(Line 8 / Line 5)													
8	Purchase Costs	\$ 32,390	\$ 19,175	\$ 10,117	\$ 8,297	\$ 9,485	\$ 16,993	\$ 35,755	\$ 104,077	\$ 145,478	\$ 146,297	\$ 117,799	\$ 107,328	\$ 753,191
9	Imbalance Gas ^(c)	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Company Use Gas Recovered from O&M	(168)	(188)	(50)	(51)	(30)	(49)	(36)	(479)	(596)	(529)	(565)	(451)	(3,193)
11	Total Gas Costs Incurred	\$ 32,222	\$ 18,987	\$ 10,066	\$ 8,246	\$ 9,455	\$ 16,944	\$ 35,718	\$ 103,598	\$ 144,882	\$ 145,768	\$ 117,234	\$ 106,877	\$ 749,997
12														
13														
14	<u>Cost of Gas Recovery</u>													
15	Sales Rate Classes Recovered	GJ 34,454	19,205	9,764	7,242	8,884	16,736	37,364	66,207	87,178	85,228	68,707	64,856	505,825
16														
17	Sales Classes @ Existing Recovery Rate	\$ (54,128)	\$ (30,171)	\$ (15,340)	\$ (11,378)	\$ (13,956)	\$ (26,292)	\$ (58,699)	\$ (104,012)	\$ (136,956)	\$ (133,892)	\$ (107,939)	\$ (101,889)	\$ (794,651)
18	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
19	T-Service UAF Recovered ^(d)	(19)	(1)	(0)	(0)	(0)	(1)	(8)	(43)	(51)	(47)	(42)	(41)	(254)
20	Total Cost of Gas Recovery	\$ (54,147)	\$ (30,172)	\$ (15,340)	\$ (11,378)	\$ (13,957)	\$ (26,292)	\$ (58,707)	\$ (104,055)	\$ (137,007)	\$ (133,940)	\$ (107,982)	\$ (101,930)	\$ (794,905)
21														
22														
23														
24	GCRA Balance - Ending (Pre-tax)	\$ (200,368)	\$ (211,553)	\$ (216,827)	\$ (219,959)	\$ (224,461)	\$ (233,809)	\$ (256,797)	\$ (257,254)	\$ (249,379)	\$ (237,551)	\$ (228,299)	\$ (223,352)	\$ (223,352)
25	(Line 1 + Line 11 + Line 20)													
26														
27	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%
28														
29	GCRA Balance - Ending (After-tax)	\$ (146,269)	\$ (154,434)	\$ (158,284)	\$ (160,570)	\$ (163,856)	\$ (170,681)	\$ (187,462)	\$ (187,795)	\$ (182,046)	\$ (173,412)	\$ (166,658)	\$ (163,047)	\$ (163,047)

Notes:

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

Slight differences in totals due to rounding.

**FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
STATION 2 INDEX FORECAST FOR THE PERIOD ENDING MAR 2020**

Tab 1
Page 6

Line No	Particulars	Five-day Average Forward Prices - Feb 21, 22, 23, 26, and 27, 2018 2018 Q1 Gas Cost Report	Five-day Average Forward Prices - Nov 7, 8, 9, 10, and 14, 2017 2017 Q4 Gas Cost Report	Change in Forward Price (4) = (2) - (3)
	(1)	(2)	(3)	(4) = (2) - (3)
1	Station 2 Index Prices - \$CDN/GJ ^(a)			
2				
3	2017 October	\$ 0.36	Recorded \$ 0.36	\$ -
4	November	\$ 0.72	Forecast \$ 1.44	\$ (0.72)
5	December	\$ 0.51	\$ 1.89	\$ (1.38)
6	2018 January	\$ 1.63	\$ 1.85	\$ (0.22)
7	February	\$ 1.56	\$ 1.85	\$ (0.29)
8	March	\$ 1.32	\$ 1.68	\$ (0.36)
9	April	\$ 0.90	\$ 1.20	\$ (0.30)
10	May	\$ 0.68	\$ 1.13	\$ (0.45)
11	June	\$ 0.80	\$ 1.13	\$ (0.32)
12	July	\$ 0.86	\$ 1.13	\$ (0.28)
13	August	\$ 0.93	\$ 1.14	\$ (0.21)
14	September	\$ 1.00	\$ 1.13	\$ (0.13)
15	October	\$ 1.13	\$ 1.27	\$ (0.13)
16	November	\$ 1.37	\$ 2.01	\$ (0.63)
17	December	\$ 1.48	\$ 2.13	\$ (0.65)
18	2019 January	\$ 1.55	\$ 2.22	\$ (0.67)
19	February	\$ 1.51	\$ 2.21	\$ (0.70)
20	March	\$ 1.37	\$ 2.06	\$ (0.69)
21	April	\$ 0.88	\$ 1.54	\$ (0.65)
22	May	\$ 0.90	\$ 1.41	\$ (0.51)
23	June	\$ 0.87	\$ 1.43	\$ (0.56)
24	July	\$ 0.92	\$ 1.43	\$ (0.51)
25	August	\$ 0.89	\$ 1.43	\$ (0.54)
26	September	\$ 0.92	\$ 1.44	\$ (0.52)
27	October	\$ 0.91	\$ 1.51	\$ (0.60)
28	November	\$ 1.47	\$ 2.01	\$ (0.55)
29	December	\$ 1.62	\$ 2.23	\$ (0.61)
30	2020 January	\$ 1.69		
31	February	\$ 1.68		
32	March	\$ 1.59		
33				
34	Simple Average (Apr 2018 - Mar 2019)	\$ 1.13	\$ 1.56	-27.6% \$ (0.43)
35	Simple Average (Jul 2018 - Jun 2019)	\$ 1.15	\$ 1.64	-29.6% \$ (0.49)
36	Simple Average (Oct 2018 - Sep 2019)	\$ 1.15	\$ 1.71	-32.9% \$ (0.56)
37	Simple Average (Jan 2019 - Dec 2019)	\$ 1.15	\$ 1.74	-33.9% \$ (0.59)
38	Simple Average (Apr 2019 - Mar 2020)	\$ 1.20		

Notes:

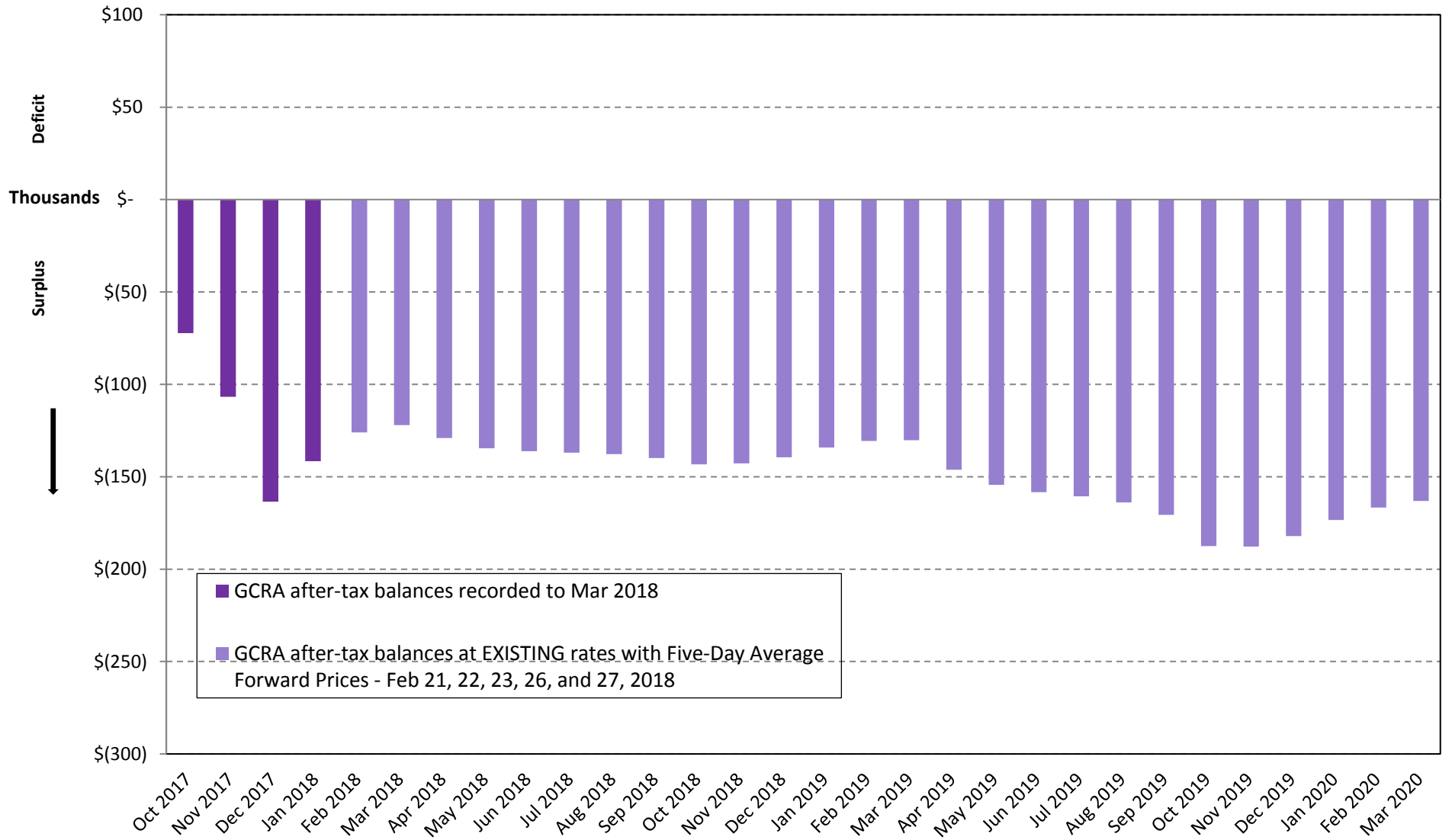
(a) Recorded monthly price reflects the average recorded cost for the month.

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
GCRA AFTER-TAX BALANCES AT EXISTING RECOVERY RATE
FOR FORECAST PERIOD ENDING MAR 2020
FIVE-DAY AVERAGE FORWARD PRICES - FEB 21, 22, 23, 26, AND 27, 2018
(\$000)

Tab 1
Page 7

Line No	Particulars	Five-day Average Forward Prices - Feb 21, 22, 23, 26, and 27, 2018		Five-day Average Forward Prices - Nov 7, 8, 9, 10, and 14, 2017	
		2017 Q4 Gas Cost Report		2017 Q4 Gas Cost Report	
	(1)	(2)		(3)	
1	2017 October		\$ (72.3)	Recorded	\$ (72.3)
2	November		\$ (106.8)	Forecast	\$ (73.3)
3	December		\$ (163.4)		\$ (83.8)
4	2018 January	Recorded	\$ (141.6)		\$ (62.6)
5	February	Forecast	\$ (126.0)		\$ (45.2)
6	March		\$ (122.0)		\$ (33.8)
7	April		\$ (129.1)		\$ (39.5)
8	May		\$ (134.5)		\$ (42.9)
9	June		\$ (136.2)		\$ (44.2)
10	July		\$ (136.9)		\$ (44.9)
11	August		\$ (137.8)		\$ (45.9)
12	September		\$ (139.8)		\$ (48.7)
13	October		\$ (143.3)		\$ (53.7)
14	November		\$ (142.8)		\$ (32.8)
15	December		\$ (139.5)		\$ (0.1)
16	2019 January		\$ (134.1)		\$ 35.8
17	February		\$ (130.6)		\$ 64.4
18	March		\$ (130.3)		\$ 86.6
19	April		\$ (146.3)		\$ 86.7
20	May		\$ (154.4)		\$ 85.4
21	June		\$ (158.3)		\$ 85.3
22	July		\$ (160.6)		\$ 85.4
23	August		\$ (163.9)		\$ 85.4
24	September		\$ (170.7)		\$ 84.7
25	October		\$ (187.5)		\$ 83.9
26	November		\$ (187.8)		\$ 108.5
27	December		\$ (182.0)		\$ 149.7
28	2020 January		\$ (173.4)		
29	February		\$ (166.7)		
30	March		\$ (163.0)		

FortisBC Energy Inc. - Fort Nelson Service Areas
 GCRA After-Tax Monthly Balances
 Recorded to January 2018 and Forecast to March 2020





March #, 2018

Letter L-##-##

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

Dear Ms. Roy:

Re: FortisBC Energy Inc. – Fort Nelson Service Area
2018 First Quarter Gas Cost Report

On March 7, 2018, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (Commission) its 2018 First Quarter Gas Cost Report for the Fort Nelson service area (Report), which includes details regarding the Gas Cost Reconciliation Account and the related Gas Cost Recovery Charge.

The Commission notes that the Gas Cost Recovery Charge for the Fort Nelson service area was last changed effective January 1, 2018, when it was decreased by \$0.515 per gigajoule from \$2.086 per gigajoule to \$1.571 per gigajoule via Order G-175-17.

The Commission 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. The Commission acknowledges receipt of the Report and accepts FEI's recommendation that the Gas Cost Recovery Charge for the Fort Nelson service area remain unchanged at \$1.571 per gigajoule effective April 1, 2018.

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

Yours truly,

Patrick Wruck