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September 5, 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) and Gas Cost Recovery Charge
2018 Third Quarter Gas Cost Report**

The attached materials provide the FEI 2018 Third Quarter Gas Cost Report for the Fort Nelson Service Area (Fort Nelson) as required under the British Columbia Utilities Commission (the Commission) guidelines.

Based on the five-day average of the August 22, 23, 24, 27, and 28, 2018 forward prices for natural gas (five-day average forward prices ending August 28, 2018), the September 30, 2018 GCRA deferral balance is projected to be approximately \$93 thousand surplus after tax (Tab 1, Page 2, Column 14, Line 30). Further, based on the five-day average forward prices ending August 28, 2018, the gas purchase cost assumptions, and the forecast gas cost recoveries at present rates for the 12-month period ending September 30, 2019, and accounting for the projected September 30, 2018 deferral balance, the GCRA ratio is calculated to be 106.2% (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 \$0.092/GJ (Tab 1, Page 1, Column 5, Line 26), which falls within the \$0.50/GJ minimum 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 4, provide details of the recorded and forecast, based on the five-day average forward prices ending August 28, 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 Charge for Fort Nelson to remain unchanged at October 1, 2018 from the current rate of \$1.571/GJ.

The Company will continue to monitor the forward prices and will report these results in the 2018 Fourth 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 OCT 2018 TO SEP 2019
FIVE-DAY AVERAGE FORWARD PRICES - AUG 22, 23, 24, 27, AND 28, 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 Sep 30, 2018 ^(a)	\$ (127.5)				(Tab 1, Page 3, Col 14, Line 1)
4	Forecast Incurred Gas Costs - Oct 2018 to Sep 2019	\$ 855.1				(Tab 1, Page 3, Col 14, Line 11)
5	Forecast Recovery Gas Costs at Existing Recovery Rate - Oct 2018 to Sep 2019	\$ 773.0				(Tab 1, Page 3, Col 14, Line 20)
6						
7	GCRA = $\frac{\text{Forecast Recovered Gas Costs (Line 5)}}{\text{Forecast Incurred Gas Costs (Line 4) + Projected GCRA Balance (Line 3)}}$	\$ 773.0				
8	Ratio = $\frac{\text{Forecast Recovered Gas Costs (Line 5)}}{\text{Forecast Incurred Gas Costs (Line 4) + Projected GCRA Balance (Line 3)}}$	\$ 727.6		106.2%		Outside 95% to 105% deadband
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 - Oct 2018 to Sep 2019		491.6			(Tab 1, Page 3, Col 14, Line 15)
21						
22	Projected Pre-Tax GCRA Balance at Sep 30, 2018 ^(a)	\$ (127.5)			\$ (0.2594) ^(b)	
23	Forecast 12-month GCRA Activities - Oct 2018 to Sep 2019	82.1			0.1671 ^(b)	
24	(Over) / Under Recovery at Existing Rate	<u>\$ (45.4)</u>				(Line 3 + Line 4 - Line 5)
25						
26	Tested Rate (Decrease) / Increase				<u>\$ (0.092)</u> ^(b)	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 decimals 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 2018 AND FORECAST TO SEP 2018
FIVE-DAY AVERAGE FORWARD PRICES - AUG 22, 23, 24, 27, AND 28, 2018

Line No.	Particulars	Recorded Jan-18	Recorded Feb-18	Recorded Mar-18	Recorded Apr-18	Recorded May-18	Recorded Jun-18	Recorded Jul-18	Projected Aug-18	Projected Sep-18	Jan-18 to Sep-18
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(14)
1	GCRA Balance - Beginning (Pre-tax)^(a)	\$ (223,890)	\$ (193,931)	\$ (165,213)	\$ (134,951)	\$ (140,750)	\$ (139,096)	\$ (138,131)	\$ (132,391)	\$ (128,776)	\$ (223,890)
2											
3											
4	Gas Costs Incurred										
5	Commodity Purchases ^(b)	GJ 98,400	80,400	45,450	58,200	1,750	10,500	6,000	9,139	17,204	327,042
6	Average Unit Cost of Gas Purchased	\$/GJ 1.816	1.973	2.069	1.529	2.837	1.725	1.806	1.714	1.632	1.808
7	(Line 8 / Line 5)										
8	Purchase Costs	\$ 178,661	\$ 158,620	\$ 94,030	\$ 88,972	\$ 4,965	\$ 18,114	\$ 10,837	\$ 15,665	\$ 28,081	\$ 597,944
9	Imbalance Gas ^(c)	(5,610)	(13,305)	31,681	(32,776)	15,579	(281)	1,416	(1,456)	-	(4,752)
10	Company Use Gas Recovered from O&M	(473)	(384)	(456)	(246)	(12)	9	(39)	(53)	(84)	(1,736)
11	Total Gas Costs Incurred	\$ 172,578	\$ 144,932	\$ 125,254	\$ 55,950	\$ 20,533	\$ 17,843	\$ 12,214	\$ 14,155	\$ 27,997	\$ 591,456
12											
13											
14	Cost of Gas Recovery										
15	Sales Rate Classes Recovered	GJ 90,916	73,949	60,436	39,284	12,018	10,751	4,121	9,041	17,030	317,546
16	Adjust Sales Under / (Over) Accrual ^(d)	GJ -	-	-	-	-	-	-	(2,332)	-	(2,332)
17											
18	Sales Classes @ APPROVED Recovery Rate	\$ (142,553)	\$ (116,174)	\$ (94,945)	\$ (61,715)	\$ (18,881)	\$ (16,889)	\$ (6,475)	\$ (10,540)	\$ (26,754)	\$ (494,925)
19	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-
20	T-Service UAF Recovered ^(e)	(66)	(40)	(47)	(34)	2	12	(0)	(0)	(1)	(173)
21	Total Cost of Gas Recovery	\$ (142,619)	\$ (116,214)	\$ (94,992)	\$ (61,749)	\$ (18,879)	\$ (16,877)	\$ (6,475)	\$ (10,540)	\$ (26,754)	\$ (495,099)
22											
23											
24											
25	GCRA Balance - Ending (Pre-tax)	\$ (193,931)	\$ (165,213)	\$ (134,951)	\$ (140,750)	\$ (139,096)	\$ (138,131)	\$ (132,391)	\$ (128,776)	\$ (127,533)	\$ (127,533)
26	(Line 1 + Line 11 + Line 21)										
27											
28	Tax Rate	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
29											
30	GCRA Balance - Ending (After-tax)	\$ (141,570)	\$ (120,606)	\$ (98,514)	\$ (102,748)	\$ (101,540)	\$ (100,835)	\$ (96,646)	\$ (94,006)	\$ (93,099)	\$ (93,099)

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 OCT 2018 TO SEP 2019
FIVE-DAY AVERAGE FORWARD PRICES - AUG 22, 23, 24, 27, AND 28, 2018

Line No.	Particulars	Forecast Oct-18	Forecast Nov-18	Forecast Dec-18	Forecast Jan-19	Forecast Feb-19	Forecast Mar-19	Forecast Apr-19	Forecast May-19	Forecast Jun-19	Forecast Jul-19	Forecast Aug-19	Forecast Sep-19	Oct-18 to Sep-19
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	GCRA Balance - Beginning (Pre-tax)^(a)	\$ (127,533)	\$ (126,454)	\$ (112,289)	\$ (85,740)	\$ (56,719)	\$ (32,334)	\$ (17,059)	\$ (28,372)	\$ (35,793)	\$ (38,969)	\$ (39,858)	\$ (41,425)	\$ (127,533)
2														
3														
4	Gas Costs Incurred													
5	Commodity Purchases ^(b)	GJ 38,388	68,371	89,998	82,658	69,401	61,822	33,894	17,347	9,353	6,350	8,349	14,816	500,747
6	Average Unit Cost of Gas Purchased	\$/GJ 1.588	\$ 1.768	\$ 1.856	\$ 1.897	\$ 1.898	\$ 1.793	\$ 1.209	\$ 1.111	\$ 1.202	\$ 1.402	\$ 1.356	\$ 1.274	\$ 1.708
7	(Line 8 / Line 5)													
8	Purchase Costs	\$ 60,961	\$ 120,859	\$ 167,020	\$ 156,820	\$ 131,713	\$ 110,843	\$ 40,975	\$ 19,269	\$ 11,244	\$ 8,899	\$ 11,317	\$ 18,877	\$ 858,798
9	Imbalance Gas ^(c)	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Company Use Gas Recovered from O&M	(62)	(547)	(672)	(592)	(635)	(496)	(222)	(215)	(61)	(65)	(41)	(64)	(3,671)
11	Total Gas Costs Incurred	\$ 60,899	\$ 120,312	\$ 166,349	\$ 156,227	\$ 131,078	\$ 110,348	\$ 40,753	\$ 19,055	\$ 11,183	\$ 8,834	\$ 11,277	\$ 18,813	\$ 855,127
12														
13														
14	<u>Cost of Gas Recovery</u>													
15	Sales Rate Classes Recovered	GJ 38,073	67,539	88,955	80,826	67,786	60,401	33,107	16,851	9,140	6,189	8,176	14,514	491,557
16														
17	Sales Classes @ Existing Recovery Rate	\$ (59,812)	\$ (106,104)	\$ (139,749)	\$ (126,978)	\$ (106,492)	\$ (94,890)	\$ (52,011)	\$ (26,473)	\$ (14,358)	\$ (9,723)	\$ (12,844)	\$ (22,802)	\$ (772,235)
18	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
19	T-Service UAF Recovered ^(d)	(8)	(43)	(51)	(229)	(200)	(183)	(55)	(3)	(0)	(0)	(0)	(1)	(773)
20	Total Cost of Gas Recovery	\$ (59,820)	\$ (106,146)	\$ (139,799)	\$ (127,207)	\$ (106,692)	\$ (95,073)	\$ (52,065)	\$ (26,476)	\$ (14,359)	\$ (9,723)	\$ (12,844)	\$ (22,803)	\$ (773,009)
21														
22														
23														
24	GCRA Balance - Ending (Pre-tax)	\$ (126,454)	\$ (112,289)	\$ (85,740)	\$ (56,719)	\$ (32,334)	\$ (17,059)	\$ (28,372)	\$ (35,793)	\$ (38,969)	\$ (39,858)	\$ (41,425)	\$ (45,415)	\$ (45,415)
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)	\$ (92,312)	\$ (81,971)	\$ (62,590)	\$ (41,405)	\$ (23,604)	\$ (12,453)	\$ (20,712)	\$ (26,129)	\$ (28,447)	\$ (29,097)	\$ (30,240)	\$ (33,153)	\$ (33,153)

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 OCT 2019 TO SEP 2020
FIVE-DAY AVERAGE FORWARD PRICES - AUG 22, 23, 24, 27, AND 28, 2018

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	GCRA Balance - Beginning (Pre-tax)^(a)	\$ (45,415)	\$ (53,421)	\$ (44,197)	\$ (26,837)	\$ (4,386)	\$ 11,530	\$ 22,468	\$ 10,492	\$ 4,583	\$ 2,322	\$ 1,284	\$ (527)	\$ (45,415)
2														
3														
4	Gas Costs Incurred													
5	Commodity Purchases ^(b)	GJ 34,466	61,622	77,900	76,609	64,434	58,695	32,151	16,524	8,916	6,051	7,934	14,086	459,390
6	Average Unit Cost of Gas Purchased	\$/GJ 1.312	\$ 1.695	\$ 1.769	\$ 1.839	\$ 1.793	\$ 1.732	\$ 1.170	\$ 1.182	\$ 1.288	\$ 1.370	\$ 1.315	\$ 1.239	\$ 1.626
7	(Line 8 / Line 5)													
8	Purchase Costs	\$ 45,226	\$ 104,461	\$ 137,780	\$ 140,888	\$ 115,534	\$ 101,659	\$ 37,612	\$ 19,524	\$ 11,488	\$ 8,288	\$ 10,432	\$ 17,449	\$ 750,342
9	Imbalance Gas ^(c)	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Company Use Gas Recovered from O&M	(51)	(524)	(639)	(574)	(599)	(478)	(214)	(229)	(66)	(63)	(39)	(62)	(3,537)
11	Total Gas Costs Incurred	\$ 45,175	\$ 103,938	\$ 137,140	\$ 140,314	\$ 114,936	\$ 101,181	\$ 37,398	\$ 19,295	\$ 11,422	\$ 8,225	\$ 10,393	\$ 17,388	\$ 746,805
12														
13														
14	<u>Cost of Gas Recovery</u>													
15	Sales Rate Classes Recovered	GJ 33,827	60,167	76,098	74,878	62,902	57,326	31,393	16,042	8,710	5,896	7,768	13,797	448,805
16														
17	Sales Classes @ Existing Recovery Rate	\$ (53,142)	\$ (94,522)	\$ (119,550)	\$ (117,634)	\$ (98,820)	\$ (90,059)	\$ (49,319)	\$ (25,202)	\$ (13,684)	\$ (9,263)	\$ (12,204)	\$ (21,675)	\$ (705,073)
18	T-Service Balancing Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
19	T-Service UAF Recovered ^(d)	(39)	(192)	(230)	(229)	(200)	(183)	(55)	(3)	(0)	(0)	(0)	(1)	(1,133)
20	Total Cost of Gas Recovery	\$ (53,181)	\$ (94,714)	\$ (119,781)	\$ (117,863)	\$ (99,020)	\$ (90,242)	\$ (49,373)	\$ (25,205)	\$ (13,684)	\$ (9,263)	\$ (12,204)	\$ (21,676)	\$ (706,206)
21														
22														
23														
24	GCRA Balance - Ending (Pre-tax)	\$ (53,421)	\$ (44,197)	\$ (26,837)	\$ (4,386)	\$ 11,530	\$ 22,468	\$ 10,492	\$ 4,583	\$ 2,322	\$ 1,284	\$ (527)	\$ (4,815)	\$ (4,815)
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)	\$ (38,997)	\$ (32,264)	\$ (19,591)	\$ (3,202)	\$ 8,417	\$ 16,402	\$ 7,659	\$ 3,346	\$ 1,695	\$ 938	\$ (384)	\$ (3,515)	\$ (3,515)

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 SEP 2020**

Tab 1
Page 5

Line No	Particulars	Five-day Average Forward Prices - Aug 22, 23, 24, 27, and 28, 2018 2018 Q3 Gas Cost Report	Five-day Average Forward Prices - May 22, 23, 24, 25, and 29, 2018 2018 Q2 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	2018 April	↑ \$ 1.37	Recorded \$ 1.37	\$ -
4	May	\$ 0.26	Forecast \$ 0.90	\$ (0.64)
5	June	\$ 1.08	\$ 0.72	\$ 0.36
6	July	\$ 1.41	\$ 1.36	\$ 0.05
7	August	\$ 1.32	\$ 1.42	\$ (0.10)
8	September	\$ 1.29	\$ 1.44	\$ (0.14)
9	October	\$ 1.29	\$ 1.50	\$ (0.21)
10	November	\$ 1.59	\$ 1.59	\$ (0.00)
11	December	\$ 1.86	\$ 1.80	\$ 0.05
12	2019 January	\$ 1.98	\$ 1.86	\$ 0.12
13	February	\$ 1.97	\$ 1.81	\$ 0.16
14	March	\$ 1.65	\$ 1.63	\$ 0.02
15	April	\$ 1.17	\$ 1.13	\$ 0.03
16	May	\$ 1.03	\$ 1.11	\$ (0.07)
17	June	\$ 1.06	\$ 1.12	\$ (0.07)
18	July	\$ 1.19	\$ 1.15	\$ 0.03
19	August	\$ 1.19	\$ 1.15	\$ 0.04
20	September	\$ 1.18	\$ 1.15	\$ 0.04
21	October	\$ 1.27	\$ 1.20	\$ 0.07
22	November	\$ 1.56	\$ 1.39	\$ 0.17
23	December	\$ 1.68	\$ 1.52	\$ 0.15
24	2020 January	\$ 1.78	\$ 1.59	\$ 0.19
25	February	\$ 1.71	\$ 1.57	\$ 0.14
26	March	\$ 1.62	\$ 1.48	\$ 0.14
27	April	\$ 1.13	\$ 1.03	\$ 0.10
28	May	\$ 1.10	\$ 0.97	\$ 0.12
29	June	\$ 1.14	\$ 1.00	\$ 0.14
30	July	\$ 1.14		
31	August	\$ 1.14		
32	September	\$ 1.14		
33				
34	Simple Average (Oct 2018 - Sep 2019)	\$ 1.43	\$ 1.42	0.9% \$ 0.01
35	Simple Average (Jan 2019 - Dec 2019)	\$ 1.41	\$ 1.35	4.3% \$ 0.06
36	Simple Average (Apr 2019 - Mar 2020)	\$ 1.37	\$ 1.30	5.6% \$ 0.07
37	Simple Average (Jul 2019 - Jun 2020)	\$ 1.38	\$ 1.27	8.8% \$ 0.11
38	Simple Average (Oct 2019 - Sep 2020)	\$ 1.37		

Notes:

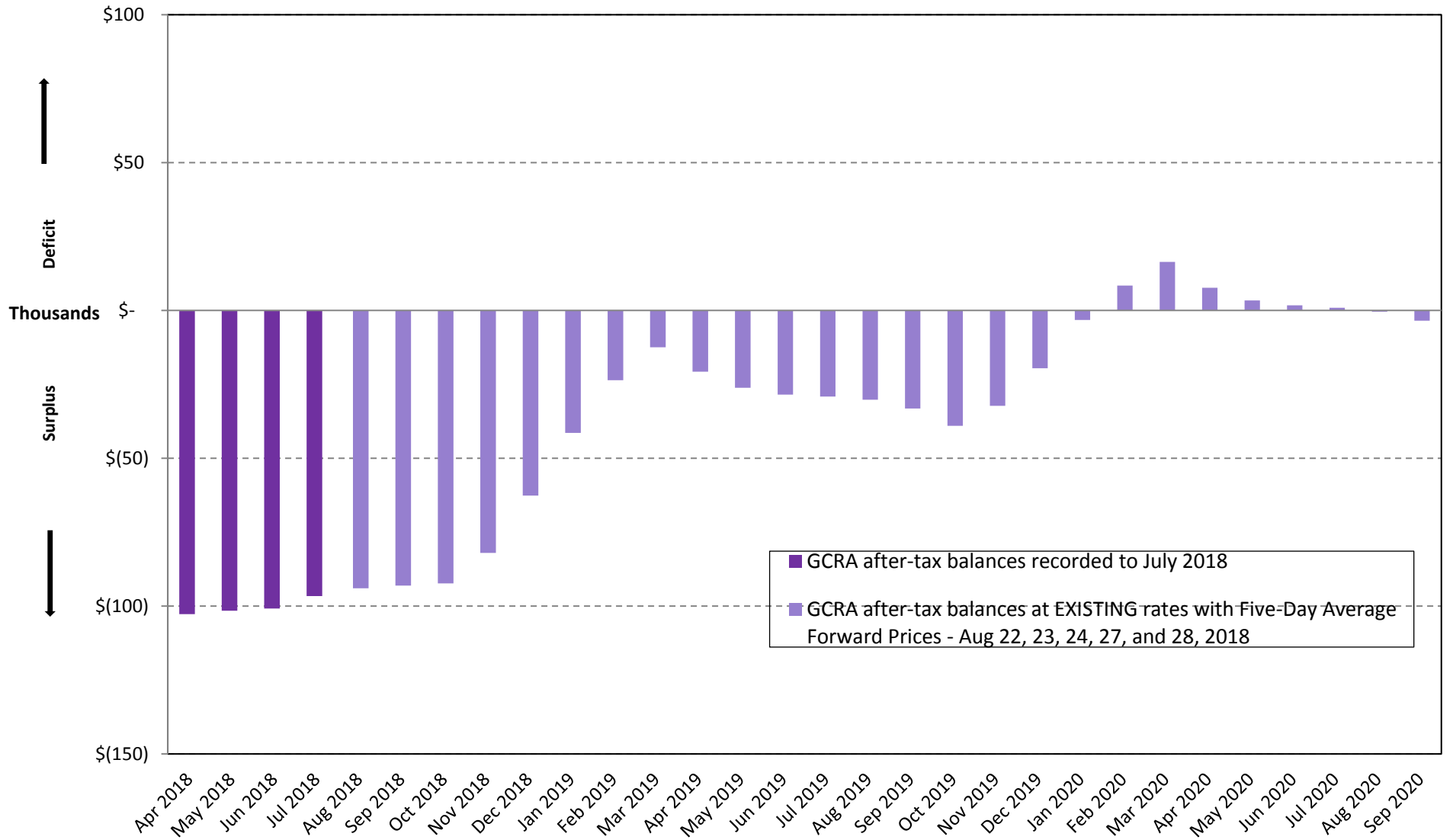
(a) Recorded monthly price reflects the average recorded cost for the month.

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
GCRA AFTER-TAX BALANCES AT EXISTING RECOVERY RATE
FOR FORECAST PERIOD ENDING SEP 2020
FIVE-DAY AVERAGE FORWARD PRICES - AUG 22, 23, 24, 27, AND 28, 2018
(\$000)

Tab 1
Page 6

Line No	Particulars	Five-day Average Forward Prices - Aug 22, 23, 24, 27, and 28, 2018 2018 Q3 Gas Cost Report	Five-day Average Forward Prices - May 22, 23, 24, 25, and 29, 2018 2018 Q2 Gas Cost Report
(1)	(2)	(3)	(4)
1	2018 April	\$ (102.7)	Recorded \$ (102.7)
2	May	\$ (101.5)	Forecast \$ (85.8)
3	June	\$ (100.8)	\$ (86.7)
4	July	\$ (96.6)	\$ (85.5)
5	August	\$ (94.0)	\$ (84.1)
6	September	\$ (93.1)	\$ (82.3)
7	October	\$ (92.3)	\$ (78.6)
8	November	\$ (82.0)	\$ (65.0)
9	December	\$ (62.6)	\$ (43.0)
10	2019 January	\$ (41.4)	\$ (20.2)
11	February	\$ (23.6)	\$ (2.5)
12	March	\$ (12.5)	\$ 11.4
13	April	\$ (20.7)	\$ 1.6
14	May	\$ (26.1)	\$ (3.8)
15	June	\$ (28.4)	\$ (5.9)
16	July	\$ (29.1)	\$ (7.1)
17	August	\$ (30.2)	\$ (8.7)
18	September	\$ (33.2)	\$ (12.8)
19	October	\$ (39.0)	\$ (21.6)
20	November	\$ (32.3)	\$ (20.5)
21	December	\$ (19.6)	\$ (13.6)
22	2020 January	\$ (3.2)	\$ (4.1)
23	February	\$ 8.4	\$ 3.1
24	March	\$ 16.4	\$ 7.0
25	April	\$ 7.7	\$ (5.2)
26	May	\$ 3.3	\$ (12.4)
27	June	\$ 1.7	\$ (15.3)
28	July	\$ 0.9	
29	August	\$ (0.4)	
30	September	\$ (3.5)	

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





September #, 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 Third Quarter Gas Cost Report

On September 5, 2018, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (Commission) its 2018 Third 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 October 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