

August 30, 2012

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. – Revelstoke Service Area
2012 Third Quarter Gas Cost Report**

FortisBC Energy Inc. (“FEI” or the “Company”) hereby submits to the British Columbia Utilities Commission (the “Commission”) the 2012 Third Quarter Gas Cost Report for the Revelstoke Service Area. The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the August 17, 2012 forward prices.

The Company, consistent with previous quarterly gas cost filings, has calculated the forecast cost of propane utilizing three sets of forward prices. One forecast is based on an average of 50% NYMEX West Texas Intermediate (“WTI”) Light Sweet Crude Oil futures prices and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, a second forecast is based on the NYMEX WTI Light Sweet Crude Oil futures prices, and a third forecast is based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. The results for the Revelstoke Service Area (“Revelstoke”) based on each of these three forecasts are attached under Tab 1, Tab 2, and Tab 3, respectively.

Discussion

As shown at Tab 1, Page 1, based on the August 17, 2012 forward prices, using an average of 50% NYMEX WTI Light Sweet Crude Oil futures prices and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at September 30, 2012 is \$295,964 surplus (after tax), and the forecast balance at September 30, 2013 is \$1,144,330 surplus (after tax). The rate change trigger ratio is calculated to be 187.5%.

As shown at Tab 2, Page 1, based on the August 17, 2012 forward prices, using NYMEX WTI Light Sweet Crude Oil futures prices, and based on the current rates, the projected deferral account balance at September 30, 2012 is \$298,288 surplus (after tax), and the

forecast balance at September 30, 2013 is \$1,144,928 surplus (after tax). The rate change trigger ratio is calculated to be 187.6%.

As shown at Tab 3, Page 1, based on the August 17, 2012 forward prices, using NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at September 30, 2012 is \$293,639 surplus (after tax), and the forecast balance at September 30, 2013 is \$1,143,674 surplus (after tax). The rate change trigger ratio is calculated to be 187.4%.

The results based on all the three sets of forward prices provide rate change trigger ratios that fall outside the 95% to 105% deadband range, indicating that a propane rate decrease is required effective October 1, 2012.

As the forecasts based fully on the NYMEX B0 – Mt. Belvieu Propane Swap prices have typically exhibited lower variability from one forward strip date to another, over the short term, than the forecasts based on the NYMEX WTI Light Sweet Crude Oil futures prices, and consistent with previous quarterly reports for Revelstoke, FEI proposes calculating the flow through decrease to the propane cost recovery rates effective October 1, 2012 based on the NYMEX B0 – Mt. Belvieu Propane Swap prices.

Based on the August 17, 2012 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and the 12-month amortization of the projected September 30, 2012 deferral account surplus balance, a decrease in the reference price from \$0.3900/litre to \$0.2081/litre (Tab 3, Page 3, Column 2, Line 8) effective October 1, 2012 is calculated. This decrease of \$0.1819/litre in the propane reference price corresponds to a customer rate decrease of \$7.384/GJ, and equates to a burner tip decrease of approximately \$369 per year or 31.9% for a typical Revelstoke residential customer with an average annual consumption of 50 GJ.

Propane commodity prices, based on the August 17, 2012 forward prices, are forecast to increase beyond the 12-month prospective period. As shown on the schedule at Tab 3, Page 4, should FEI set the propane cost recovery rates effective October 1, 2012 to fully recover the 12-month forecast incurred cost of propane and fully amortize the current surplus deferral balance, the forecast indicates that the Revelstoke Propane Cost Deferral Account will begin building a deficit balance immediately after September 30, 2013. In particular, the forecast deficit balance at December 31, 2013 would trigger an increase to the propane cost recovery rates of approximately \$1.171/GJ effective January 1, 2013.

Consistent with the Commission guidelines related to gas cost recovery rates, as revised by Commission Letter No. L-40-11 and giving consideration to the full circumstances, the Company has provided an alternative scenario for Commission review whereby the rate reduction is calculated on a 15-month prospective period.

As shown on the schedules under Tab 3A, based on the August 17, 2012 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and determining rates using a 15-month prospective period, the Propane Cost Deferral Account surplus would be fully amortized at December 31, 2013 and the propane reference price is calculated to

decrease from \$0.3900/litre to \$0.2294/litre (Tab 3A, Page 3, Column 2, Line 8) effective October 1, 2012. This calculated decrease of \$0.1606/litre in the propane reference price corresponds to a customer rate decrease of \$6.521/GJ, and equates to a burner tip decrease of approximately \$326 per year or 28.2% for a typical Revelstoke residential customer with an average annual consumption of 50 GJ.

Additionally, the Company notes that based on the proposed October 1, 2012 decrease, calculated using a 15-month prospective period and the forecast propane costs, as determined from the August 17, 2012 forward prices using the NYMEX B0 – Mt. Belvieu Propane Swap prices, the forecast Propane Cost Deferral Account balances would not trigger a further change to the Revelstoke propane cost recovery rates until after the 2012-2013 winter heating season.

Recommendation

A propane reference price decrease effective October 1, 2012 is required. The Company continues to support the propane commodity revenue-to-cost ratio and propane cost recovery rate setting mechanism however, in consideration of the full circumstances, including the amortization of the current surplus balance and in the interest of customer rate stability, it is appropriate to flow through a decrease effective October 1, 2012 calculated using a 15-month prospective period of October 1, 2012 to December 31, 2013. The proposed propane reference price for the Revelstoke service area is shown at Tab 3A, Page 3 and the customer bill impacts are shown at Tab 3A, Page 5.

The Company hereby requests Commission approval for a decrease in the propane reference price (based on the NYMEX B0 – Mt. Belvieu Propane Swap prices) for use in the Revelstoke Propane Cost Deferral Account from \$0.3900/litre to \$0.2294/litre, effective October 1, 2012. This corresponds to a customer rate decrease of \$6.521/GJ, and equates to a burner tip decrease of approximately \$326 per year or 28.2% for a typical Revelstoke residential customer with an average annual consumption of 50 GJ.

For information purposes, the Company provides at Tab 4, Page 1, a summary of the three sets of forward prices as at August 17, 2012. One set is based on the NYMEX WTI Light Sweet Crude Oil futures prices, a second set based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, and a third set based on an average of 50% NYMEX WTI Light Sweet Crude Oil futures prices and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices.

Provided in Tab 5 are the details of the forecast gas costs for Revelstoke. The Company requests the information contained in Tab 5 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. The Company 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 requests Commission approval for a decrease in the propane reference price (based on the NYMEX B0 – Mt. Belvieu Propane Swap prices) for use in the Revelstoke Propane Cost Deferral Account from \$0.3900/litre to \$0.2294/litre which corresponds to a rate decrease of \$6.521/GJ, effective October 1, 2012. The Company will continue to monitor the forward prices and will report these results in the 2012 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 Brian Noel at 604-592-7467.

All of which is respectfully submitted.

Yours very truly,

FORTISBC ENERGY INC.

Original signed by: Ilva Bevacqua

For: Diane Roy
Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

Tab 1

PROPANE COST DEFERRAL ACCOUNT

Page 1

WITH EXISTING PROPANE REFERENCE PRICE

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2138	\$0.3900	(\$0.1762)	(\$40,704)	(\$316,427)	(\$237,320)
3	August (Projected)	202,336	\$0.2215	\$0.3900	(\$0.1685)	(\$34,103)	(\$350,530)	(\$262,898)
4	September (Projected)	297,663	\$0.2419	\$0.3900	(\$0.1481)	(\$44,088)	(\$394,618)	(\$295,964)
5	Current Quarter Total	<u>731,062</u>				<u>(\$118,895)</u>		
6								
7	<u>Forecast Volumes and Forecast Prices</u>							
8	October, 2012 (Forecast)	668,878	\$0.2478	\$0.3900	(\$0.1422)	(\$95,114)	(\$489,732)	(\$367,299)
9	November (Forecast)	973,031	\$0.2476	\$0.3900	(\$0.1424)	(\$138,560)	(\$628,292)	(\$471,219)
10	December (Forecast)	1,305,806	\$0.2615	\$0.3900	(\$0.1285)	(\$167,796)	(\$796,088)	(\$597,066)
11	January 2013 (Forecast)	1,301,065	\$0.2630	\$0.3900	(\$0.1270)	(\$165,235)	(\$961,323)	(\$720,992)
12	February (Forecast)	1,050,339	\$0.2571	\$0.3900	(\$0.1329)	(\$139,590)	(\$1,100,913)	(\$825,685)
13	March (Forecast)	1,007,021	\$0.2499	\$0.3900	(\$0.1401)	(\$141,084)	(\$1,241,997)	(\$931,498)
14	April (Forecast)	629,072	\$0.2571	\$0.3900	(\$0.1329)	(\$83,604)	(\$1,325,601)	(\$994,201)
15	May (Forecast)	435,838	\$0.2524	\$0.3900	(\$0.1376)	(\$59,971)	(\$1,385,572)	(\$1,039,179)
16	June (Forecast)	271,254	\$0.2492	\$0.3900	(\$0.1408)	(\$38,192)	(\$1,423,764)	(\$1,067,823)
17	July (Forecast)	234,416	\$0.2449	\$0.3900	(\$0.1451)	(\$34,014)	(\$1,457,778)	(\$1,093,334)
18	August (Forecast)	205,121	\$0.2487	\$0.3900	(\$0.1413)	(\$28,984)	(\$1,486,762)	(\$1,115,072)
19	September (Forecast)	300,782	\$0.2603	\$0.3900	(\$0.1297)	(\$39,011)	(\$1,525,773)	(\$1,144,330)
20	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>(\$1,131,155)</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$3,269,223		
24	September 30, 2012 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,743,470		187.5%
25								
26								
27	October, 2013 Balance (Forecast)	672,712	\$0.2734	\$0.3900	(\$0.1166)	(\$78,438)	(\$1,604,211)	(\$1,203,158)
28	November (Forecast)	979,426	\$0.2830	\$0.3900	(\$0.1070)	(\$104,799)	(\$1,709,010)	(\$1,281,758)
29	December (Forecast)	1,313,011	\$0.2976	\$0.3900	(\$0.0924)	(\$121,322)	(\$1,830,332)	(\$1,372,749)
30	January 2014 (Forecast)	1,311,446	\$0.2807	\$0.3900	(\$0.1093)	(\$143,341)	(\$1,973,673)	(\$1,480,255)
31	February (Forecast)	1,060,004	\$0.2763	\$0.3900	(\$0.1137)	(\$120,522)	(\$2,094,195)	(\$1,570,646)
32	March (Forecast)	1,016,068	\$0.2691	\$0.3900	(\$0.1209)	(\$122,843)	(\$2,217,038)	(\$1,662,779)
33	April (Forecast)	637,231	\$0.2806	\$0.3900	(\$0.1094)	(\$69,713)	(\$2,286,751)	(\$1,715,063)
34	May (Forecast)	439,846	\$0.2469	\$0.3900	(\$0.1431)	(\$62,942)	(\$2,349,693)	(\$1,762,270)
35	June (Forecast)	275,383	\$0.2431	\$0.3900	(\$0.1469)	(\$40,454)	(\$2,390,147)	(\$1,792,610)
36	July (Forecast)	237,864	\$0.2381	\$0.3900	(\$0.1519)	(\$36,131)	(\$2,426,278)	(\$1,819,709)
37	August (Forecast)	207,995	\$0.2438	\$0.3900	(\$0.1462)	(\$30,409)	(\$2,456,687)	(\$1,842,515)
38	September (Forecast)	304,130	\$0.2545	\$0.3900	(\$0.1355)	(\$41,210)	(\$2,497,897)	(\$1,873,423)
39	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>(\$972,124)</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FORECAST AVERAGE COST OF PROPANE

Tab 1
Page 2

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Storage Volume (Litres)	Variable Volume (Litres)	Storage Price (\$/litre)	Variable Price (\$/litre)	Storage Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October, 2012 (Forecast)	668,878	-	668,878	\$ -	\$ 0.2478	\$ -	\$ 165,772	\$ 165,772
2	November (Forecast)	973,031	450,000	523,031	\$ 0.2400	\$ 0.2541	\$ 107,981	\$ 132,900	\$ 240,881
3	December (Forecast)	1,305,806	450,000	855,806	\$ 0.2400	\$ 0.2729	\$ 107,981	\$ 233,551	\$ 341,532
4	January 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.2400	\$ 0.2752	\$ 107,981	\$ 234,189	\$ 342,170
5	February (Forecast)	1,050,339	450,000	600,339	\$ 0.2400	\$ 0.2699	\$ 107,981	\$ 162,050	\$ 270,032
6	March (Forecast)	1,007,021	450,000	557,021	\$ 0.2400	\$ 0.2579	\$ 107,981	\$ 143,676	\$ 251,657
7	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.2571	\$ -	\$ 161,733	\$ 161,733
8	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2524	\$ -	\$ 110,021	\$ 110,021
9	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2492	\$ -	\$ 67,588	\$ 67,588
10	July (Forecast)	234,416	-	234,416	\$ -	\$ 0.2449	\$ -	\$ 57,409	\$ 57,409
11	August (Forecast)	205,121	-	205,121	\$ -	\$ 0.2487	\$ -	\$ 51,013	\$ 51,013
12	September (Forecast)	300,782	-	300,782	\$ -	\$ 0.2603	\$ -	\$ 78,280	\$ 78,280
13	Total October, 2012 to September, 2013	<u>8,382,623</u>	<u>2,250,000</u>	<u>6,132,623</u>			<u>\$ 539,906</u>	<u>\$ 1,598,182</u>	<u>\$ 2,138,088</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.2551</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 9.966</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								
19									
20	October, 2013 Balance (Forecast)	672,712	-	672,712	\$ -	\$ 0.2734	\$ -	\$ 183,941	\$ 183,941
21	November (Forecast)	979,426	450,000	529,426	\$ 0.2831	\$ 0.2829	\$ 127,390	\$ 149,798	\$ 277,188
22	December (Forecast)	1,313,011	450,000	863,011	\$ 0.2831	\$ 0.3052	\$ 127,390	\$ 263,369	\$ 390,759
23	January 2014 (Forecast)	1,311,446	450,000	861,446	\$ 0.2831	\$ 0.2794	\$ 127,390	\$ 240,687	\$ 368,078
24	February (Forecast)	1,060,004	450,000	610,004	\$ 0.2831	\$ 0.2712	\$ 127,390	\$ 165,463	\$ 292,853
25	March (Forecast)	1,016,068	450,000	566,068	\$ 0.2831	\$ 0.2580	\$ 127,390	\$ 146,054	\$ 273,444
26	April (Forecast)	637,231	-	637,231	\$ -	\$ 0.2806	\$ -	\$ 178,788	\$ 178,788
27	May (Forecast)	439,846	-	439,846	\$ -	\$ 0.2469	\$ -	\$ 108,591	\$ 108,591
28	June (Forecast)	275,383	-	275,383	\$ -	\$ 0.2431	\$ -	\$ 66,941	\$ 66,941
29	July (Forecast)	237,864	-	237,864	\$ -	\$ 0.2381	\$ -	\$ 56,633	\$ 56,633
30	August (Forecast)	207,995	-	207,995	\$ -	\$ 0.2438	\$ -	\$ 50,717	\$ 50,717
31	September (Forecast)	304,130	-	304,130	\$ -	\$ 0.2545	\$ -	\$ 77,398	\$ 77,398
32	Total October, 2013 to September, 2014	<u>8,455,114</u>	<u>2,250,000</u>	<u>6,205,114</u>			<u>\$ 636,952</u>	<u>\$ 1,688,378</u>	<u>\$ 2,325,330</u>

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars (1)	\$/Litre (2)	\$/GJ (3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 2, Col.9, Line 15 and Line 17)		
4	October 1, 2012 to September 30, 2013	\$0.2551	\$9.966
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>(\$0.0471)</u>	<u>(\$1.839)</u>
7			
8	Tested Reference Price	\$0.2080	\$8.127
9			
10			
11			
12	Existing Propane Reference Price	<u>\$0.3900</u>	<u>\$15.238</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	<u>(\$0.1820)</u>	(\$7.111)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		<u>(\$0.281)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$7.392)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% is based on 2009, 2010, and 2011 data.		
27		<u>Litres</u>	<u>Percentage</u>
28	Sales	18,923,023	
29			
30	Company Use	4,706	0.02%
31	Propane Used for Vaporizer	256,371	1.35%
32	Unaccounted For	484,170	2.56%
33	Total Fuel / UAF Requirement	<u>745,247</u>	<u>3.93%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Sep 30, 2012		(\$1.839)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2012 to Sep 30, 2013 period.		<u>(\$5.553)</u>
38	Total Propane Cost Flowthrough		<u>(\$7.392)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2012

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2138	\$0.3900	(\$0.1762)	(\$40,704)	(\$316,427)	(\$237,320)
3	August (Projected)	202,336	\$0.2215	\$0.3900	(\$0.1685)	(\$34,103)	(\$350,530)	(\$262,898)
4	September (Projected)	297,663	\$0.2419	\$0.3900	(\$0.1481)	(\$44,088)	(\$394,618)	(\$295,964)
5	Current Quarter Total	<u>731,062</u>				<u>(\$118,895)</u>		
6								
7								
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	October, 2012 (Forecast)	668,878	\$0.2478	\$0.2080	\$0.0398	\$26,621	(\$367,997)	(\$275,998)
11	November (Forecast)	973,031	\$0.2476	\$0.2080	\$0.0396	\$38,532	(\$329,465)	(\$247,099)
12	December (Forecast)	1,305,806	\$0.2615	\$0.2080	\$0.0535	\$69,861	(\$259,604)	(\$194,703)
13	January 2013 (Forecast)	1,301,065	\$0.2630	\$0.2080	\$0.0550	\$71,559	(\$188,045)	(\$141,034)
14	February (Forecast)	1,050,339	\$0.2571	\$0.2080	\$0.0491	\$51,572	(\$136,473)	(\$102,355)
15	March (Forecast)	1,007,021	\$0.2499	\$0.2080	\$0.0419	\$42,194	(\$94,279)	(\$70,709)
16	April (Forecast)	629,072	\$0.2571	\$0.2080	\$0.0491	\$30,887	(\$63,392)	(\$47,544)
17	May (Forecast)	435,838	\$0.2524	\$0.2080	\$0.0444	\$19,351	(\$44,041)	(\$33,031)
18	June (Forecast)	271,254	\$0.2492	\$0.2080	\$0.0412	\$11,176	(\$32,865)	(\$24,649)
19	July (Forecast)	234,416	\$0.2449	\$0.2080	\$0.0369	\$8,650	(\$24,215)	(\$18,161)
20	August (Forecast)	205,121	\$0.2487	\$0.2080	\$0.0407	\$8,348	(\$15,867)	(\$11,900)
21	September (Forecast)	300,782	\$0.2603	\$0.2080	\$0.0523	\$15,731	(\$136)	(\$102)
22	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>\$394,482</u>		
23								
24								
25	October, 2013 Balance (Forecast)	672,712	\$0.2734	\$0.2080	\$0.0654	\$43,995	\$43,859	\$32,894
26	November (Forecast)	979,426	\$0.2830	\$0.2080	\$0.0750	\$73,457	\$117,316	\$87,987
27	December (Forecast)	1,313,011	\$0.2976	\$0.2080	\$0.0896	\$117,646	\$234,962	\$176,221
28	January 2014 (Forecast)	1,311,446	\$0.2807	\$0.2080	\$0.0727	\$95,342	\$330,304	\$247,728
29	February (Forecast)	1,060,004	\$0.2763	\$0.2080	\$0.0683	\$72,398	\$402,702	\$302,026
30	March (Forecast)	1,016,068	\$0.2691	\$0.2080	\$0.0611	\$62,082	\$464,784	\$348,588
31	April (Forecast)	637,231	\$0.2806	\$0.2080	\$0.0726	\$46,263	\$511,047	\$383,285
32	May (Forecast)	439,846	\$0.2469	\$0.2080	\$0.0389	\$17,110	\$528,157	\$396,118
33	June (Forecast)	275,383	\$0.2431	\$0.2080	\$0.0351	\$9,666	\$537,823	\$403,367
34	July (Forecast)	237,864	\$0.2381	\$0.2080	\$0.0301	\$7,160	\$544,983	\$408,737
35	August (Forecast)	207,995	\$0.2438	\$0.2080	\$0.0358	\$7,446	\$552,429	\$414,322
36	September (Forecast)	304,130	\$0.2545	\$0.2080	\$0.0465	\$14,142	\$566,571	\$424,928
37	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>\$566,707</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2046	\$0.3900	(\$0.1854)	(\$42,836)	(\$318,559)	(\$238,919)
3	August (Projected)	202,336	\$0.2196	\$0.3900	(\$0.1704)	(\$34,474)	(\$353,033)	(\$264,775)
4	September (Projected)	297,663	\$0.2399	\$0.3900	(\$0.1501)	(\$44,684)	(\$397,717)	(\$298,288)
5	Current Quarter Total	<u>731,062</u>				<u>(\$121,994)</u>		
6								
7	Forecast Volumes and Forecast Prices							
8	October, 2012 (Forecast)	668,878	\$0.2465	\$0.3900	(\$0.1435)	(\$95,984)	(\$493,701)	(\$370,276)
9	November (Forecast)	973,031	\$0.2469	\$0.3900	(\$0.1431)	(\$139,241)	(\$632,942)	(\$474,707)
10	December (Forecast)	1,305,806	\$0.2613	\$0.3900	(\$0.1287)	(\$168,057)	(\$800,999)	(\$600,749)
11	January 2013 (Forecast)	1,301,065	\$0.2627	\$0.3900	(\$0.1273)	(\$165,626)	(\$966,625)	(\$724,969)
12	February (Forecast)	1,050,339	\$0.2572	\$0.3900	(\$0.1328)	(\$139,485)	(\$1,106,110)	(\$829,583)
13	March (Forecast)	1,007,021	\$0.2506	\$0.3900	(\$0.1394)	(\$140,379)	(\$1,246,489)	(\$934,867)
14	April (Forecast)	629,072	\$0.2585	\$0.3900	(\$0.1315)	(\$82,723)	(\$1,329,212)	(\$996,909)
15	May (Forecast)	435,838	\$0.2534	\$0.3900	(\$0.1366)	(\$59,535)	(\$1,388,747)	(\$1,041,560)
16	June (Forecast)	271,254	\$0.2495	\$0.3900	(\$0.1405)	(\$38,111)	(\$1,426,858)	(\$1,070,144)
17	July (Forecast)	234,416	\$0.2483	\$0.3900	(\$0.1417)	(\$33,217)	(\$1,460,075)	(\$1,095,056)
18	August (Forecast)	205,121	\$0.2519	\$0.3900	(\$0.1381)	(\$28,327)	(\$1,488,402)	(\$1,116,302)
19	September (Forecast)	300,782	\$0.2631	\$0.3900	(\$0.1269)	(\$38,169)	(\$1,526,571)	(\$1,144,928)
20	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>(\$1,128,854)</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$3,269,223		
24	September 30, 2012 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,742,684		
25							187.6%	
26								
27	October, 2013 Balance (Forecast)	672,712	\$0.2690	\$0.3900	(\$0.1210)	(\$81,398)	(\$1,607,969)	(\$1,205,977)
28	November (Forecast)	979,426	\$0.2816	\$0.3900	(\$0.1084)	(\$106,170)	(\$1,714,139)	(\$1,285,604)
29	December (Forecast)	1,313,011	\$0.2952	\$0.3900	(\$0.0948)	(\$124,473)	(\$1,838,612)	(\$1,378,959)
30	January 2014 (Forecast)	1,311,446	\$0.2767	\$0.3900	(\$0.1133)	(\$148,587)	(\$1,987,199)	(\$1,490,399)
31	February (Forecast)	1,060,004	\$0.2737	\$0.3900	(\$0.1163)	(\$123,278)	(\$2,110,477)	(\$1,582,858)
32	March (Forecast)	1,016,068	\$0.2674	\$0.3900	(\$0.1226)	(\$124,570)	(\$2,235,047)	(\$1,676,285)
33	April (Forecast)	637,231	\$0.2776	\$0.3900	(\$0.1124)	(\$71,625)	(\$2,306,672)	(\$1,730,004)
34	May (Forecast)	439,846	\$0.2456	\$0.3900	(\$0.1444)	(\$63,514)	(\$2,370,186)	(\$1,777,640)
35	June (Forecast)	275,383	\$0.2413	\$0.3900	(\$0.1487)	(\$40,949)	(\$2,411,135)	(\$1,808,351)
36	July (Forecast)	237,864	\$0.2395	\$0.3900	(\$0.1505)	(\$35,798)	(\$2,446,933)	(\$1,835,200)
37	August (Forecast)	207,995	\$0.2437	\$0.3900	(\$0.1463)	(\$30,430)	(\$2,477,363)	(\$1,858,022)
38	September (Forecast)	304,130	\$0.2546	\$0.3900	(\$0.1354)	(\$41,179)	(\$2,518,542)	(\$1,888,907)
39	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>(\$991,971)</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Sales Volume (Litres)	Storage Volume (Litres)	Variable Volume (Litres)	Storage Price (\$/litre)	Variable Price (\$/litre)	Storage Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October, 2012 (Forecast)	668,878	-	668,878	\$ -	\$ 0.2465	\$ -	\$ 164,860	\$ 164,860
2	November (Forecast)	973,031	450,000	523,031	\$ 0.2395	\$ 0.2532	\$ 107,756	\$ 132,446	\$ 240,202
3	December (Forecast)	1,305,806	450,000	855,806	\$ 0.2395	\$ 0.2727	\$ 107,756	\$ 233,400	\$ 341,156
4	January 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.2395	\$ 0.2750	\$ 107,756	\$ 234,060	\$ 341,816
5	February (Forecast)	1,050,339	450,000	600,339	\$ 0.2395	\$ 0.2705	\$ 107,756	\$ 162,412	\$ 270,168
6	March (Forecast)	1,007,021	450,000	557,021	\$ 0.2395	\$ 0.2597	\$ 107,756	\$ 144,637	\$ 252,393
7	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.2585	\$ -	\$ 162,643	\$ 162,643
8	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2534	\$ -	\$ 110,459	\$ 110,459
9	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2495	\$ -	\$ 67,687	\$ 67,687
10	July (Forecast)	234,416	-	234,416	\$ -	\$ 0.2483	\$ -	\$ 58,197	\$ 58,197
11	August (Forecast)	205,121	-	205,121	\$ -	\$ 0.2519	\$ -	\$ 51,678	\$ 51,678
12	September (Forecast)	300,782	-	300,782	\$ -	\$ 0.2631	\$ -	\$ 79,144	\$ 79,144
13	Total October, 2012 to September, 2013	8,382,623	2,250,000	6,132,623			\$ 538,778	\$ 1,601,623	\$ 2,140,401
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								\$ 0.2553
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								\$ 9.976
18	(Conversion factor 1 Litre = 0.025594 GJ)								
19									
20	October, 2013 Balance (Forecast)	672,712	-	672,712	\$ -	\$ 0.2690	\$ -	\$ 180,960	\$ 180,960
21	November (Forecast)	979,426	450,000	529,426	\$ 0.2855	\$ 0.2782	\$ 128,497	\$ 147,282	\$ 275,779
22	December (Forecast)	1,313,011	450,000	863,011	\$ 0.2855	\$ 0.3002	\$ 128,497	\$ 259,112	\$ 387,609
23	January 2014 (Forecast)	1,311,446	450,000	861,446	\$ 0.2855	\$ 0.2721	\$ 128,497	\$ 234,362	\$ 362,858
24	February (Forecast)	1,060,004	450,000	610,004	\$ 0.2855	\$ 0.2650	\$ 128,497	\$ 161,641	\$ 290,137
25	March (Forecast)	1,016,068	450,000	566,068	\$ 0.2855	\$ 0.2530	\$ 128,497	\$ 143,224	\$ 271,720
26	April (Forecast)	637,231	-	637,231	\$ -	\$ 0.2776	\$ -	\$ 176,909	\$ 176,909
27	May (Forecast)	439,846	-	439,846	\$ -	\$ 0.2456	\$ -	\$ 108,018	\$ 108,018
28	June (Forecast)	275,383	-	275,383	\$ -	\$ 0.2413	\$ -	\$ 66,442	\$ 66,442
29	July (Forecast)	237,864	-	237,864	\$ -	\$ 0.2395	\$ -	\$ 56,958	\$ 56,958
30	August (Forecast)	207,995	-	207,995	\$ -	\$ 0.2437	\$ -	\$ 50,686	\$ 50,686
31	September (Forecast)	304,130	-	304,130	\$ -	\$ 0.2546	\$ -	\$ 77,435	\$ 77,435
32	Total October, 2013 to September, 2014	8,455,114	2,250,000	6,205,114			\$ 642,484	\$ 1,663,028	\$ 2,305,512

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
 Page 3

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 2, Page 2, Col.9, Line 15 and Line 17)		
4	October 1, 2012 to September 30, 2013	\$0.2553	\$9.976
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>(\$0.0474)</u>	<u>(\$1.854)</u>
7			
8	Tested Reference Price	\$0.2079	\$8.122
9			
10			
11			
12	Existing Propane Reference Price	<u>\$0.3900</u>	<u>\$15.238</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	<u>(\$0.1821)</u>	(\$7.115)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		<u>(\$0.281)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$7.396)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% is based on 2009, 2010, and 2011 data.		
27		Litres	Percentage
28	Sales	18,923,023	
29			
30	Company Use	4,706	0.02%
31	Propane Used for Vaporizer	256,371	1.35%
32	Unaccounted For	484,170	2.56%
33	Total Fuel / UAF Requirement	<u>745,247</u>	<u>3.93%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Sep 30, 2012		(\$1.854)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2012 to Sep 30, 2013 period.		<u>(\$5.542)</u>
38	Total Propane Cost Flowthrough		<u>(\$7.396)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2012

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2046	\$0.3900	(\$0.1854)	(\$42,836)	(\$318,559)	(\$238,919)
3	August (Projected)	202,336	\$0.2196	\$0.3900	(\$0.1704)	(\$34,474)	(\$353,033)	(\$264,775)
4	September (Projected)	297,663	\$0.2399	\$0.3900	(\$0.1501)	(\$44,684)	(\$397,717)	(\$298,288)
5	Current Quarter Total	<u>731,062</u>				<u>(\$121,994)</u>		
6								
7				Tested				
8				Reference				
9				Price				
9	<u>Forecast Volumes and Forecast Prices</u>							
10	October, 2012 (Forecast)	668,878	\$0.2465	\$0.2079	\$0.0386	\$25,819	(\$371,898)	(\$278,924)
11	November (Forecast)	973,031	\$0.2469	\$0.2079	\$0.0390	\$37,948	(\$333,950)	(\$250,463)
12	December (Forecast)	1,305,806	\$0.2613	\$0.2079	\$0.0534	\$69,730	(\$264,220)	(\$198,165)
13	January 2013 (Forecast)	1,301,065	\$0.2627	\$0.2079	\$0.0548	\$71,298	(\$192,922)	(\$144,692)
14	February (Forecast)	1,050,339	\$0.2572	\$0.2079	\$0.0493	\$51,782	(\$141,140)	(\$105,855)
15	March (Forecast)	1,007,021	\$0.2506	\$0.2079	\$0.0427	\$43,000	(\$98,140)	(\$73,605)
16	April (Forecast)	629,072	\$0.2585	\$0.2079	\$0.0506	\$31,831	(\$66,309)	(\$49,732)
17	May (Forecast)	435,838	\$0.2534	\$0.2079	\$0.0455	\$19,831	(\$46,478)	(\$34,859)
18	June (Forecast)	271,254	\$0.2495	\$0.2079	\$0.0416	\$11,284	(\$35,194)	(\$26,396)
19	July (Forecast)	234,416	\$0.2483	\$0.2079	\$0.0404	\$9,470	(\$25,724)	(\$19,293)
20	August (Forecast)	205,121	\$0.2519	\$0.2079	\$0.0440	\$9,025	(\$16,699)	(\$12,524)
21	September (Forecast)	300,782	\$0.2631	\$0.2079	\$0.0552	\$16,603	(\$96)	(\$72)
22	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>\$397,621</u>		
23								
24								
25	October, 2013 Balance (Forecast)	672,712	\$0.2690	\$0.2079	\$0.0611	\$41,103	\$41,007	\$30,755
26	November (Forecast)	979,426	\$0.2816	\$0.2079	\$0.0737	\$72,184	\$113,191	\$84,893
27	December (Forecast)	1,313,011	\$0.2952	\$0.2079	\$0.0873	\$114,626	\$227,817	\$170,863
28	January 2014 (Forecast)	1,311,446	\$0.2767	\$0.2079	\$0.0688	\$90,227	\$318,044	\$238,533
29	February (Forecast)	1,060,004	\$0.2737	\$0.2079	\$0.0658	\$69,748	\$387,792	\$290,844
30	March (Forecast)	1,016,068	\$0.2674	\$0.2079	\$0.0595	\$60,456	\$448,248	\$336,186
31	April (Forecast)	637,231	\$0.2776	\$0.2079	\$0.0697	\$44,415	\$492,663	\$369,497
32	May (Forecast)	439,846	\$0.2456	\$0.2079	\$0.0377	\$16,582	\$509,245	\$381,934
33	June (Forecast)	275,383	\$0.2413	\$0.2079	\$0.0334	\$9,198	\$518,443	\$388,832
34	July (Forecast)	237,864	\$0.2395	\$0.2079	\$0.0316	\$7,516	\$525,959	\$394,469
35	August (Forecast)	207,995	\$0.2437	\$0.2079	\$0.0358	\$7,446	\$533,405	\$400,054
36	September (Forecast)	304,130	\$0.2546	\$0.2079	\$0.0467	\$14,203	\$547,608	\$410,706
37	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>\$547,704</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2231	\$0.3900	(\$0.1669)	(\$38,573)	(\$314,296)	(\$235,722)
3	August (Projected)	202,336	\$0.2233	\$0.3900	(\$0.1667)	(\$33,731)	(\$348,027)	(\$261,020)
4	September (Projected)	297,663	\$0.2439	\$0.3900	(\$0.1461)	(\$43,492)	(\$391,519)	(\$293,639)
5	Current Quarter Total	<u>731,062</u>				<u>(\$115,796)</u>		
6								
7	Forecast Volumes and Forecast Prices							
8	October, 2012 (Forecast)	668,878	\$0.2492	\$0.3900	(\$0.1408)	(\$94,178)	(\$485,697)	(\$364,273)
9	November (Forecast)	973,031	\$0.2483	\$0.3900	(\$0.1417)	(\$137,878)	(\$623,575)	(\$467,681)
10	December (Forecast)	1,305,806	\$0.2618	\$0.3900	(\$0.1282)	(\$167,404)	(\$790,979)	(\$593,234)
11	January 2013 (Forecast)	1,301,065	\$0.2633	\$0.3900	(\$0.1267)	(\$164,845)	(\$955,824)	(\$716,868)
12	February (Forecast)	1,050,339	\$0.2570	\$0.3900	(\$0.1330)	(\$139,695)	(\$1,095,519)	(\$821,639)
13	March (Forecast)	1,007,021	\$0.2492	\$0.3900	(\$0.1408)	(\$141,789)	(\$1,237,308)	(\$927,981)
14	April (Forecast)	629,072	\$0.2556	\$0.3900	(\$0.1344)	(\$84,547)	(\$1,321,855)	(\$991,391)
15	May (Forecast)	435,838	\$0.2514	\$0.3900	(\$0.1386)	(\$60,407)	(\$1,382,262)	(\$1,036,697)
16	June (Forecast)	271,254	\$0.2488	\$0.3900	(\$0.1412)	(\$38,301)	(\$1,420,563)	(\$1,065,422)
17	July (Forecast)	234,416	\$0.2415	\$0.3900	(\$0.1485)	(\$34,811)	(\$1,455,374)	(\$1,091,531)
18	August (Forecast)	205,121	\$0.2455	\$0.3900	(\$0.1445)	(\$29,640)	(\$1,485,014)	(\$1,113,761)
19	September (Forecast)	300,782	\$0.2574	\$0.3900	(\$0.1326)	(\$39,884)	(\$1,524,898)	(\$1,143,674)
20	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>(\$1,133,379)</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$3,269,223		
24	September 30, 2012 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,744,256		
25							187.4%	
26								
27	October, 2013 Balance (Forecast)	672,712	\$0.2779	\$0.3900	(\$0.1121)	(\$75,411)	(\$1,600,309)	(\$1,200,232)
28	November (Forecast)	979,426	\$0.2845	\$0.3900	(\$0.1055)	(\$103,329)	(\$1,703,638)	(\$1,277,729)
29	December (Forecast)	1,313,011	\$0.3000	\$0.3900	(\$0.0900)	(\$118,171)	(\$1,821,809)	(\$1,366,357)
30	January 2014 (Forecast)	1,311,446	\$0.2846	\$0.3900	(\$0.1054)	(\$138,226)	(\$1,960,035)	(\$1,470,026)
31	February (Forecast)	1,060,004	\$0.2788	\$0.3900	(\$0.1112)	(\$117,872)	(\$2,077,907)	(\$1,558,430)
32	March (Forecast)	1,016,068	\$0.2708	\$0.3900	(\$0.1192)	(\$121,115)	(\$2,199,022)	(\$1,649,267)
33	April (Forecast)	637,231	\$0.2835	\$0.3900	(\$0.1065)	(\$67,865)	(\$2,266,887)	(\$1,700,165)
34	May (Forecast)	439,846	\$0.2482	\$0.3900	(\$0.1418)	(\$62,370)	(\$2,329,257)	(\$1,746,943)
35	June (Forecast)	275,383	\$0.2449	\$0.3900	(\$0.1451)	(\$39,958)	(\$2,369,215)	(\$1,776,911)
36	July (Forecast)	237,864	\$0.2367	\$0.3900	(\$0.1533)	(\$36,464)	(\$2,405,679)	(\$1,804,259)
37	August (Forecast)	207,995	\$0.2440	\$0.3900	(\$0.1460)	(\$30,367)	(\$2,436,046)	(\$1,827,035)
38	September (Forecast)	304,130	\$0.2544	\$0.3900	(\$0.1356)	(\$41,240)	(\$2,477,286)	(\$1,857,965)
39	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>(\$952,388)</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Storage Volume (Litres)	Variable Volume (Litres)	Storage Price (\$/litre)	Variable Price (\$/litre)	Storage Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October, 2012 (Forecast)	668,878	-	668,878	\$ -	\$ 0.2492	\$ -	\$ 166,685	\$ 166,685
2	November (Forecast)	973,031	450,000	523,031	\$ 0.2405	\$ 0.2550	\$ 108,207	\$ 133,354	\$ 241,560
3	December (Forecast)	1,305,806	450,000	855,806	\$ 0.2405	\$ 0.2731	\$ 108,207	\$ 233,702	\$ 341,908
4	January 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.2405	\$ 0.2753	\$ 108,207	\$ 234,317	\$ 342,524
5	February (Forecast)	1,050,339	450,000	600,339	\$ 0.2405	\$ 0.2693	\$ 108,207	\$ 161,689	\$ 269,895
6	March (Forecast)	1,007,021	450,000	557,021	\$ 0.2405	\$ 0.2562	\$ 108,207	\$ 142,714	\$ 250,921
7	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.2556	\$ -	\$ 160,822	\$ 160,822
8	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2514	\$ -	\$ 109,583	\$ 109,583
9	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2488	\$ -	\$ 67,490	\$ 67,490
10	July (Forecast)	234,416	-	234,416	\$ -	\$ 0.2415	\$ -	\$ 56,622	\$ 56,622
11	August (Forecast)	205,121	-	205,121	\$ -	\$ 0.2455	\$ -	\$ 50,348	\$ 50,348
12	September (Forecast)	300,782	-	300,782	\$ -	\$ 0.2574	\$ -	\$ 77,417	\$ 77,417
13	Total October, 2012 to September, 2013	8,382,623	2,250,000	6,132,623			\$ 541,033	\$ 1,594,741	\$ 2,135,775
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.2548
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 9.955
18	(Conversion factor 1 Litre = 0.025594 GJ)								
19									
20	October, 2013 Balance (Forecast)	672,712	-	672,712	\$ -	\$ 0.2779	\$ -	\$ 186,921	\$ 186,921
21	November (Forecast)	979,426	450,000	529,426	\$ 0.2806	\$ 0.2877	\$ 126,284	\$ 152,314	\$ 278,598
22	December (Forecast)	1,313,011	450,000	863,011	\$ 0.2806	\$ 0.3101	\$ 126,284	\$ 267,625	\$ 393,910
23	January 2014 (Forecast)	1,311,446	450,000	861,446	\$ 0.2806	\$ 0.2867	\$ 126,284	\$ 247,013	\$ 373,297
24	February (Forecast)	1,060,004	450,000	610,004	\$ 0.2806	\$ 0.2775	\$ 126,284	\$ 169,285	\$ 295,569
25	March (Forecast)	1,016,068	450,000	566,068	\$ 0.2806	\$ 0.2630	\$ 126,284	\$ 148,884	\$ 275,168
26	April (Forecast)	637,231	-	637,231	\$ -	\$ 0.2835	\$ -	\$ 180,666	\$ 180,666
27	May (Forecast)	439,846	-	439,846	\$ -	\$ 0.2482	\$ -	\$ 109,165	\$ 109,165
28	June (Forecast)	275,383	-	275,383	\$ -	\$ 0.2449	\$ -	\$ 67,439	\$ 67,439
29	July (Forecast)	237,864	-	237,864	\$ -	\$ 0.2367	\$ -	\$ 56,307	\$ 56,307
30	August (Forecast)	207,995	-	207,995	\$ -	\$ 0.2440	\$ -	\$ 50,747	\$ 50,747
31	September (Forecast)	304,130	-	304,130	\$ -	\$ 0.2544	\$ -	\$ 77,361	\$ 77,361
32	Total October, 2013 to September, 2014	8,455,114	2,250,000	6,205,114			\$ 631,421	\$ 1,713,728	\$ 2,345,149

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT

Tab 3
Page 3

CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars (1)	\$/Litre (2)	\$/GJ (3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 3, Page 2, Col.9, Line 15 and Line 17)		
4	October 1, 2012 to September 30, 2013	\$0.2548	\$9.955
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>(\$0.0467)</u>	<u>(\$1.825)</u>
7			
8	Tested Reference Price	\$0.2081	\$8.130
9			
10			
11			
12	Existing Propane Reference Price	<u>\$0.3900</u>	<u>\$15.238</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Tested Reference Price to be flowed through in customers' rates	<u>(\$0.1819)</u>	(\$7.107)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		<u>(\$0.277)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$7.384)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% is based on 2009, 2010, and 2011 data.		
27		Litres	Percentage
28	Sales	18,923,023	
29			
30	Company Use	4,706	0.02%
31	Propane Used for Vaporizer	256,371	1.35%
32	Unaccounted For	484,170	2.56%
33	Total Fuel / UAF Requirement	<u>745,247</u>	<u>3.93%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Sep 30, 2012		(\$1.825)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2012 to Sep 30, 2013 period.		<u>(\$5.559)</u>
38	Total Propane Cost Flowthrough		<u>(\$7.384)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2012

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2231	\$0.3900	(\$0.1669)	(\$38,573)	(\$314,296)	(\$235,722)
3	August (Projected)	202,336	\$0.2233	\$0.3900	(\$0.1667)	(\$33,731)	(\$348,027)	(\$261,020)
4	September (Projected)	297,663	\$0.2439	\$0.3900	(\$0.1461)	(\$43,492)	(\$391,519)	(\$293,639)
5	Current Quarter Total	<u>731,062</u>				<u>(\$115,796)</u>		
6								
7								
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	October, 2012 (Forecast)	668,878	\$0.2492	\$0.2081	\$0.0411	\$27,491	(\$364,028)	(\$273,021)
11	November (Forecast)	973,031	\$0.2483	\$0.2081	\$0.0402	\$39,116	(\$324,912)	(\$243,684)
12	December (Forecast)	1,305,806	\$0.2618	\$0.2081	\$0.0537	\$70,122	(\$254,790)	(\$191,093)
13	January 2013 (Forecast)	1,301,065	\$0.2633	\$0.2081	\$0.0552	\$71,819	(\$182,971)	(\$137,228)
14	February (Forecast)	1,050,339	\$0.2570	\$0.2081	\$0.0489	\$51,362	(\$131,609)	(\$98,707)
15	March (Forecast)	1,007,021	\$0.2492	\$0.2081	\$0.0411	\$41,389	(\$90,220)	(\$67,665)
16	April (Forecast)	629,072	\$0.2556	\$0.2081	\$0.0475	\$29,881	(\$60,339)	(\$45,254)
17	May (Forecast)	435,838	\$0.2514	\$0.2081	\$0.0433	\$18,872	(\$41,467)	(\$31,100)
18	June (Forecast)	271,254	\$0.2488	\$0.2081	\$0.0407	\$11,040	(\$30,427)	(\$22,820)
19	July (Forecast)	234,416	\$0.2415	\$0.2081	\$0.0334	\$7,829	(\$22,598)	(\$16,949)
20	August (Forecast)	205,121	\$0.2455	\$0.2081	\$0.0374	\$7,672	(\$14,926)	(\$11,195)
21	September (Forecast)	300,782	\$0.2574	\$0.2081	\$0.0493	\$14,829	(\$97)	(\$73)
22	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>\$391,422</u>		
23								
24								
25	October, 2013 Balance (Forecast)	672,712	\$0.2779	\$0.2081	\$0.0698	\$46,955	\$46,858	\$35,143
26	November (Forecast)	979,426	\$0.2845	\$0.2081	\$0.0764	\$74,828	\$121,686	\$91,264
27	December (Forecast)	1,313,011	\$0.3000	\$0.2081	\$0.0919	\$120,666	\$242,352	\$181,764
28	January 2014 (Forecast)	1,311,446	\$0.2846	\$0.2081	\$0.0765	\$100,326	\$342,678	\$257,008
29	February (Forecast)	1,060,004	\$0.2788	\$0.2081	\$0.0707	\$74,942	\$417,620	\$313,215
30	March (Forecast)	1,016,068	\$0.2708	\$0.2081	\$0.0627	\$63,707	\$481,327	\$360,995
31	April (Forecast)	637,231	\$0.2835	\$0.2081	\$0.0754	\$48,047	\$529,374	\$397,030
32	May (Forecast)	439,846	\$0.2482	\$0.2081	\$0.0401	\$17,638	\$547,012	\$410,259
33	June (Forecast)	275,383	\$0.2449	\$0.2081	\$0.0368	\$10,134	\$557,146	\$417,859
34	July (Forecast)	237,864	\$0.2367	\$0.2081	\$0.0286	\$6,803	\$563,949	\$422,962
35	August (Forecast)	207,995	\$0.2440	\$0.2081	\$0.0359	\$7,467	\$571,416	\$428,562
36	September (Forecast)	304,130	\$0.2544	\$0.2081	\$0.0463	\$14,081	\$585,497	\$439,123
37	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>\$585,594</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2231	\$0.3900	(\$0.1669)	(\$38,573)	(\$314,296)	(\$235,722)
3	August (Projected)	202,336	\$0.2233	\$0.3900	(\$0.1667)	(\$33,731)	(\$348,027)	(\$261,020)
4	September (Projected)	297,663	\$0.2439	\$0.3900	(\$0.1461)	(\$43,492)	(\$391,519)	(\$293,639)
5	Current Quarter Total	<u>731,062</u>				<u>(\$115,796)</u>		
6								
7	Forecast Volumes and Forecast Prices							
8	October, 2012 (Forecast)	668,878	\$0.2492	\$0.3900	(\$0.1408)	(\$94,178)	(\$485,697)	(\$364,273)
9	November (Forecast)	973,031	\$0.2483	\$0.3900	(\$0.1417)	(\$137,878)	(\$623,575)	(\$467,681)
10	December (Forecast)	1,305,806	\$0.2618	\$0.3900	(\$0.1282)	(\$167,404)	(\$790,979)	(\$593,234)
11	January 2013 (Forecast)	1,301,065	\$0.2633	\$0.3900	(\$0.1267)	(\$164,845)	(\$955,824)	(\$716,868)
12	February (Forecast)	1,050,339	\$0.2570	\$0.3900	(\$0.1330)	(\$139,695)	(\$1,095,519)	(\$821,639)
13	March (Forecast)	1,007,021	\$0.2492	\$0.3900	(\$0.1408)	(\$141,789)	(\$1,237,308)	(\$927,981)
14	April (Forecast)	629,072	\$0.2556	\$0.3900	(\$0.1344)	(\$84,547)	(\$1,321,855)	(\$991,391)
15	May (Forecast)	435,838	\$0.2514	\$0.3900	(\$0.1386)	(\$60,407)	(\$1,382,262)	(\$1,036,697)
16	June (Forecast)	271,254	\$0.2488	\$0.3900	(\$0.1412)	(\$38,301)	(\$1,420,563)	(\$1,065,422)
17	July (Forecast)	234,416	\$0.2415	\$0.3900	(\$0.1485)	(\$34,811)	(\$1,455,374)	(\$1,091,531)
18	August (Forecast)	205,121	\$0.2455	\$0.3900	(\$0.1445)	(\$29,640)	(\$1,485,014)	(\$1,113,761)
19	September (Forecast)	300,782	\$0.2574	\$0.3900	(\$0.1326)	(\$39,884)	(\$1,524,898)	(\$1,143,674)
20	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>(\$1,133,379)</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$3,269,223		
24	September 30, 2012 Deferral Balance (Line 4, Col. 7) + Forecast Costs (Page 2, sum of Lines 1 to 12, Col. 9)					\$ 1,744,256		
25								
26								
27	October, 2013 Balance (Forecast)	672,712	\$0.2779	\$0.3900	(\$0.1121)	(\$75,411)	(\$1,600,309)	(\$1,200,232)
28	November (Forecast)	979,426	\$0.2845	\$0.3900	(\$0.1055)	(\$103,329)	(\$1,703,638)	(\$1,277,729)
29	December (Forecast)	1,313,011	\$0.3000	\$0.3900	(\$0.0900)	(\$118,171)	(\$1,821,809)	(\$1,366,357)
30	January 2014 (Forecast)	1,311,446	\$0.2846	\$0.3900	(\$0.1054)	(\$138,226)	(\$1,960,035)	(\$1,470,026)
31	February (Forecast)	1,060,004	\$0.2788	\$0.3900	(\$0.1112)	(\$117,872)	(\$2,077,907)	(\$1,558,430)
32	March (Forecast)	1,016,068	\$0.2708	\$0.3900	(\$0.1192)	(\$121,115)	(\$2,199,022)	(\$1,649,267)
33	April (Forecast)	637,231	\$0.2835	\$0.3900	(\$0.1065)	(\$67,865)	(\$2,266,887)	(\$1,700,165)
34	May (Forecast)	439,846	\$0.2482	\$0.3900	(\$0.1418)	(\$62,370)	(\$2,329,257)	(\$1,746,943)
35	June (Forecast)	275,383	\$0.2449	\$0.3900	(\$0.1451)	(\$39,958)	(\$2,369,215)	(\$1,776,911)
36	July (Forecast)	237,864	\$0.2367	\$0.3900	(\$0.1533)	(\$36,464)	(\$2,405,679)	(\$1,804,259)
37	August (Forecast)	207,995	\$0.2440	\$0.3900	(\$0.1460)	(\$30,367)	(\$2,436,046)	(\$1,827,035)
38	September (Forecast)	304,130	\$0.2544	\$0.3900	(\$0.1356)	(\$41,240)	(\$2,477,286)	(\$1,857,965)
39	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>(\$952,388)</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Storage Volume (Litres)	Variable Volume (Litres)	Storage Price (\$/litre)	Variable Price (\$/litre)	Storage Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October, 2012 (Forecast)	668,878	-	668,878	\$ -	\$ 0.2492	\$ -	\$ 166,685	\$ 166,685
2	November (Forecast)	973,031	450,000	523,031	\$ 0.2405	\$ 0.2550	\$ 108,207	\$ 133,354	\$ 241,560
3	December (Forecast)	1,305,806	450,000	855,806	\$ 0.2405	\$ 0.2731	\$ 108,207	\$ 233,702	\$ 341,908
4	January 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.2405	\$ 0.2753	\$ 108,207	\$ 234,317	\$ 342,524
5	February (Forecast)	1,050,339	450,000	600,339	\$ 0.2405	\$ 0.2693	\$ 108,207	\$ 161,689	\$ 269,895
6	March (Forecast)	1,007,021	450,000	557,021	\$ 0.2405	\$ 0.2562	\$ 108,207	\$ 142,714	\$ 250,921
7	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.2556	\$ -	\$ 160,822	\$ 160,822
8	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2514	\$ -	\$ 109,583	\$ 109,583
9	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2488	\$ -	\$ 67,490	\$ 67,490
10	July (Forecast)	234,416	-	234,416	\$ -	\$ 0.2415	\$ -	\$ 56,622	\$ 56,622
11	August (Forecast)	205,121	-	205,121	\$ -	\$ 0.2455	\$ -	\$ 50,348	\$ 50,348
12	September (Forecast)	300,782	-	300,782	\$ -	\$ 0.2574	\$ -	\$ 77,417	\$ 77,417
13	October Balance (Forecast)	672,712	-	672,712	\$ -	\$ 0.2779	\$ -	\$ 186,921	\$ 186,921
14	November (Forecast)	979,426	450,000	529,426	\$ 0.2806	\$ 0.2877	\$ 126,284	\$ 152,314	\$ 278,598
15	December (Forecast)	1,313,011	450,000	863,011	\$ 0.2806	\$ 0.3101	\$ 126,284	\$ 267,625	\$ 393,910
16	Total October, 2012 to December, 2013	<u>11,347,771</u>	<u>3,150,000</u>	<u>8,197,771</u>			<u>793,602</u>	<u>2,201,602</u>	<u>2,995,204</u>
17									
18	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.2639</u>
19									
20	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 10.313</u>

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT

CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars (1)	\$/Litre (2)	\$/GJ (3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 3A, Page 2, Col.9, Line 18 and Line 20)		
4	October 1, 2012 to December 31, 2013	\$0.2639	\$10.313
5			
6	ii. Fifteen months amortization of projected Deferral Account balance	<u>(\$0.0345)</u>	<u>(\$1.348)</u>
7			
8	Proposed Reference Price	\$0.2294	\$8.965
9			
10			
11			
12	Existing Propane Reference Price	<u>\$0.3900</u>	<u>\$15.238</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Proposed Reference Price to be flowed through in customers' rates	<u>(\$0.1606)</u>	(\$6.275)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		<u>(\$0.246)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$6.521)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% is based on 2009, 2010, and 2011 data.		
27		Litres	Percentage
28	Sales	18,923,023	
29			
30	Company Use	4,706	0.02%
31	Propane Used for Vaporizer	256,371	1.35%
32	Unaccounted For	484,170	2.56%
33	Total Fuel / UAF Requirement	<u>745,247</u>	<u>3.93%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Sep 30, 2012		(\$1.348)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2012 to Sep 30, 2013 period.		<u>(\$5.173)</u>
38	Total Propane Cost Flowthrough		<u>(\$6.521)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH PROPOSED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2012
(AUGUST 17, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	June 30, 2012 Balance (Recorded)						(\$275,723)	(\$206,792)
2	July (Projected) ^(A)	231,064	\$0.2231	\$0.3900	(\$0.1669)	(\$38,573)	(\$314,296)	(\$235,722)
3	August (Projected)	202,336	\$0.2233	\$0.3900	(\$0.1667)	(\$33,731)	(\$348,027)	(\$261,020)
4	September (Projected)	297,663	\$0.2439	\$0.3900	(\$0.1461)	(\$43,492)	(\$391,519)	(\$293,639)
5	Current Quarter Total	<u>731,062</u>				<u>(\$115,796)</u>		
6				Proposed				
7				Reference				
8				Price				
9	<u>Forecast Volumes and Forecast Prices</u>							
10	October, 2012 (Forecast)	668,878	\$0.2492	\$0.2294	\$0.0198	\$13,244	(\$378,275)	(\$283,706)
11	November (Forecast)	973,031	\$0.2483	\$0.2294	\$0.0189	\$18,390	(\$359,885)	(\$269,914)
12	December (Forecast)	1,305,806	\$0.2618	\$0.2294	\$0.0324	\$42,308	(\$317,577)	(\$238,183)
13	January 2013 (Forecast)	1,301,065	\$0.2633	\$0.2294	\$0.0339	\$44,106	(\$273,471)	(\$205,103)
14	February (Forecast)	1,050,339	\$0.2570	\$0.2294	\$0.0276	\$28,989	(\$244,482)	(\$183,362)
15	March (Forecast)	1,007,021	\$0.2492	\$0.2294	\$0.0198	\$19,939	(\$224,543)	(\$168,407)
16	April (Forecast)	629,072	\$0.2556	\$0.2294	\$0.0262	\$16,482	(\$208,061)	(\$156,046)
17	May (Forecast)	435,838	\$0.2514	\$0.2294	\$0.0220	\$9,588	(\$198,473)	(\$148,855)
18	June (Forecast)	271,254	\$0.2488	\$0.2294	\$0.0194	\$5,262	(\$193,211)	(\$144,908)
19	July (Forecast)	234,416	\$0.2415	\$0.2294	\$0.0121	\$2,836	(\$190,375)	(\$142,781)
20	August (Forecast)	205,121	\$0.2455	\$0.2294	\$0.0161	\$3,302	(\$187,073)	(\$140,305)
21	September (Forecast)	300,782	\$0.2574	\$0.2294	\$0.0280	\$8,422	(\$178,651)	(\$133,988)
22	Total October, 2012 to September, 2013	<u>8,382,623</u>				<u>\$212,868</u>		
23								
24								
25	October, 2013 Balance (Forecast)	672,712	\$0.2779	\$0.2294	\$0.0485	\$32,627	(\$146,024)	(\$109,518)
26	November (Forecast)	979,426	\$0.2845	\$0.2294	\$0.0551	\$53,966	(\$92,058)	(\$69,044)
27	December (Forecast)	1,313,011	\$0.3000	\$0.2294	\$0.0706	\$92,699	\$641	\$481
28	January 2014 (Forecast)	1,311,446	\$0.2846	\$0.2294	\$0.0552	\$72,392	\$73,033	\$54,775
29	February (Forecast)	1,060,004	\$0.2788	\$0.2294	\$0.0494	\$52,364	\$125,397	\$94,048
30	March (Forecast)	1,016,068	\$0.2708	\$0.2294	\$0.0414	\$42,065	\$167,462	\$125,596
31	April (Forecast)	637,231	\$0.2835	\$0.2294	\$0.0541	\$34,474	\$201,936	\$151,452
32	May (Forecast)	439,846	\$0.2482	\$0.2294	\$0.0188	\$8,269	\$210,205	\$157,654
33	June (Forecast)	275,383	\$0.2449	\$0.2294	\$0.0155	\$4,268	\$214,473	\$160,855
34	July (Forecast)	237,864	\$0.2367	\$0.2294	\$0.0073	\$1,736	\$216,209	\$162,157
35	August (Forecast)	207,995	\$0.2440	\$0.2294	\$0.0146	\$3,037	\$219,246	\$164,434
36	September (Forecast)	304,130	\$0.2544	\$0.2294	\$0.0250	\$7,603	\$226,849	\$170,137
37	Total October, 2013 to September, 2014	<u>8,455,114</u>				<u>\$405,500</u>		

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE FLOATING PRICES
 Forward Prices: AUGUST 17, 2012

CRUDE OIL FUTURES				
Month	Crude Oil Future Prices (US \$ per Barrel)		Unit Cost Including Transportation (Cdn \$ per Litre)	
	2012 Q3 Gas Cost Report Aug 17 Forward Price	2012 Q2 Gas Cost Report May 18 Forward Price	2012 Q3 Gas Cost Report Aug 17 Forward Price	2012 Q2 Gas Cost Report May 18 Forward Price
	May-12	\$103.05	\$103.05	\$0.2168
Jun-12	\$91.66	\$91.48	\$0.1725	\$0.2158
Jul-12	\$81.80	\$91.80	\$0.2046	\$0.2197
Aug-12	\$88.50	\$92.08	\$0.2196	\$0.2246
Sep-12	\$96.01	\$92.34	\$0.2399	\$0.2369
Oct-12	\$96.32	\$92.58	\$0.2465	\$0.2576
Nov-12	\$96.58	\$92.77	\$0.2469	\$0.2646
Dec-12	\$96.91	\$92.95	\$0.2613	\$0.2744
Jan-13	\$97.33	\$93.09	\$0.2627	\$0.2790
Feb-13	\$97.62	\$93.16	\$0.2572	\$0.2783
Mar-13	\$97.75	\$93.13	\$0.2506	\$0.2708
Apr-13	\$97.73	\$92.99	\$0.2585	\$0.2646
May-13	\$97.60	\$92.78	\$0.2534	\$0.2484
Jun-13	\$97.38	\$92.55	\$0.2495	\$0.2470
Jul-13	\$97.12	\$92.30	\$0.2483	\$0.2221
Aug-13	\$96.82	\$92.06	\$0.2519	\$0.2260
Sep-13	\$96.50	\$91.83	\$0.2631	\$0.2365
Oct-13	\$96.18	\$91.63	\$0.2690	\$0.2562
Nov-13	\$95.86	\$91.42	\$0.2816	\$0.2673
Dec-13	\$95.55	\$91.25	\$0.2952	\$0.2753
Jan-14	\$95.14	\$90.96	\$0.2767	\$0.2793
Feb-14	\$94.75	\$90.69	\$0.2737	\$0.2792
Mar-14	\$94.34	\$90.37	\$0.2674	\$0.2722
Apr-14	\$93.95	\$90.06	\$0.2776	\$0.2595
May-14	\$93.58	\$89.79	\$0.2456	\$0.2430
Jun-14	\$93.22	\$89.53	\$0.2413	\$0.2415
Jul-14	\$92.81		\$0.2395	
Aug-14	\$92.43		\$0.2437	
Sep-14	\$92.08		\$0.2546	

PROPANE SWAP PRICES				
Month	Propane Swap Prices (US \$ per Gallon)		Unit Cost Including Transportation (Cdn \$ per Litre)	
	2012 Q3 Gas Cost Report Aug 17 Forward Price	2012 Q2 Gas Cost Report May 18 Forward Price	2012 Q3 Gas Cost Report Aug 17 Forward Price	2012 Q2 Gas Cost Report May 18 Forward Price
	May-12	\$0.95	\$1.17	\$0.2168
Jun-12	\$0.79	\$0.94	\$0.1725	\$0.3406
Jul-12	\$0.88	\$0.94	\$0.2231	\$0.3395
Aug-12	\$0.88	\$0.95	\$0.2233	\$0.3385
Sep-12	\$0.94	\$0.96	\$0.2439	\$0.3439
Oct-12	\$0.95	\$0.97	\$0.2492	\$0.3550
Nov-12	\$0.96	\$0.98	\$0.2483	\$0.3652
Dec-12	\$0.97	\$0.99	\$0.2618	\$0.3661
Jan-13	\$0.98	\$1.00	\$0.2633	\$0.3721
Feb-13	\$0.98	\$0.99	\$0.2570	\$0.3757
Mar-13	\$0.96	\$0.98	\$0.2492	\$0.3702
Apr-13	\$0.95	\$0.97	\$0.2556	\$0.3523
May-13	\$0.95	\$0.97	\$0.2514	\$0.3386
Jun-13	\$0.95	\$0.98	\$0.2488	\$0.3373
Jul-13	\$0.96	\$0.99	\$0.2415	\$0.3540
Aug-13	\$0.95	\$0.99	\$0.2455	\$0.3530
Sep-13	\$0.97	\$1.00	\$0.2574	\$0.3573
Oct-13	\$0.99	\$1.01	\$0.2779	\$0.3684
Nov-13	\$1.00	\$1.02	\$0.2845	\$0.3768
Dec-13	\$1.01	\$1.03	\$0.3000	\$0.3780
Jan-14	\$1.02	\$0.97	\$0.2846	\$0.3718
Feb-14	\$1.01	\$0.97	\$0.2788	\$0.3771
Mar-14	\$0.98	\$0.97	\$0.2708	\$0.3750
Apr-14	\$0.95	\$0.97	\$0.2835	\$0.3555
May-14	\$0.93	\$0.97	\$0.2482	\$0.3401
Jun-14	\$0.93	\$0.97	\$0.2449	\$0.3374
Jul-14	\$0.94		\$0.2367	
Aug-14	\$0.94		\$0.2440	
Sep-14	\$0.95		\$0.2544	

50% CRUDE OIL FUTURES & 50% PROPANE SWAP PRICES		
Month	Unit Cost Including Transportation (Cdn \$ per Litre)	
	2012 Q3 Gas Cost Report Aug 17 Forward Price	2012 Q2 Gas Cost Report May 18 Forward Price
	May-12	\$0.2168
Jun-12	\$0.1725	\$0.2782
Jul-12	\$0.2138	\$0.2796
Aug-12	\$0.2215	\$0.2815
Sep-12	\$0.2419	\$0.2904
Oct-12	\$0.2478	\$0.3063
Nov-12	\$0.2476	\$0.3149
Dec-12	\$0.2615	\$0.3202
Jan-13	\$0.2630	\$0.3256
Feb-13	\$0.2571	\$0.3270
Mar-13	\$0.2499	\$0.3205
Apr-13	\$0.2571	\$0.3085
May-13	\$0.2524	\$0.2935
Jun-13	\$0.2492	\$0.2922
Jul-13	\$0.2449	\$0.2881
Aug-13	\$0.2487	\$0.2895
Sep-13	\$0.2603	\$0.2969
Oct-13	\$0.2734	\$0.3123
Nov-13	\$0.2830	\$0.3221
Dec-13	\$0.2976	\$0.3267
Jan-14	\$0.2807	\$0.3255
Feb-14	\$0.2763	\$0.3282
Mar-14	\$0.2691	\$0.3236
Apr-14	\$0.2806	\$0.3075
May-14	\$0.2469	\$0.2915
Jun-14	\$0.2431	\$0.2894
Jul-14	\$0.2381	
Aug-14	\$0.2438	
Sep-14	\$0.2545	

Notes: US-Cdn exchange rates source - Barclays Bank dated August 17, 2012.



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER**

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DRAFT ORDER

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by FortisBC Energy Inc.
Regarding the 2012 Third Quarter Gas Cost Report and
Propane Commodity Charges effective October 1, 2012
for the Revelstoke Service Area

BEFORE:

[Date]

WHEREAS:

- A. By Order No. G-28-12 dated March 9, 2012, the British Columbia Utilities Commission (the Commission) decreased the propane commodity rates for the FortisBC Energy Inc. (FEI) Revelstoke service area (Revelstoke) effective April 1, 2012;
- B. By Order No. G-44-12 dated April 12, 2012, the Commission approved the FortisBC Energy Utilities, including FEI Revelstoke Service Area, permanent delivery rates, effective January 1, 2012. FEI delivery rates were changed from interim to permanent and Delivery Rate Refund Rider 4 was established, effective June 1, 2012;
- C. On August 30, 2012, FEI filed its 2012 Third Quarter Gas Cost Report for Revelstoke (the 2012 Third Quarter Report);
- D. FEI provided three sets of forward prices for the forecast cost of propane. One forecast based 50 percent on the NYMEX West Texas Intermediate (WTI) light sweet crude oil futures and 50 percent on the NYMEX B0 – Mt. Belvieu propane swap prices, the second based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third based 100 percent on the NMYEX B0 – Mt. Belvieu propane swap prices;
- E. Using a propane price forecast based on an average of 50 percent of the August 17, 2012 NYMEX WTI light sweet crude oil futures and 50 percent of the August 17, 2012 NMYEX B0 - Mt. Belvieu propane swap prices,

and based on the existing rates, the projected after tax deferral balance at September 30, 2012 of \$295,964 surplus is forecast to change to an after tax surplus balance of \$1,144,330 at September 30, 2013. The rate change trigger mechanism is calculated to be 187.5 percent which falls outside the deadband range of 95 percent to 105 percent;

- F. Using a propane price forecast based on August 17, 2012 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected after tax deferral balance at September 30, 2012 of \$298,288 surplus is forecast to change to an after tax surplus balance of \$1,144,928 at September 30, 2013. The rate change trigger mechanism is calculated to be 187.6 percent which falls outside the deadband range of 95 percent to 105 percent;
- G. Using a propane price forecast based on August 17, 2012 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected after tax deferral balance at September 30, 2012 of \$293,639 surplus is forecast to change to an after tax surplus balance of \$1,143,674 at September 30, 2013. The rate change trigger mechanism is calculated to be 187.4 percent which falls outside the deadband range of 95 percent to 105 percent;
- H. In the 2012 Third Quarter Report, FEI indicates that all three forecasts indicate that current propane cost recovery rates will over recover costs and a propane rate decrease is required, effective October 1, 2012;
- I. FEI also provides, and recommends, an alternative scenario for Commission review that is based on a propane price forecast using the August 17, 2012 NYMEX B0 - Mt. Belvieu propane swap prices, whereby the customer rate reduction is calculated over a 15-month prospective period. The propane reference price is calculated to decrease by \$0.1606 per litre, from \$0.3900 per litre to \$0.2294 per litre, effective October 1, 2012. This corresponds to a rate decrease of \$6.521 per gigajoule;
- J. The proposed propane rate change, effective October 1, 2012, equates to a decrease to a typical residential customer's annual bill of approximately \$326 or 28 percent, based on an annual consumption of 50 GJ;
- K. FEI requests that the forecast gas cost information for Revelstoke in Tab 5 of the 2012 Third Quarter Report be held confidential on the basis that it is market sensitive information;
- L. The Commission has determined that the requested changes to the propane reference price and propane rate for Revelstoke should be approved.

NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission orders as follows:

1. The Commission approves a propane reference price decrease of \$0.1606 per litre to \$0.2294 per litre, which corresponds to a decrease of \$6.521 per gigajoule in customer rates, effective October 1, 2012.
2. FEI will notify all customers that are affected by the rate change by way of a bill insert or bill message.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER**

3

3. The Commission will hold the gas cost information for Revelstoke in Tab 5 of the 2012 Third Quarter Report confidential.

DATED at the City of Vancouver, In the Province of British Columbia, this day of September, 2012.

BY ORDER