

November 22, 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 Fourth Quarter Gas Cost Report

FortisBC Energy Inc. (“FEI” or the “Company”) hereby submits to the British Columbia Utilities Commission (the “Commission”) the 2012 Fourth Quarter Gas Cost Report for the Revelstoke Service Area (“Revelstoke”). The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the November 7, 2012 forward prices.

Discussion and Recommendation

The Company in previous quarterly gas cost filings has calculated the forecast cost of propane utilizing three sets of forward prices. One forecast based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, a second based on the NYMEX WTI Light Sweet Crude Oil futures, and a third based on an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices.

Since about January 2012 propane prices disconnected from crude oil prices due to changes in propane supply and demand fundamentals – warmer than normal winter reduced demand in 2012 and high liquids-rich gas production resulted in increased propane inventories.

Propane prices remain disconnected from crude oil prices; as such, the Company, subsequent to discussions with Commission staff, has prepared the Revelstoke 2012 Fourth Quarter Gas Cost Report based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. The Company will continue to monitor propane and crude oil price forecasts and report the results to the Commission.

The schedule at Tab 1, Page 1, based on the November 7, 2012 forward prices, using NYMEX Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at December 31, 2012 is \$293,427 surplus (after tax), and the forecast balance at December 31, 2013 is \$76,167 surplus (after tax). The rate change trigger ratio is calculated to be 105.6%, which shows an over recovery of costs just outside the 95% to 105% deadband range. The tested rate decrease that would be required to

produce a 100% propane cost recovery-to-cost ratio is calculated to be \$0.493/GJ (Tab 1, Page 3, Line 20), which falls within the minimum \$0.50/GJ rate change threshold indicating that a rate change is not required at this time.

Further, propane commodity prices, based on the November 7, 2012 forward prices, are forecast to increase beyond the twelve month prospective period. As shown on the schedule at Tab 1 Page 1, at current rates, the forecast based on the November 7, 2012 forward prices indicates that the surplus in the Revelstoke Propane Cost Deferral Account will be fully amortized by early 2014 and that a deficit balance will begin building after January 2014.

Provided in Tab 2 are the details of the forecast gas costs for Revelstoke. The Company requests the information contained in Tab 2 be treated as CONFIDENTIAL.

The Commission, by Commission Order No. G-44-12 dated April 12, 2012, approved delivery rates, including delivery related riders, effective January 1, 2013 for FEI, including Revelstoke, customers. In addition, Commission Order No. G-44-12 directed FEI to adjust the 2013 delivery related Revenue Stabilization Adjustment Mechanism ("RSAM") Rate Rider 5 with the FEI 2012 Fourth Quarter Gas Cost filing.

For comparative purposes, FEI provides at Tabs 3 and 4 the tariff continuity and bill impact schedules for Revelstoke. These schedules have been prepared showing the combined effects of the delivery rate changes approved to be effective January 1, 2013 pursuant to Commission Order No. G-44-12, the propane cost recovery rates remaining unchanged at January 1, 2013 as filed in this report, and the proposed RSAM Rate Rider 5 decrease to be effective January 1, 2013 as requested in the FEI 2012 Fourth Quarter Gas Cost Report, dated November 22, 2012. Although the Company proposes propane cost recovery rates remain unchanged at January 1, 2013, the combined effects of the approved and proposed FEI delivery related rate changes to be effective January 1, 2013 equate to a burner tip increase of approximately \$16 per year or 1.9% for a typical Revelstoke residential customer with an average annual consumption of 50 GJ.

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.

Summary

In summary, the Company requests approval for the propane reference price for use in the Revelstoke Propane Cost Deferral Account to remain unchanged at January 1, 2013.

The Company will continue to monitor the forward prices and will report these results in the 2013 First 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:

Diane Roy

Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(NOVEMBER 7, 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	September 30, 2012 Balance (Recorded)						(\$432,233)	(\$324,174)
2	October (Projected) ^(A)	668,878	\$0.2378	\$0.2294	\$0.0084	\$5,627	(\$426,606)	(\$319,954)
3	November (Projected)	973,031	\$0.2410	\$0.2294	\$0.0116	\$11,313	(\$415,293)	(\$311,469)
4	December (Projected)	1,305,806	\$0.2478	\$0.2294	\$0.0184	\$24,057	(\$391,236)	(\$293,427)
5	Current Quarter Total	<u>2,947,715</u>				<u>\$40,997</u>		
6								
7	Forecast Volumes and Forecast Prices							
8	January, 2013 (Forecast)	1,301,065	\$0.2546	\$0.2294	\$0.0252	\$32,787	(\$358,449)	(\$268,836)
9	February (Forecast)	1,050,339	\$0.2582	\$0.2294	\$0.0288	\$30,250	(\$328,199)	(\$246,149)
10	March (Forecast)	1,007,021	\$0.2532	\$0.2294	\$0.0238	\$23,967	(\$304,232)	(\$228,174)
11	April (Forecast)	629,072	\$0.2575	\$0.2294	\$0.0281	\$17,677	(\$286,555)	(\$214,916)
12	May (Forecast)	435,838	\$0.2466	\$0.2294	\$0.0172	\$7,496	(\$279,059)	(\$209,294)
13	June (Forecast)	271,254	\$0.2440	\$0.2294	\$0.0146	\$3,960	(\$275,099)	(\$206,324)
14	July (Forecast)	234,416	\$0.2442	\$0.2294	\$0.0148	\$3,469	(\$271,630)	(\$203,722)
15	August (Forecast)	205,121	\$0.2494	\$0.2294	\$0.0200	\$4,102	(\$267,528)	(\$200,646)
16	September (Forecast)	300,782	\$0.2600	\$0.2294	\$0.0306	\$9,204	(\$258,324)	(\$193,743)
17	October (Forecast)	672,712	\$0.2625	\$0.2294	\$0.0331	\$22,267	(\$236,057)	(\$177,042)
18	November (Forecast)	979,426	\$0.2820	\$0.2294	\$0.0526	\$51,518	(\$184,539)	(\$138,404)
19	December (Forecast)	1,313,011	\$0.2926	\$0.2294	\$0.0632	\$82,982	(\$101,557)	(\$76,167)
20	Total January, 2013 to December, 2013	<u>8,400,056</u>				<u>\$289,679</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$1,926,973		
24	December 31, 2012 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,825,420		
25								
26								
27	January, 2014 Balance (Forecast)	1,311,446	\$0.3041	\$0.2294	\$0.0747	\$97,965	(\$3,592)	(\$2,694)
28	February (Forecast)	1,060,004	\$0.3069	\$0.2294	\$0.0775	\$82,150	\$78,558	\$58,919
29	March (Forecast)	1,016,068	\$0.2967	\$0.2294	\$0.0673	\$68,381	\$146,939	\$110,205
30	April (Forecast)	637,231	\$0.2801	\$0.2294	\$0.0507	\$32,308	\$179,247	\$134,436
31	May (Forecast)	439,846	\$0.2644	\$0.2294	\$0.0350	\$15,395	\$194,642	\$145,982
32	June (Forecast)	275,383	\$0.2625	\$0.2294	\$0.0331	\$9,115	\$203,757	\$152,818
33	July (Forecast)	237,864	\$0.2613	\$0.2294	\$0.0319	\$7,588	\$211,345	\$158,509
34	August (Forecast)	207,995	\$0.2672	\$0.2294	\$0.0378	\$7,862	\$219,207	\$164,406
35	September (Forecast)	304,130	\$0.2780	\$0.2294	\$0.0486	\$14,781	\$233,988	\$175,491
36	October (Forecast)	677,157	\$0.2817	\$0.2294	\$0.0523	\$35,415	\$269,403	\$202,053
37	November (Forecast)	986,497	\$0.3034	\$0.2294	\$0.0740	\$73,001	\$342,404	\$256,803
38	December (Forecast)	1,321,157	\$0.3147	\$0.2294	\$0.0853	\$112,695	\$455,099	\$341,325
39	Total January, 2014 to December, 2014	<u>8,474,776</u>				<u>\$556,656</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
(NOVEMBER 7, 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	January, 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.2351	\$ 0.2649	\$ 105,817	\$ 225,405	\$ 331,222
2	February (Forecast)	1,050,339	450,000	600,339	\$ 0.2351	\$ 0.2755	\$ 105,817	\$ 165,371	\$ 271,188
3	March (Forecast)	1,007,021	450,000	557,021	\$ 0.2351	\$ 0.2677	\$ 105,817	\$ 149,131	\$ 254,948
4	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.2575	\$ -	\$ 161,975	\$ 161,975
5	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2466	\$ -	\$ 107,481	\$ 107,481
6	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2440	\$ -	\$ 66,176	\$ 66,176
7	July (Forecast)	234,416	-	234,416	\$ -	\$ 0.2442	\$ -	\$ 57,235	\$ 57,235
8	August (Forecast)	205,121	-	205,121	\$ -	\$ 0.2494	\$ -	\$ 51,166	\$ 51,166
9	September (Forecast)	300,782	-	300,782	\$ -	\$ 0.2600	\$ -	\$ 78,207	\$ 78,207
10	October (Forecast)	672,712	-	672,712	\$ -	\$ 0.2625	\$ -	\$ 176,580	\$ 176,580
11	November (Forecast)	979,426	-	979,426	\$ -	\$ 0.2820	\$ -	\$ 276,228	\$ 276,228
12	December (Forecast)	1,313,011	-	1,313,011	\$ -	\$ 0.2926	\$ -	\$ 384,248	\$ 384,248
13	Total January, 2013 to December, 2013	8,400,056	1,350,000	7,050,056			\$ 317,451	\$ 1,899,204	\$ 2,216,655
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.2639
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 10.310
18	(Conversion factor 1 Litre = 0.025594 GJ)								
19									
20	January, 2014 Balance (Forecast)	1,311,446	-	1,311,446	\$ -	\$ 0.3041	\$ -	\$ 398,844	\$ 398,844
21	February (Forecast)	1,060,004	-	1,060,004	\$ -	\$ 0.3069	\$ -	\$ 325,288	\$ 325,288
22	March (Forecast)	1,016,068	-	1,016,068	\$ -	\$ 0.2967	\$ -	\$ 301,482	\$ 301,482
23	April (Forecast)	637,231	-	637,231	\$ -	\$ 0.2801	\$ -	\$ 178,458	\$ 178,458
24	May (Forecast)	439,846	-	439,846	\$ -	\$ 0.2644	\$ -	\$ 116,275	\$ 116,275
25	June (Forecast)	275,383	-	275,383	\$ -	\$ 0.2625	\$ -	\$ 72,297	\$ 72,297
26	July (Forecast)	237,864	-	237,864	\$ -	\$ 0.2613	\$ -	\$ 62,153	\$ 62,153
27	August (Forecast)	207,995	-	207,995	\$ -	\$ 0.2672	\$ -	\$ 55,573	\$ 55,573
28	September (Forecast)	304,130	-	304,130	\$ -	\$ 0.2780	\$ -	\$ 84,559	\$ 84,559
29	October (Forecast)	677,157	-	677,157	\$ -	\$ 0.2817	\$ -	\$ 190,756	\$ 190,756
30	November (Forecast)	986,497	-	986,497	\$ -	\$ 0.3034	\$ -	\$ 299,348	\$ 299,348
31	December (Forecast)	1,321,157	-	1,321,157	\$ -	\$ 0.3147	\$ -	\$ 415,824	\$ 415,824
32	Total January, 2014 to December, 2014	8,474,776	-	8,474,776			\$ -	\$ 2,500,858	\$ 2,500,858

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
(NOVEMBER 7, 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 1, Page 2, Col.9, Line 15 and Line 17)		
4	January 1, 2013 to December 31, 2013	\$0.2639	\$10.310
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>(\$0.0466)</u>	<u>(\$1.820)</u>
7			
8	Tested Reference Price	\$0.2173	\$8.490
9			
10			
11			
12	Existing Propane Reference Price	<u>\$0.2294</u>	<u>\$8.963</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>(\$0.0121)</u>	(\$0.473)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		<u>(\$0.020)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$0.493)</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 Dec 31, 2012		(\$1.820)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Jan 1, 2013 to Dec 31, 2013 period.		\$1.327
38	Total Propane Cost Flowthrough		<u>(\$0.493)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE JANUARY 1, 2013

(NOVEMBER 7, 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	September 30, 2012 Balance (Recorded)						(\$432,233)	(\$324,174)
2	October (Projected) ^(A)	668,878	\$0.2378	\$0.2294	\$0.0084	\$5,627	(\$426,606)	(\$319,954)
3	November (Projected)	973,031	\$0.2410	\$0.2294	\$0.0116	\$11,313	(\$415,293)	(\$311,469)
4	December (Projected)	1,305,806	\$0.2478	\$0.2294	\$0.0184	\$24,057	(\$391,236)	(\$293,427)
5	Current Quarter Total	<u>2,947,715</u>				<u>\$40,997</u>		
6								
7								
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	January, 2013 (Forecast)	1,301,065	\$0.2546	\$0.2173	\$0.0373	\$48,530	(\$342,706)	(\$257,029)
11	February (Forecast)	1,050,339	\$0.2582	\$0.2173	\$0.0409	\$42,959	(\$299,747)	(\$224,810)
12	March (Forecast)	1,007,021	\$0.2532	\$0.2173	\$0.0359	\$36,152	(\$263,595)	(\$197,696)
13	April (Forecast)	629,072	\$0.2575	\$0.2173	\$0.0402	\$25,289	(\$238,306)	(\$178,729)
14	May (Forecast)	435,838	\$0.2466	\$0.2173	\$0.0293	\$12,770	(\$225,536)	(\$169,152)
15	June (Forecast)	271,254	\$0.2440	\$0.2173	\$0.0267	\$7,242	(\$218,294)	(\$163,720)
16	July (Forecast)	234,416	\$0.2442	\$0.2173	\$0.0269	\$6,306	(\$211,988)	(\$158,991)
17	August (Forecast)	205,121	\$0.2494	\$0.2173	\$0.0321	\$6,584	(\$205,404)	(\$154,053)
18	September (Forecast)	300,782	\$0.2600	\$0.2173	\$0.0427	\$12,843	(\$192,561)	(\$144,420)
19	October (Forecast)	672,712	\$0.2625	\$0.2173	\$0.0452	\$30,407	(\$162,154)	(\$121,615)
20	November (Forecast)	979,426	\$0.2820	\$0.2173	\$0.0647	\$63,369	(\$98,785)	(\$74,088)
21	December (Forecast)	1,313,011	\$0.2926	\$0.2173	\$0.0753	\$98,870	\$85	\$64
22	Total January, 2013 to December, 2013	<u>8,400,056</u>				<u>\$391,321</u>		
23								
24								
25	January, 2014 Balance (Forecast)	1,311,446	\$0.3041	\$0.2173	\$0.0868	\$113,833	\$113,918	\$85,439
26	February (Forecast)	1,060,004	\$0.3069	\$0.2173	\$0.0896	\$94,976	\$208,894	\$156,671
27	March (Forecast)	1,016,068	\$0.2967	\$0.2173	\$0.0794	\$80,676	\$289,570	\$217,178
28	April (Forecast)	637,231	\$0.2801	\$0.2173	\$0.0628	\$40,018	\$329,588	\$247,191
29	May (Forecast)	439,846	\$0.2644	\$0.2173	\$0.0471	\$20,717	\$350,305	\$262,729
30	June (Forecast)	275,383	\$0.2625	\$0.2173	\$0.0452	\$12,447	\$362,752	\$272,064
31	July (Forecast)	237,864	\$0.2613	\$0.2173	\$0.0440	\$10,466	\$373,218	\$279,914
32	August (Forecast)	207,995	\$0.2672	\$0.2173	\$0.0499	\$10,379	\$383,597	\$287,698
33	September (Forecast)	304,130	\$0.2780	\$0.2173	\$0.0607	\$18,461	\$402,058	\$301,544
34	October (Forecast)	677,157	\$0.2817	\$0.2173	\$0.0644	\$43,609	\$445,667	\$334,251
35	November (Forecast)	986,497	\$0.3034	\$0.2173	\$0.0861	\$84,937	\$530,604	\$397,953
36	December (Forecast)	1,321,157	\$0.3147	\$0.2173	\$0.0974	\$128,681	\$659,285	\$494,464
37	Total January, 2014 to December, 2014	<u>8,474,776</u>				<u>\$659,200</u>		

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

FORTISBC ENERGY INC.
 CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY
 PROPOSED JANUARY 1, 2013 RATES
 BCUC ORDER NO.G-44-12 and G-xx-12

TAB 3
 PAGE 1
 SCHEDULE 1

RATE SCHEDULE 1: RESIDENTIAL SERVICE		EXISTING RATES OCTOBER 1, 2012			DELIVERY MARGIN (1*) AND COMMODITY RELATED CHARGES CHANGES			PROPOSED JANUARY 1, 2013 RATES		
Line No.	Particulars	Lower Mainland	Inland	Columbia	Lower Mainland	Inland	Columbia	Lower Mainland	Inland	Columbia
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	<u>Delivery Margin Related Charges</u>									
2	Basic Charge per Day	\$0.3890	\$0.3890	\$0.3890	\$0.0000	\$0.0000	\$0.0000	\$0.3890	\$0.3890	\$0.3890
3										
4	Delivery Charge per GJ	\$3.488	\$3.488	\$3.488	\$0.302	\$0.302	\$0.302	\$3.790	\$3.790	\$3.790
5	Rider 4 Delivery Rate Refund per GJ	(\$0.081)	(\$0.081)	(\$0.081)	\$0.081	\$0.081	\$0.081	\$0.000	\$0.000	\$0.000
6	Rider 5 RSAM per GJ	(\$0.032)	(\$0.032)	(\$0.032)	(\$0.067)	(\$0.067)	(\$0.067)	(\$0.099)	(\$0.099)	(\$0.099)
7	Subtotal Delivery Margin Related Charges per GJ	\$3.375	\$3.375	\$3.375	\$0.316	\$0.316	\$0.316	\$3.691	\$3.691	\$3.691
8										
9										
10	<u>Commodity Related Charges</u>									
11	Midstream Cost Recovery Charge per GJ	\$1.424	\$1.398	\$1.433	(\$0.150)	(\$0.157)	(\$0.185)	\$1.274	\$1.241	\$1.248
12	Rider 6 MCRA per GJ	(\$0.059)	(\$0.059)	(\$0.059)	(\$0.023)	(\$0.023)	(\$0.023)	(\$0.082)	(\$0.082)	(\$0.082)
13	Subtotal Midstream Related Charges per GJ	\$1.365	\$1.339	\$1.374	(\$0.173)	(\$0.180)	(\$0.208)	\$1.192	\$1.159	\$1.166
14										
15	Cost of Gas (Commodity Cost Recovery Charge) per GJ	\$2.977	\$2.977	\$2.977	\$0.000	\$0.000	\$0.000	\$2.977	\$2.977	\$2.977
16										
17										
18	Rider 1 Propane Surcharge per GJ (Revelstoke only)		\$6.014			\$0.157			\$6.171	
19										
20										
21	Cost of Gas Recovery Related Charges for Revelstoke		\$10.389			\$0.000			\$10.389	
22	per GJ (Includes Rider 1, excludes Riders 6)									

Note: (1*) Appendix G in the 2012 and 2013 Revenue Requirements and Natural Gas Rates Application (the "Application") - British Columbia Utilities Commission ("Commission") Decision dated April 12, 2012 and Order No. G-44-12 (the "Decision") Amended Tariff Schedules, Tariff Continuity and Bill Impacts - Compliance Filing dated May 15, 2012, set out the approved delivery rates effective January 1, 2013 and the Delivery Refund Rate Rider 4 to end December 31, 2012.

FORTISBC ENERGY INC.
 CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY
 PROPOSED JANUARY 1, 2013 RATES
 BCUC ORDER NO.G-44-12 and G-xx-12

TAB 3
 PAGE 2
 SCHEDULE 2

RATE SCHEDULE 2: SMALL COMMERCIAL SERVICE		EXISTING RATES OCTOBER 1, 2012			DELIVERY MARGIN (1*) AND COMMODITY RELATED CHARGES CHANGES			PROPOSED JANUARY 1, 2013 RATES		
Line No.	Particulars	Lower Mainland	Inland	Columbia	Lower Mainland	Inland	Columbia	Lower Mainland	Inland	Columbia
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	<u>Delivery Margin Related Charges</u>									
2	Basic Charge per Day	\$0.8161	\$0.8161	\$0.8161	\$0.0000	\$0.0000	\$0.0000	\$0.8161	\$0.8161	\$0.8161
3										
4	Delivery Charge per GJ	\$2.874	\$2.874	\$2.874	\$0.225	\$0.225	\$0.225	\$3.099	\$3.099	\$3.099
5	Rider 4 Delivery Rate Refund per GJ	(\$0.067)	(\$0.067)	(\$0.067)	\$0.067	\$0.067	\$0.067	\$0.000	\$0.000	\$0.000
6	Rider 5 RSAM per GJ	(\$0.032)	(\$0.032)	(\$0.032)	(\$0.067)	(\$0.067)	(\$0.067)	(\$0.099)	(\$0.099)	(\$0.099)
7	Subtotal Delivery Margin Related Charges per GJ	\$2.775	\$2.775	\$2.775	\$0.225	\$0.225	\$0.225	\$3.000	\$3.000	\$3.000
8										
9										
10	<u>Commodity Related Charges</u>									
11	Midstream Cost Recovery Charge per GJ	\$1.410	\$1.385	\$1.419	(\$0.145)	(\$0.153)	(\$0.180)	\$1.265	\$1.232	\$1.239
12	Rider 6 MCRA per GJ	(\$0.058)	(\$0.058)	(\$0.058)	(\$0.024)	(\$0.024)	(\$0.024)	(\$0.082)	(\$0.082)	(\$0.082)
13	Subtotal Midstream Related Charges per GJ	\$1.352	\$1.327	\$1.361	(\$0.169)	(\$0.177)	(\$0.204)	\$1.183	\$1.150	\$1.157
14										
15	Cost of Gas (Commodity Cost Recovery Charge) per GJ	\$2.977	\$2.977	\$2.977	\$0.000	\$0.000	\$0.000	\$2.977	\$2.977	\$2.977
16										
17										
18	Rider 1 Propane Surcharge per GJ (Revelstoke only)		\$4.936			\$0.153			\$5.089	
19										
20										
21	Cost of Gas Recovery Related Charges for Revelstoke		\$9.298			\$0.000			\$9.298	
22	per GJ (Includes Rider 1, excludes Riders 6)									

Note: (1*) Appendix G in the 2012 and 2013 Revenue Requirements and Natural Gas Rates Application (the "Application") - British Columbia Utilities Commission ("Commission") Decision dated April 12, 2012 and Order No. G-44-12 (the "Decision") Amended Tariff Schedules, Tariff Continuity and Bill Impacts - Compliance Filing dated May 15, 2012, set out the approved delivery rates effective January 1, 2013 and the Delivery Refund Rate Rider 4 to end December 31, 2012.

FORTISBC ENERGY INC.
 CALCULATION OF CUSTOMERS' RATES AND TARIFF CONTINUITY
 PROPOSED JANUARY 1, 2013 RATES
 BCUC ORDER NO.G-44-12 and G-xx-12

TAB 3
 PAGE 3
 SCHEDULE 3

RATE SCHEDULE 3: LARGE COMMERCIAL SERVICE		EXISTING RATES OCTOBER 1, 2012			DELIVERY MARGIN (1*) AND COMMODITY RELATED CHARGES CHANGES			PROPOSED JANUARY 1, 2013 RATES		
Line No.	Particulars	Lower Mainland	Inland	Columbia	Lower Mainland	Inland	Columbia	Lower Mainland	Inland	Columbia
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	<u>Delivery Margin Related Charges</u>									
2	Basic Charge per Day	\$4.3538	\$4.3538	\$4.3538	\$0.0000	\$0.0000	\$0.0000	\$4.3538	\$4.3538	\$4.3538
3										
4	Delivery Charge per GJ	\$2.442	\$2.442	\$2.442	\$0.175	\$0.175	\$0.175	\$2.617	\$2.617	\$2.617
5	Rider 4 Delivery Rate Refund per GJ	(\$0.048)	(\$0.048)	(\$0.048)	\$0.048	\$0.048	\$0.048	\$0.000	\$0.000	\$0.000
6	Rider 5 RSAM per GJ	(\$0.032)	(\$0.032)	(\$0.032)	(\$0.067)	(\$0.067)	(\$0.067)	(\$0.099)	(\$0.099)	(\$0.099)
7	Subtotal Delivery Margin Related Charges per GJ	\$2.362	\$2.362	\$2.362	\$0.156	\$0.156	\$0.156	\$2.518	\$2.518	\$2.518
8										
9										
10	<u>Commodity Related Charges</u>									
11	Midstream Cost Recovery Charge per GJ	\$1.097	\$1.077	\$1.109	(\$0.098)	(\$0.105)	(\$0.130)	\$0.999	\$0.972	\$0.979
12	Rider 6 MCRA per GJ	(\$0.045)	(\$0.045)	(\$0.045)	(\$0.019)	(\$0.019)	(\$0.019)	(\$0.064)	(\$0.064)	(\$0.064)
13	Subtotal Midstream Related Charges per GJ	\$1.052	\$1.032	\$1.064	(\$0.117)	(\$0.124)	(\$0.149)	\$0.935	\$0.908	\$0.915
14										
15	Cost of Gas (Commodity Cost Recovery Charge) per GJ	\$2.977	\$2.977	\$2.977	\$0.000	\$0.000	\$0.000	\$2.977	\$2.977	\$2.977
16										
17										
18	Rider 1 Propane Surcharge per GJ (Revelstoke only)		\$5.244			\$0.105			\$5.349	
19										
20										
21	Cost of Gas Recovery Related Charges for Revelstoke		\$9.298			\$0.000			\$9.298	
22	per GJ (Includes Rider 1, excludes Riders 6)									

Note: (1*) Appendix G in the 2012 and 2013 Revenue Requirements and Natural Gas Rates Application (the "Application") - British Columbia Utilities Commission ("Commission") Decision dated April 12, 2012 and Order No. G-44-12 (the "Decision") Amended Tariff Schedules, Tariff Continuity and Bill Impacts - Compliance Filing dated May 15, 2012, set out the approved delivery rates effective January 1, 2013 and the Delivery Refund Rate Rider 4 to end December 31, 2012.

FORTISBC ENERGY INC. - INLAND SERVICE AREA (APPLICABLE TO REVELSTOKE CUSTOMERS)
 IMPACTS ON REVELSTOKE RATE SCHEDULE 1, 2, AND 3 CUSTOMERS' WITH RATE CHANGES
 BCUC ORDER NO.G-44-12 (Delivery Charges), G-xx-12

Line No.	PARTICULARS	EXISTING RATES OCTOBER 1, 2012			PROPOSED JANUARY 1, 2013 RATES			Annual Increase/Decrease		
		Volume	Rate	Annual \$	Volume	Rate	Annual \$	Rate	Annual \$	% of Previous Annual Bill
1	INLAND SERVICE AREA									
2										
3	Rate 1 - Residential									
4	<u>Delivery Margin Related Charges</u>									
5	Basic Charge per Day	365.25	days x \$0.3890 =	\$142.08	365.25	days x \$0.3890 =	\$142.08	\$0.0000	\$0.00	0.00%
6										
7	Delivery Charge	50.0	GJ x \$3.488 =	174.4000	50.0	GJ x \$3.790 =	189.5000	\$0.302	15.1000	1.82%
8	Rider 4 Delivery Rate Refund	50.0	GJ x (\$0.081) =	(4.0500)	50.0	GJ x \$0.000 =	0.0000	\$0.081	4.0500	0.49%
9	Rider 5 RSAM	50.0	GJ x (\$0.032) =	(1.6000)	50.0	GJ x (\$0.099) =	(4.9500)	(\$0.067)	(3.3500)	-0.40%
10	Subtotal Delivery Margin Related Charges			<u>\$3.375</u>			<u>\$326.63</u>		<u>\$15.80</u>	<u>1.90%</u>
11										
12	<u>Commodity Related Charges</u>									
13	Midstream Cost Recovery Charge	50.0	GJ x \$1.398 =	\$69.9000	50.0	GJ x \$1.241 =	\$62.0500	(\$0.157)	(\$7.8500)	-0.95%
14	Cost of Gas	50.0	GJ x \$2.977 =	148.8500	50.0	GJ x \$2.977 =	148.8500	\$0.000	0.0000	0.00%
15	Rider 1 Propane Surcharge	50.0	GJ x \$6.014 =	300.7000	50.0	GJ x \$6.171 =	308.5500	\$0.157	7.8500	0.95%
16	Subtotal Commodity Related Charges			<u>\$10.389</u>			<u>\$519.45</u>		<u>\$0.00</u>	<u>0.00%</u>
17										
18	<i>Total (with effective \$/GJ rate)</i>	<u>50.0</u>		<u>\$16.606</u>	<u>50.0</u>		<u>\$16.922</u>	<u>\$0.316</u>	<u>\$15.80</u>	<u>1.90%</u>
19										
20	Rate 2 - Small Commercial									
21	<u>Delivery Margin Related Charges</u>									
22	Basic Charge per Day	365.25	days x \$0.8161 =	\$298.08	365.25	days x \$0.8161 =	\$298.08	\$0.0000	\$0.00	0.00%
23										
24	Delivery Charge	250.0	GJ x \$2.874 =	718.5000	250.0	GJ x \$3.099 =	774.7500	\$0.225	56.2500	1.70%
25	Rider 4 Delivery Rate Refund	250.0	GJ x (\$0.067) =	(16.7500)	250.0	GJ x \$0.000 =	0.0000	\$0.067	16.7500	0.51%
26	Rider 5 RSAM	250.0	GJ x (\$0.032) =	(8.0000)	250.0	GJ x (\$0.099) =	(24.7500)	(\$0.067)	(16.7500)	-0.51%
27	Subtotal Delivery Margin Related Charges			<u>\$2.775</u>			<u>\$1,048.08</u>		<u>\$56.25</u>	<u>1.70%</u>
28										
29	<u>Commodity Related Charges</u>									
30	Midstream Cost Recovery Charge	250.0	GJ x \$1.385 =	\$346.2500	250.0	GJ x \$1.232 =	\$308.0000	(\$0.153)	(\$38.2500)	-1.15%
31	Cost of Gas	250.0	GJ x \$2.977 =	744.2500	250.0	GJ x \$2.977 =	744.2500	\$0.000	0.0000	0.00%
32	Rider 1 Propane Surcharge	250.0	GJ x \$4.936 =	1,234.0000	250.0	GJ x \$5.089 =	1,272.2500	\$0.153	38.2500	1.15%
33	Subtotal Commodity Related Charges			<u>\$9.298</u>			<u>\$2,324.50</u>		<u>\$0.00</u>	<u>0.00%</u>
34										
35	<i>Total (with effective \$/GJ rate)</i>	<u>250.0</u>		<u>\$13.265</u>	<u>250.0</u>		<u>\$13.490</u>	<u>\$0.225</u>	<u>\$56.25</u>	<u>1.70%</u>
36										
37	Rate 3 - Large Commercial									
38	<u>Delivery Margin Related Charges</u>									
39	Basic Charge	365.25	days x \$4.3538 =	\$1,590.23	365.25	days x \$4.3538 =	\$1,590.23	\$0.0000	\$0.00	0.00%
40										
41	Delivery Charge	4,500.0	GJ x \$2.442 =	10,989.0000	4,500.0	GJ x \$2.617 =	11,776.5000	\$0.175	787.5000	1.46%
42	Rider 4 Delivery Rate Refund	4,500.0	GJ x (\$0.048) =	(216.0000)	4,500.0	GJ x \$0.000 =	0.0000	\$0.048	216.0000	0.40%
43	Rider 5 RSAM	4,500.0	GJ x (\$0.032) =	(144.0000)	4,500.0	GJ x (\$0.099) =	(445.5000)	(\$0.067)	(301.5000)	-0.56%
44	Subtotal Delivery Margin Related Charges			<u>\$2.362</u>			<u>\$12,921.23</u>		<u>\$702.00</u>	<u>1.30%</u>
45										
46	<u>Commodity Related Charges</u>									
47	Midstream Cost Recovery Charge	4,500.0	GJ x \$1.077 =	\$4,846.5000	4,500.0	GJ x \$0.972 =	\$4,374.0000	(\$0.105)	(\$472.5000)	-0.87%
48	Cost of Gas	4,500.0	GJ x \$2.977 =	13,396.5000	4,500.0	GJ x \$2.977 =	13,396.5000	\$0.000	0.0000	0.00%
49	Rider 1 Propane Surcharge	4,500.0	GJ x \$5.244 =	23,598.0000	4,500.0	GJ x \$5.349 =	24,070.5000	\$0.105	472.5000	0.87%
50	Subtotal Commodity Related Charges			<u>\$9.298</u>			<u>\$41,841.00</u>		<u>\$0.00</u>	<u>0.00%</u>
51										
52	<i>Total (with effective \$/GJ rate)</i>	<u>4,500.0</u>		<u>\$12.013</u>	<u>4,500.0</u>		<u>\$12.169</u>	<u>\$0.156</u>	<u>\$702.00</u>	<u>1.30%</u>

Notes: Individual tariff components are calculated and shown to 4 decimals; subtotal amounts, equivalent to the line items on customer bills, are rounded and shown to 2 decimals, consistent with actual invoice calculations.
 Slight differences in totals due to rounding



LETTER NO. L-XX-12

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ERICA M. HAMILTON
COMMISSION SECRETARY
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DRAFT ORDER

VIA E-MAIL

November XX, 2012

gas.regulatory.affairs@fortisbc.com

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

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Revelstoke Service Area
2012 Fourth Quarter Gas Cost Report

Further to your November 22, 2012 filing of the 2012 Fourth Quarter Gas Cost Report (the Report) for the Revelstoke Service Area, the British Columbia Utilities Commission (Commission) acknowledges receipt of the Report and accepts the recommendation that the propane reference price remain unchanged at January 1, 2013.

Customer rates for the Revelstoke Service Area will include delivery rates, including delivery related riders, approved to be effective January 1, 2013, pursuant to Commission Order No. G-44-12 and, subject to Commission approval, the proposed Revenue Stabilization Adjustment Mechanism (RSAM) Rate Rider 5 decrease to be effective January 1, 2013, as requested in the FortisBC Energy Inc. 2012 Fourth Quarter Gas Cost Report, dated November 22, 2012.

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

Yours truly,

Erica M. Hamilton
Commission Secretary