



Diane Roy
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March 7, 2013

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
2013 First Quarter Gas Cost Report**

FortisBC Energy Inc. ("FEI" or the "Company") hereby submits to the British Columbia Utilities Commission (the "Commission") the 2013 First 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 February 22, 2013 forward prices.

The schedule at Tab 1, Page 1, based on the February 22, 2013 forward prices, using NYMEX Mt. Belvieu Propane Swap prices, and based on the current rates, shows that the projected deferral account balance at March 31, 2013 is \$292,056 surplus (after tax), and the forecast balance at March 31, 2014 is \$2,713 deficit (after tax). The rate change trigger ratio is calculated to be 99.8%, which falls within the 95% to 105% deadband range, and the tested rate increase that would be required to produce a 100% propane cost recovery-to-cost ratio is calculated to be \$0.016/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.

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.

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 that the propane reference price for use in the Revelstoke Propane Cost Deferral Account and customer rates remain unchanged at April 1, 2013. FEI will continue to monitor the forward prices and will report these results in the 2013 Second Quarter Gas Cost Report.

We trust the Commission will find the attached to be in order. However, should any further information be required, please contact Brian Noel at 604-592-7467.

All of which is respectfully submitted.

Yours very truly,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(FEBRUARY 22, 2013 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	December 31, 2012 Balance (Recorded)						(\$463,706)	(\$347,780)
2	January 2013 (Projected) ^(A)	1,301,065	\$0.2522	\$0.2294	\$0.0228	\$29,691	(\$434,015)	(\$325,512)
3	February (Projected)	1,050,339	\$0.2518	\$0.2294	\$0.0224	\$23,529	(\$410,486)	(\$307,865)
4	March (Projected)	1,007,021	\$0.2503	\$0.2294	\$0.0209	\$21,078	(\$389,408)	(\$292,056)
5	Current Quarter Total	<u>3,358,425</u>				<u>\$74,298</u>		
6								
7	Forecast Volumes and Forecast Prices							
8	April, 2013 (Forecast)	629,072	\$0.2614	\$0.2294	\$0.0320	\$20,130	(\$369,278)	(\$276,959)
9	May (Forecast)	435,838	\$0.2509	\$0.2294	\$0.0215	\$9,371	(\$359,907)	(\$269,931)
10	June (Forecast)	271,254	\$0.2460	\$0.2294	\$0.0166	\$4,503	(\$355,404)	(\$266,553)
11	July (Forecast)	234,416	\$0.2382	\$0.2294	\$0.0088	\$2,063	(\$353,341)	(\$265,006)
12	August (Forecast)	205,121	\$0.2383	\$0.2294	\$0.0089	\$1,826	(\$351,515)	(\$263,637)
13	September (Forecast)	300,782	\$0.2539	\$0.2294	\$0.0245	\$7,369	(\$344,146)	(\$258,110)
14	October (Forecast)	672,712	\$0.2681	\$0.2294	\$0.0387	\$26,034	(\$318,112)	(\$238,584)
15	November (Forecast)	979,426	\$0.2776	\$0.2294	\$0.0482	\$47,208	(\$270,904)	(\$203,178)
16	December (Forecast)	1,313,011	\$0.2871	\$0.2294	\$0.0577	\$75,761	(\$195,143)	(\$146,358)
17	January, 2014 (Forecast)	1,311,446	\$0.2923	\$0.2294	\$0.0629	\$82,490	(\$112,653)	(\$84,490)
18	February (Forecast)	1,060,004	\$0.2926	\$0.2294	\$0.0632	\$66,992	(\$45,661)	(\$34,246)
19	March (Forecast)	1,016,068	\$0.2779	\$0.2294	\$0.0485	\$49,279	\$3,618	\$2,713
20	Total April, 2013 to March, 2014	<u>8,429,149</u>				<u>\$393,026</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$1,933,647		
24	March 31, 2013 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,937,182		
25								
26								
27	April, 2014 Balance (Forecast)	637,231	\$0.2780	\$0.2294	\$0.0486	\$30,969	\$34,587	\$25,940
28	May (Forecast)	439,846	\$0.2654	\$0.2294	\$0.0360	\$15,834	\$50,421	\$37,815
29	June (Forecast)	275,383	\$0.2603	\$0.2294	\$0.0309	\$8,509	\$58,930	\$44,197
30	July (Forecast)	237,864	\$0.2513	\$0.2294	\$0.0219	\$5,209	\$64,139	\$48,104
31	August (Forecast)	207,995	\$0.2504	\$0.2294	\$0.0210	\$4,368	\$68,507	\$51,380
32	September (Forecast)	304,130	\$0.2654	\$0.2294	\$0.0360	\$10,949	\$79,456	\$59,592
33	October (Forecast)	677,157	\$0.2787	\$0.2294	\$0.0493	\$33,384	\$112,840	\$84,630
34	November (Forecast)	986,497	\$0.2879	\$0.2294	\$0.0585	\$57,710	\$170,550	\$127,912
35	December (Forecast)	1,321,157	\$0.2971	\$0.2294	\$0.0677	\$89,442	\$259,992	\$194,994
36	January, 2015 (Forecast)	1,322,744	\$0.3048	\$0.2294	\$0.0754	\$99,735	\$359,727	\$269,795
37	February (Forecast)	1,070,364	\$0.3066	\$0.2294	\$0.0772	\$82,632	\$442,359	\$331,769
38	March (Forecast)	1,025,879	\$0.2958	\$0.2294	\$0.0664	\$68,118	\$510,477	\$382,857
39	Total April, 2014 to March, 2015	<u>8,506,246</u>				<u>\$506,859</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

(FEBRUARY 22, 2013 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	April, 2013 (Forecast)	629,072	-	629,072	\$ -	\$ 0.2614	\$ -	\$ 164,415	\$ 164,415
2	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2509	\$ -	\$ 109,355	\$ 109,355
3	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2460	\$ -	\$ 66,732	\$ 66,732
4	July (Forecast)	234,416	-	234,416	\$ -	\$ 0.2382	\$ -	\$ 55,838	\$ 55,838
5	August (Forecast)	205,121	-	205,121	\$ -	\$ 0.2383	\$ -	\$ 48,876	\$ 48,876
6	September (Forecast)	300,782	-	300,782	\$ -	\$ 0.2539	\$ -	\$ 76,354	\$ 76,354
7	October (Forecast)	672,712	-	672,712	\$ -	\$ 0.2681	\$ -	\$ 180,374	\$ 180,374
8	November (Forecast)	979,426	-	979,426	\$ -	\$ 0.2776	\$ -	\$ 271,898	\$ 271,898
9	December (Forecast)	1,313,011	-	1,313,011	\$ -	\$ 0.2871	\$ -	\$ 376,952	\$ 376,952
10	January, 2014 (Forecast)	1,311,446	-	1,311,446	\$ -	\$ 0.2923	\$ -	\$ 383,313	\$ 383,313
11	February (Forecast)	1,060,004	-	1,060,004	\$ -	\$ 0.2926	\$ -	\$ 310,153	\$ 310,153
12	March (Forecast)	1,016,068	-	1,016,068	\$ -	\$ 0.2779	\$ -	\$ 282,330	\$ 282,330
13	Total April, 2013 to March, 2014	8,429,149	-	8,429,149			\$ -	\$ 2,326,590	\$ 2,326,590
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.2760
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 10.784
18	(Conversion factor 1 Litre = 0.025594 GJ)								
19									
20	April, 2014 Balance (Forecast)	637,231	-	637,231	\$ -	\$ 0.2780	\$ -	\$ 177,149	\$ 177,149
21	May (Forecast)	439,846	-	439,846	\$ -	\$ 0.2654	\$ -	\$ 116,744	\$ 116,744
22	June (Forecast)	275,383	-	275,383	\$ -	\$ 0.2603	\$ -	\$ 71,687	\$ 71,687
23	July (Forecast)	237,864	-	237,864	\$ -	\$ 0.2513	\$ -	\$ 59,764	\$ 59,764
24	August (Forecast)	207,995	-	207,995	\$ -	\$ 0.2504	\$ -	\$ 52,083	\$ 52,083
25	September (Forecast)	304,130	-	304,130	\$ -	\$ 0.2654	\$ -	\$ 80,705	\$ 80,705
26	October (Forecast)	677,157	-	677,157	\$ -	\$ 0.2787	\$ -	\$ 188,747	\$ 188,747
27	November (Forecast)	986,497	-	986,497	\$ -	\$ 0.2879	\$ -	\$ 284,026	\$ 284,026
28	December (Forecast)	1,321,157	-	1,321,157	\$ -	\$ 0.2971	\$ -	\$ 392,505	\$ 392,505
29	January, 2015 (Forecast)	1,322,744	-	1,322,744	\$ -	\$ 0.3048	\$ -	\$ 403,236	\$ 403,236
30	February (Forecast)	1,070,364	-	1,070,364	\$ -	\$ 0.3066	\$ -	\$ 328,139	\$ 328,139
31	March (Forecast)	1,025,879	-	1,025,879	\$ -	\$ 0.2958	\$ -	\$ 303,472	\$ 303,472
32	Total April, 2014 to March, 2015	8,506,246	-	8,506,246			\$ -	\$ 2,458,258	\$ 2,458,258

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 1
Page 3

CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
(FEBRUARY 22, 2013 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	April 1, 2013 to March 31, 2014	\$0.2760	\$10.784
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>(\$0.0462)</u>	<u>(\$1.805)</u>
7			
8	Tested Reference Price	\$0.2298	\$8.979
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	Increase in Propane Reference Price to be flowed through in customers' rates	<u>\$0.0004</u>	\$0.016
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.42% ^(A)		<u>\$0.000</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>\$0.016</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 4.42% is based on 2010, 2011, and 2012 data.		
27		Litres	Percentage
28	Sales	12,678,853	
29			
30	Company Use	4,724	0.04%
31	Propane Used for Vaporizer	170,323	1.34%
32	Unaccounted For	385,378	3.04%
33	Total Fuel / UAF Requirement	<u>560,425</u>	<u>4.42%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Mar 31, 2013		(\$1.805)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Apr 1, 2013 to Mar 31, 2014 period.		<u>\$1.821</u>
38	Total Propane Cost Flowthrough		<u>\$0.016</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE APRIL 1, 2013

(FEBRUARY 22, 2013 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	December 31, 2012 Balance (Recorded)						(\$463,706)	(\$347,780)
2	January 2013 (Projected) ^(A)	1,301,065	\$0.2522	\$0.2294	\$0.0228	\$29,691	(\$434,015)	(\$325,512)
3	February (Projected)	1,050,339	\$0.2518	\$0.2294	\$0.0224	\$23,529	(\$410,486)	(\$307,865)
4	March (Projected)	1,007,021	\$0.2503	\$0.2294	\$0.0209	\$21,078	(\$389,408)	(\$292,056)
5	Current Quarter Total	<u>3,358,425</u>				<u>\$74,298</u>		
6								
7								
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	April, 2013 (Forecast)	629,072	\$0.2614	\$0.2298	\$0.0316	\$19,879	(\$369,529)	(\$277,147)
11	May (Forecast)	435,838	\$0.2509	\$0.2298	\$0.0211	\$9,196	(\$360,333)	(\$270,250)
12	June (Forecast)	271,254	\$0.2460	\$0.2298	\$0.0162	\$4,394	(\$355,939)	(\$266,955)
13	July (Forecast)	234,416	\$0.2382	\$0.2298	\$0.0084	\$1,969	(\$353,970)	(\$265,478)
14	August (Forecast)	205,121	\$0.2383	\$0.2298	\$0.0085	\$1,744	(\$352,226)	(\$264,170)
15	September (Forecast)	300,782	\$0.2539	\$0.2298	\$0.0241	\$7,249	(\$344,977)	(\$258,733)
16	October (Forecast)	672,712	\$0.2681	\$0.2298	\$0.0383	\$25,765	(\$319,212)	(\$239,409)
17	November (Forecast)	979,426	\$0.2776	\$0.2298	\$0.0478	\$46,817	(\$272,395)	(\$204,297)
18	December (Forecast)	1,313,011	\$0.2871	\$0.2298	\$0.0573	\$75,236	(\$197,159)	(\$147,870)
19	January, 2014 (Forecast)	1,311,446	\$0.2923	\$0.2298	\$0.0625	\$81,965	(\$115,194)	(\$86,396)
20	February (Forecast)	1,060,004	\$0.2926	\$0.2298	\$0.0628	\$66,568	(\$48,626)	(\$36,470)
21	March (Forecast)	1,016,068	\$0.2779	\$0.2298	\$0.0481	\$48,873	\$247	\$185
22	Total April, 2013 to March, 2014	<u>8,429,149</u>				<u>\$389,655</u>		
23								
24								
25	April, 2014 Balance (Forecast)	637,231	\$0.2780	\$0.2298	\$0.0482	\$30,715	\$30,962	\$23,221
26	May (Forecast)	439,846	\$0.2654	\$0.2298	\$0.0356	\$15,659	\$46,621	\$34,965
27	June (Forecast)	275,383	\$0.2603	\$0.2298	\$0.0305	\$8,399	\$55,020	\$41,265
28	July (Forecast)	237,864	\$0.2513	\$0.2298	\$0.0215	\$5,114	\$60,134	\$45,100
29	August (Forecast)	207,995	\$0.2504	\$0.2298	\$0.0206	\$4,285	\$64,419	\$48,314
30	September (Forecast)	304,130	\$0.2654	\$0.2298	\$0.0356	\$10,827	\$75,246	\$56,434
31	October (Forecast)	677,157	\$0.2787	\$0.2298	\$0.0489	\$33,113	\$108,359	\$81,269
32	November (Forecast)	986,497	\$0.2879	\$0.2298	\$0.0581	\$57,315	\$165,674	\$124,255
33	December (Forecast)	1,321,157	\$0.2971	\$0.2298	\$0.0673	\$88,914	\$254,588	\$190,941
34	January, 2015 (Forecast)	1,322,744	\$0.3048	\$0.2298	\$0.0750	\$99,206	\$353,794	\$265,345
35	February (Forecast)	1,070,364	\$0.3066	\$0.2298	\$0.0768	\$82,204	\$435,998	\$326,998
36	March (Forecast)	1,025,879	\$0.2958	\$0.2298	\$0.0660	\$67,708	\$503,706	\$377,779
37	Total April, 2014 to March, 2015	<u>8,506,246</u>				<u>\$503,459</u>		

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



LETTER NO. L-XX-13

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ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

DRAFT ORDER

VIA E-MAIL

gas.regulatory.affairs@fortisbc.com

March XX, 2013

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
2013 First Quarter Gas Cost Report

Further to your March 7, 2013 filing of the 2013 First 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 April 1, 2013.

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

Yours truly,

Erica M. Hamilton
Commission Secretary