



Diane Roy  
Director, Regulatory Affairs

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

Regulatory Affairs Correspondence  
Email: [gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

June 6, 2013

**Via Email**  
**Original via Mail**

British Columbia Utilities Commission  
6<sup>th</sup> 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 Second Quarter Gas Cost Report**

---

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2013 Second 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 May 21, 2013 forward prices.

The schedule at Tab 1, Page 1, based on the May 21, 2013 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at June 30, 2013 is \$295,919 surplus (after tax), and the forecast balance at June 30, 2014 is \$41,912 deficit (after tax). The rate change trigger ratio is calculated to be 97.2 percent, which falls within the 95 percent to 105 percent deadband range, and the tested rate increase that would be required to produce a 100 percent propane cost recovery-to-cost ratio is calculated to be \$0.270/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 July 1, 2013. FEI will continue to monitor the forward prices and will report these results in the 2013 Third Quarter Gas Cost Report.

We trust the Commission will find the attached to be in order. However, should any further information be required, please contact Doug Richardson at 604-592-7463 or Brian Noel at 604-592-7467.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed by: Shawn Hill***

**For:** Diane Roy

Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(MAY 21, 2013 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales 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	March 31, 2013 Balance (Recorded)						(\$464,770)	(\$348,577)
2	April 2013 (Projected) <sup>(A)</sup>	629,072	\$0.2842	\$0.2294	\$0.0548	\$34,484	(\$430,286)	(\$322,714)
3	May (Projected)	435,838	\$0.2842	\$0.2294	\$0.0548	\$23,892	(\$406,394)	(\$304,795)
4	June (Projected)	271,254	\$0.2730	\$0.2294	\$0.0436	\$11,835	(\$394,559)	(\$295,919)
5	Current Quarter Total	<u>1,336,164</u>				<u>\$70,211</u>		
6								
7	<u>Forecast Volumes and Forecast Prices</u>							
8	July, 2013 (Forecast)	234,416	\$0.2659	\$0.2294	\$0.0365	\$8,556	(\$386,003)	(\$289,502)
9	August (Forecast)	205,121	\$0.2678	\$0.2294	\$0.0384	\$7,877	(\$378,126)	(\$283,594)
10	September (Forecast)	300,782	\$0.2757	\$0.2294	\$0.0463	\$13,926	(\$364,200)	(\$273,150)
11	October (Forecast)	672,712	\$0.2812	\$0.2294	\$0.0518	\$34,846	(\$329,354)	(\$247,015)
12	November (Forecast)	979,426	\$0.2862	\$0.2294	\$0.0568	\$55,631	(\$273,723)	(\$205,292)
13	December (Forecast)	1,313,011	\$0.2946	\$0.2294	\$0.0652	\$85,608	(\$188,115)	(\$141,086)
14	January, 2014 (Forecast)	1,311,446	\$0.2907	\$0.2294	\$0.0613	\$80,392	(\$107,723)	(\$80,792)
15	February (Forecast)	1,060,004	\$0.2878	\$0.2294	\$0.0584	\$61,904	(\$45,819)	(\$34,364)
16	March (Forecast)	1,016,068	\$0.2854	\$0.2294	\$0.0560	\$56,900	\$11,081	\$8,311
17	April (Forecast)	637,231	\$0.2659	\$0.2294	\$0.0365	\$23,259	\$34,340	\$25,755
18	May (Forecast)	439,846	\$0.2631	\$0.2294	\$0.0337	\$14,823	\$49,163	\$36,872
19	June (Forecast)	275,383	\$0.2538	\$0.2294	\$0.0244	\$6,719	\$55,882	\$41,912
20	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>\$450,441</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$1,937,385		
24	June 30, 2013 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,993,260		
25								
26								
27	July, 2014 Balance (Forecast)	237,864	\$0.2532	\$0.2294	\$0.0238	\$5,661	\$61,543	\$46,157
28	August (Forecast)	207,995	\$0.2530	\$0.2294	\$0.0236	\$4,909	\$66,452	\$49,839
29	September (Forecast)	304,130	\$0.2555	\$0.2294	\$0.0261	\$7,938	\$74,390	\$55,793
30	October (Forecast)	677,157	\$0.2697	\$0.2294	\$0.0403	\$27,289	\$101,679	\$76,259
31	November (Forecast)	986,497	\$0.2713	\$0.2294	\$0.0419	\$41,334	\$143,013	\$107,260
32	December (Forecast)	1,321,157	\$0.2881	\$0.2294	\$0.0587	\$77,552	\$220,565	\$165,424
33	January, 2015 (Forecast)	1,322,744	\$0.2721	\$0.2294	\$0.0427	\$56,481	\$277,046	\$207,785
34	February (Forecast)	1,070,364	\$0.2691	\$0.2294	\$0.0397	\$42,493	\$319,539	\$239,654
35	March (Forecast)	1,025,879	\$0.2747	\$0.2294	\$0.0453	\$46,472	\$366,011	\$274,508
36	April (Forecast)	645,767	\$0.2659	\$0.2294	\$0.0365	\$23,571	\$389,582	\$292,187
37	May (Forecast)	444,155	\$0.2665	\$0.2294	\$0.0371	\$16,478	\$406,060	\$304,545
38	June (Forecast)	279,624	\$0.2569	\$0.2294	\$0.0275	\$7,690	\$413,750	\$310,313
39	Total July, 2014 to June, 2015	<u>8,523,333</u>				<u>\$357,868</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

(MAY 21, 2013 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Volume (Litres)	Variable Volume (Litres)	Fixed Price <sup>(A)</sup> (\$/litre)	Variable Price <sup>(A)</sup> (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	July, 2013 (Forecast)	234,416	-	234,416	\$ -	\$ 0.2659	\$ -	\$ 62,334	\$ 62,334
2	August (Forecast)	205,121	-	205,121	\$ -	\$ 0.2678	\$ -	\$ 54,927	\$ 54,927
3	September (Forecast)	300,782	-	300,782	\$ -	\$ 0.2757	\$ -	\$ 82,939	\$ 82,939
4	October (Forecast)	672,712	-	672,712	\$ -	\$ 0.2812	\$ -	\$ 189,144	\$ 189,144
5	November (Forecast)	979,426	560,000	419,426	\$ 0.2887	\$ 0.2829	\$ 161,682	\$ 118,657	\$ 280,339
6	December (Forecast)	1,313,011	560,000	753,011	\$ 0.2887	\$ 0.2989	\$ 161,682	\$ 225,078	\$ 386,759
7	January, 2014 (Forecast)	1,311,446	560,000	751,446	\$ 0.2887	\$ 0.2922	\$ 161,682	\$ 219,579	\$ 381,261
8	February (Forecast)	1,060,004	560,000	500,004	\$ 0.2887	\$ 0.2868	\$ 161,682	\$ 143,382	\$ 305,064
9	March (Forecast)	1,016,068	560,000	456,068	\$ 0.2887	\$ 0.2813	\$ 161,682	\$ 128,299	\$ 289,981
10	April (Forecast)	637,231	-	637,231	\$ -	\$ 0.2659	\$ -	\$ 169,457	\$ 169,457
11	May (Forecast)	439,846	-	439,846	\$ -	\$ 0.2631	\$ -	\$ 115,711	\$ 115,711
12	June (Forecast)	275,383	-	275,383	\$ -	\$ 0.2538	\$ -	\$ 69,904	\$ 69,904
13	Total July, 2013 to June, 2014	<b>8,445,445</b>	<b>2,800,000</b>	<b>5,645,445</b>			<b>\$ 808,408</b>	<b>\$ 1,579,411</b>	<b>\$ 2,387,819</b>
14									
15	<b>Forecast Average Cost of Propane - (\$/Litre)<sup>(B), (C)</sup></b>								
16		8,445,445 Litres							<b>\$ 0.2827</b>
17	<b>Forecast Average Cost of Propane - (\$/GJ)<sup>(B), (D)</sup></b>								
18	(Conversion factor 1 Litre = 0.025594 GJ)	216,153 GJs							<b>\$ 11.047</b>
19									
20	July, 2014 Balance (Forecast)	237,864	-	237,864	\$ -	\$ 0.2532	\$ -	\$ 60,217	\$ 60,217
21	August (Forecast)	207,995	-	207,995	\$ -	\$ 0.2530	\$ -	\$ 52,632	\$ 52,632
22	September (Forecast)	304,130	-	304,130	\$ -	\$ 0.2555	\$ -	\$ 77,703	\$ 77,703
23	October (Forecast)	677,157	-	677,157	\$ -	\$ 0.2697	\$ -	\$ 182,615	\$ 182,615
24	November (Forecast)	986,497	-	986,497	\$ -	\$ 0.2713	\$ -	\$ 267,596	\$ 267,596
25	December (Forecast)	1,321,157	-	1,321,157	\$ -	\$ 0.2881	\$ -	\$ 380,657	\$ 380,657
26	January, 2015 (Forecast)	1,322,744	-	1,322,744	\$ -	\$ 0.2721	\$ -	\$ 359,884	\$ 359,884
27	February (Forecast)	1,070,364	-	1,070,364	\$ -	\$ 0.2691	\$ -	\$ 288,045	\$ 288,045
28	March (Forecast)	1,025,879	-	1,025,879	\$ -	\$ 0.2747	\$ -	\$ 281,802	\$ 281,802
29	April (Forecast)	645,767	-	645,767	\$ -	\$ 0.2659	\$ -	\$ 171,732	\$ 171,732
30	May (Forecast)	444,155	-	444,155	\$ -	\$ 0.2665	\$ -	\$ 118,354	\$ 118,354
31	June (Forecast)	279,624	-	279,624	\$ -	\$ 0.2569	\$ -	\$ 71,844	\$ 71,844
32	Total July, 2014 to June, 2015	<b>8,523,333</b>	-	<b>8,523,333</b>			<b>\$ -</b>	<b>\$ 2,313,081</b>	<b>\$ 2,313,081</b>

Notes: (A) Includes transportation costs.

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

(C) Forecast Average Cost of Propane - (\$/Litre) = Total Cost (Column 9 Line 13) / Sales Volume in Litres (Column 2 Line 16).

(D) Forecast Average Cost of Propane - (\$/GJ) = Total Cost (Column 9 Line 13) / Sales Volume in GJ (Column 2 Line 18).

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

CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH  
(MAY 21, 2013 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			<i>Per GJ shown for info only</i>
3	i. Forecast Average Cost of Propane (Tab 1, Page 2, Col. 9, Line 16 and Line 18)		<i>\$11.047</i>
4	July 1, 2013 to June 30, 2014	\$0.2827	
5			
6	ii. Twelve Month Amortization of <u>\$ (394,559)</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 4)		
7	Projected Deferral Account Balance 8,445,445 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 32)	( <u>\$0.0467</u> )	<i>(\$1.825)</i>
8			
9	Tested Reference Price	\$0.2360	<i>\$9.222</i>
10			
11			
12	Existing Propane Reference Price	<u>\$0.2294</u>	<i>\$8.963</i>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be Flowed Through in Customers' Rates	<u><b>\$0.0066</b></u>	\$0.258
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.42% <sup>(A)</sup>		<u>\$0.012</u>
19			
20	Total Propane Cost Flowthrough <sup>(B)</sup>		<u><b>\$0.270</b></u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Company Use/Vaporizer Use/Unaccounted For Gas 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 Jun 30, 2013		(\$1.825)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Jul 1, 2013 to Jun 30, 2014 period.		<u>\$2.095</u>
38	Total Propane Cost Flow Through		<u><b>\$0.270</b></u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE JULY 1, 2013

(MAY 21, 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	March 31, 2013 Balance (Recorded)						(\$464,770)	(\$348,577)
2	April 2013 (Projected) <sup>(A)</sup>	629,072	\$0.2842	\$0.2294	\$0.0548	\$34,484	(\$430,286)	(\$322,714)
3	May (Projected)	435,838	\$0.2842	\$0.2294	\$0.0548	\$23,892	(\$406,394)	(\$304,795)
4	June (Projected)	271,254	\$0.2730	\$0.2294	\$0.0436	\$11,835	(\$394,559)	(\$295,919)
5	Current Quarter Total	<u>1,336,164</u>				<u>\$70,211</u>		
6				<b>Tested</b>				
7				Reference				
8				Price				
9	<u>Forecast Volumes and Forecast Prices</u>							
10	July, 2013 (Forecast)	234,416	\$0.2659	\$0.2360	\$0.0299	\$7,009	(\$387,550)	(\$290,662)
11	August (Forecast)	205,121	\$0.2678	\$0.2360	\$0.0318	\$6,523	(\$381,027)	(\$285,770)
12	September (Forecast)	300,782	\$0.2757	\$0.2360	\$0.0397	\$11,941	(\$369,086)	(\$276,814)
13	October (Forecast)	672,712	\$0.2812	\$0.2360	\$0.0452	\$30,407	(\$338,679)	(\$254,009)
14	November (Forecast)	979,426	\$0.2862	\$0.2360	\$0.0502	\$49,167	(\$289,512)	(\$217,134)
15	December (Forecast)	1,313,011	\$0.2946	\$0.2360	\$0.0586	\$76,942	(\$212,570)	(\$159,427)
16	January, 2014 (Forecast)	1,311,446	\$0.2907	\$0.2360	\$0.0547	\$71,736	(\$140,834)	(\$105,625)
17	February (Forecast)	1,060,004	\$0.2878	\$0.2360	\$0.0518	\$54,908	(\$85,926)	(\$64,444)
18	March (Forecast)	1,016,068	\$0.2854	\$0.2360	\$0.0494	\$50,194	(\$35,732)	(\$26,799)
19	April (Forecast)	637,231	\$0.2659	\$0.2360	\$0.0299	\$19,053	(\$16,679)	(\$12,509)
20	May (Forecast)	439,846	\$0.2631	\$0.2360	\$0.0271	\$11,920	(\$4,759)	(\$3,569)
21	June (Forecast)	275,383	\$0.2538	\$0.2360	\$0.0178	\$4,902	\$143	\$107
22	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>\$394,702</u>		
23								
24								
25	July, 2014 Balance (Forecast)	237,864	\$0.2532	\$0.2360	\$0.0172	\$4,091	\$4,234	\$3,176
26	August (Forecast)	207,995	\$0.2530	\$0.2360	\$0.0170	\$3,536	\$7,770	\$5,828
27	September (Forecast)	304,130	\$0.2555	\$0.2360	\$0.0195	\$5,931	\$13,701	\$10,276
28	October (Forecast)	677,157	\$0.2697	\$0.2360	\$0.0337	\$22,820	\$36,521	\$27,391
29	November (Forecast)	986,497	\$0.2713	\$0.2360	\$0.0353	\$34,823	\$71,344	\$53,508
30	December (Forecast)	1,321,157	\$0.2881	\$0.2360	\$0.0521	\$68,832	\$140,176	\$105,132
31	January, 2015 (Forecast)	1,322,744	\$0.2721	\$0.2360	\$0.0361	\$47,751	\$187,927	\$140,945
32	February (Forecast)	1,070,364	\$0.2691	\$0.2360	\$0.0331	\$35,429	\$223,356	\$167,517
33	March (Forecast)	1,025,879	\$0.2747	\$0.2360	\$0.0387	\$39,702	\$263,058	\$197,294
34	April (Forecast)	645,767	\$0.2659	\$0.2360	\$0.0299	\$19,308	\$282,366	\$211,775
35	May (Forecast)	444,155	\$0.2665	\$0.2360	\$0.0305	\$13,547	\$295,913	\$221,935
36	June (Forecast)	279,624	\$0.2569	\$0.2360	\$0.0209	\$5,844	\$301,757	\$226,318
37	Total July, 2014 to June, 2015	<u>8,523,333</u>				<u>\$301,614</u>		

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





LETTER NO. L-XX-13

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. CANADA V6Z 2N3  
TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102  
Log No. XXXX

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](mailto:gas.regulatory.affairs@fortisbc.com)

June 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 Second Quarter Gas Cost Report

Further to your June 6, 2013 filing of the 2013 Second 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 July 1, 2013.

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

Yours truly,

Erica M. Hamilton  
Commission Secretary