



Diane Roy
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September 6, 2013

Via Email
Original via Mail

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 Third Quarter Gas Cost Report**

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2013 Third 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 August 23, 2013 forward prices.

The schedule at Tab 1, Page 1, based on the August 23, 2013 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at September 30, 2013 is \$247,969 surplus (after tax), and the forecast balance at September 30, 2014 is \$544,069 deficit (after tax). The rate change trigger ratio is calculated to be 72.5%, which falls outside the 95% to 105% deadband range, and the proposed rate increase that would be required to produce a 100% propane cost recovery-to-cost ratio is calculated to be \$3.559/GJ (Tab 1, Page 3, Line 20), which falls outside the minimum \$0.50/GJ rate change threshold, indicating that a rate change is 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 Commission approval for an increase 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 \$0.2294/litre to \$0.3166/litre which corresponds to a rate increase of \$3.559/GJ, effective October 1, 2013. The Company will continue to monitor the forward prices and will report these results in the 2013 Fourth Quarter Gas Cost Report.

We trust the Commission will find the attached to be in order. However, should any further information be required, please contact Doug Richardson at 604-592-7643.

Sincerely,

FORTISBC ENERGY INC.

Original signed by:

Diane Roy

Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(AUGUST 23, 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	June 30, 2013 Balance (Recorded)						(\$403,538)	(\$299,627)
2	July 2013 (Projected) ^(A)	234,416	\$0.2816	\$0.2294	\$0.0522	\$12,244	(\$391,294)	(\$290,536)
3	August (Projected)	205,121	\$0.3220	\$0.2294	\$0.0926	\$18,987	(\$372,307)	(\$276,438)
4	September (Projected)	300,782	\$0.3569	\$0.2294	\$0.1275	\$38,341	(\$333,966)	(\$247,969)
5	Current Quarter Total	<u>740,319</u>				<u>\$69,572</u>		
6								
7	<u>Forecast Volumes and Forecast Prices</u>							
8	October, 2013 (Forecast)	672,712	\$0.3747	\$0.2294	\$0.1453	\$97,745	(\$236,221)	(\$175,394)
9	November (Forecast)	979,426	\$0.3670	\$0.2294	\$0.1376	\$134,769	(\$101,452)	(\$75,328)
10	December (Forecast)	1,313,011	\$0.3772	\$0.2294	\$0.1478	\$194,063	\$92,611	\$68,764
11	January, 2014 (Forecast)	1,320,622	\$0.3759	\$0.2294	\$0.1465	\$193,471	\$286,082	\$211,701
12	February (Forecast)	1,027,585	\$0.3682	\$0.2294	\$0.1388	\$142,629	\$428,711	\$317,246
13	March (Forecast)	1,004,142	\$0.3528	\$0.2294	\$0.1234	\$123,911	\$552,622	\$408,941
14	April (Forecast)	562,632	\$0.3242	\$0.2294	\$0.0948	\$53,338	\$605,960	\$448,411
15	May (Forecast)	445,417	\$0.3158	\$0.2294	\$0.0864	\$38,484	\$644,444	\$476,889
16	June (Forecast)	269,594	\$0.3102	\$0.2294	\$0.0808	\$21,783	\$666,227	\$493,008
17	July (Forecast)	273,502	\$0.3012	\$0.2294	\$0.0718	\$19,637	\$685,864	\$507,540
18	August (Forecast)	238,337	\$0.3078	\$0.2294	\$0.0784	\$18,686	\$704,550	\$521,367
19	September (Forecast)	324,295	\$0.3240	\$0.2294	\$0.0946	\$30,678	\$735,228	\$544,069
20	Total October, 2013 to September, 2014	<u>8,431,273</u>				<u>\$1,069,194</u>		
21								
22								
23	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$1,934,134		
24	September 30, 2013 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$2,669,465		
25								
26								
27	October, 2014 Balance (Forecast)	734,547	\$0.3465	\$0.2294	\$0.1171	\$86,015	\$821,243	\$607,720
28	November (Forecast)	1,008,049	\$0.3533	\$0.2294	\$0.1239	\$124,897	\$946,140	\$700,144
29	December (Forecast)	1,344,065	\$0.3669	\$0.2294	\$0.1375	\$184,809	\$1,130,949	\$836,903
30	January, 2015 (Forecast)	1,375,322	\$0.3525	\$0.2294	\$0.1231	\$169,302	\$1,300,251	\$962,186
31	February (Forecast)	1,070,563	\$0.3484	\$0.2294	\$0.1190	\$127,397	\$1,427,648	\$1,056,460
32	March (Forecast)	1,047,120	\$0.3296	\$0.2294	\$0.1002	\$104,921	\$1,532,569	\$1,134,101
33	April (Forecast)	593,889	\$0.3178	\$0.2294	\$0.0884	\$52,500	\$1,585,069	\$1,172,951
34	May (Forecast)	464,953	\$0.3122	\$0.2294	\$0.0828	\$38,498	\$1,623,567	\$1,201,440
35	June (Forecast)	289,130	\$0.3067	\$0.2294	\$0.0773	\$22,350	\$1,645,917	\$1,217,979
36	July (Forecast)	285,223	\$0.2971	\$0.2294	\$0.0677	\$19,310	\$1,665,227	\$1,232,268
37	August (Forecast)	246,151	\$0.3030	\$0.2294	\$0.0736	\$18,117	\$1,683,344	\$1,245,675
38	September (Forecast)	336,016	\$0.3188	\$0.2294	\$0.0894	\$30,040	\$1,713,384	\$1,267,904
39	Total October, 2014 to September, 2015	<u>8,795,030</u>				<u>\$978,156</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 23, 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 ^(A) (\$/litre)	Variable Price ^(A) (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October, 2013 (Forecast)	672,712	-	672,712	\$ -	\$ 0.3747	\$ -	\$ 252,085	\$ 252,085
2	November (Forecast)	979,426	560,000	419,426	\$ 0.3573	\$ 0.3800	\$ 200,070	\$ 159,363	\$ 359,433
3	December (Forecast)	1,313,011	560,000	753,011	\$ 0.3573	\$ 0.3921	\$ 200,070	\$ 295,249	\$ 495,319
4	January, 2014 (Forecast)	1,320,622	560,000	760,622	\$ 0.3573	\$ 0.3897	\$ 200,070	\$ 296,387	\$ 496,457
5	February (Forecast)	1,027,585	560,000	467,585	\$ 0.3573	\$ 0.3813	\$ 200,070	\$ 178,284	\$ 378,354
6	March (Forecast)	1,004,142	560,000	444,142	\$ 0.3573	\$ 0.3472	\$ 200,070	\$ 154,187	\$ 354,257
7	April (Forecast)	562,632	-	562,632	\$ -	\$ 0.3242	\$ -	\$ 182,389	\$ 182,389
8	May (Forecast)	445,417	-	445,417	\$ -	\$ 0.3158	\$ -	\$ 140,669	\$ 140,669
9	June (Forecast)	269,594	-	269,594	\$ -	\$ 0.3102	\$ -	\$ 83,639	\$ 83,639
10	July (Forecast)	273,502	-	273,502	\$ -	\$ 0.3012	\$ -	\$ 82,391	\$ 82,391
11	August (Forecast)	238,337	-	238,337	\$ -	\$ 0.3078	\$ -	\$ 73,356	\$ 73,356
12	September (Forecast)	324,295	-	324,295	\$ -	\$ 0.3240	\$ -	\$ 105,082	\$ 105,082
13	Total October, 2013 to September, 2014	8,431,273	2,800,000	5,631,273			\$ 1,000,348	\$ 2,003,082	\$ 3,003,431
14									
15	Forecast Average Cost of Propane - (\$/Litre)^{(B), (C)}								
16		8,431,273 Litres							\$ 0.3562
17	Forecast Average Cost of Propane - (\$/GJ)^{(B), (D)}								
18	(Conversion factor 1 Litre = 0.025594 GJ)	215,790 GJs							\$ 13.918
19									
20	October, 2014 Balance (Forecast)	734,547	-	734,547	\$ -	\$ 0.3465	\$ -	\$ 254,546	\$ 254,546
21	November (Forecast)	1,008,049	-	1,008,049	\$ -	\$ 0.3533	\$ -	\$ 356,112	\$ 356,112
22	December (Forecast)	1,344,065	-	1,344,065	\$ -	\$ 0.3669	\$ -	\$ 493,150	\$ 493,150
23	January, 2015 (Forecast)	1,375,322	-	1,375,322	\$ -	\$ 0.3525	\$ -	\$ 484,854	\$ 484,854
24	February (Forecast)	1,070,563	-	1,070,563	\$ -	\$ 0.3484	\$ -	\$ 372,987	\$ 372,987
25	March (Forecast)	1,047,120	-	1,047,120	\$ -	\$ 0.3296	\$ -	\$ 345,162	\$ 345,162
26	April (Forecast)	593,889	-	593,889	\$ -	\$ 0.3178	\$ -	\$ 188,752	\$ 188,752
27	May (Forecast)	464,953	-	464,953	\$ -	\$ 0.3122	\$ -	\$ 145,171	\$ 145,171
28	June (Forecast)	289,130	-	289,130	\$ -	\$ 0.3067	\$ -	\$ 88,690	\$ 88,690
29	July (Forecast)	285,223	-	285,223	\$ -	\$ 0.2971	\$ -	\$ 84,748	\$ 84,748
30	August (Forecast)	246,151	-	246,151	\$ -	\$ 0.3030	\$ -	\$ 74,583	\$ 74,583
31	September (Forecast)	336,016	-	336,016	\$ -	\$ 0.3188	\$ -	\$ 107,124	\$ 107,124
32	Total October, 2014 to September, 2015	8,795,030	-	8,795,030			\$ -	\$ 2,995,879	\$ 2,995,879

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

Tab 1
Page 3

CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
(AUGUST 23, 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)		
4	October 1, 2013 to September 30, 2014	\$0.3562	\$13.918
5			
6	ii. Twelve Month Amortization of <u>\$ (333,966)</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 4)		
7	Projected Deferral Account Balance 8,431,273 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 32)	(\$0.0396)	(\$1.548)
8			
9	Proposed Reference Price	\$0.3166	\$12.370
10			
11			
12	Existing Propane Reference Price	\$0.2294	\$8.963
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be Flowed Through in Customers' Rates	<u>\$0.0872</u>	\$3.407
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.42% ^(A)		<u>\$0.152</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>\$3.559</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 Sep 30, 2013		(\$1.548)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2013 to Sep 30, 2014 period.		<u>\$5.107</u>
38	Total Propane Cost Flow Through		<u>\$3.559</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH PROPOSED REFERENCE PRICE OCTOBER 1, 2013

(AUGUST 23, 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	June 30, 2013 Balance (Recorded)						(\$403,538)	(\$299,627)
2	July 2013 (Projected) ^(A)	234,416	\$0.2816	\$0.2294	\$0.0522	\$12,244	(\$391,294)	(\$290,536)
3	August (Projected)	205,121	\$0.3220	\$0.2294	\$0.0926	\$18,987	(\$372,307)	(\$276,438)
4	September (Projected)	300,782	\$0.3569	\$0.2294	\$0.1275	\$38,341	(\$333,966)	(\$247,969)
5	Current Quarter Total	<u>740,319</u>				<u>\$69,572</u>		
6				Proposed				
7				Reference				
8				Price				
9	<u>Forecast Volumes and Forecast Prices</u>							
10	October, 2013 (Forecast)	672,712	\$0.3747	\$0.3166	\$0.0581	\$39,085	(\$294,881)	(\$218,949)
11	November (Forecast)	979,426	\$0.3670	\$0.3166	\$0.0504	\$49,363	(\$245,518)	(\$182,297)
12	December (Forecast)	1,313,011	\$0.3772	\$0.3166	\$0.0606	\$79,568	(\$165,950)	(\$123,218)
13	January, 2014 (Forecast)	1,320,622	\$0.3759	\$0.3166	\$0.0593	\$78,313	(\$87,637)	(\$64,851)
14	February (Forecast)	1,027,585	\$0.3682	\$0.3166	\$0.0516	\$53,023	(\$34,614)	(\$25,614)
15	March (Forecast)	1,004,142	\$0.3528	\$0.3166	\$0.0362	\$36,350	\$1,736	\$1,285
16	April (Forecast)	562,632	\$0.3242	\$0.3166	\$0.0076	\$4,276	\$6,012	\$4,449
17	May (Forecast)	445,417	\$0.3158	\$0.3166	(\$0.0008)	(\$356)	\$5,656	\$4,186
18	June (Forecast)	269,594	\$0.3102	\$0.3166	(\$0.0064)	(\$1,725)	\$3,931	\$2,909
19	July (Forecast)	273,502	\$0.3012	\$0.3166	(\$0.0154)	(\$4,212)	(\$281)	(\$208)
20	August (Forecast)	238,337	\$0.3078	\$0.3166	(\$0.0088)	(\$2,097)	(\$2,378)	(\$1,759)
21	September (Forecast)	324,295	\$0.3240	\$0.3166	\$0.0074	\$2,400	\$22	\$17
22	Total October, 2013 to September, 2014	<u>8,431,273</u>				<u>\$333,988</u>		
23								
24								
25	October, 2014 Balance (Forecast)	734,547	\$0.3465	\$0.3166	\$0.0299	\$21,963	\$21,985	\$16,269
26	November (Forecast)	1,008,049	\$0.3533	\$0.3166	\$0.0367	\$36,995	\$58,980	\$43,645
27	December (Forecast)	1,344,065	\$0.3669	\$0.3166	\$0.0503	\$67,606	\$126,586	\$93,674
28	January, 2015 (Forecast)	1,375,322	\$0.3525	\$0.3166	\$0.0359	\$49,374	\$175,960	\$130,211
29	February (Forecast)	1,070,563	\$0.3484	\$0.3166	\$0.0318	\$34,044	\$210,004	\$155,403
30	March (Forecast)	1,047,120	\$0.3296	\$0.3166	\$0.0130	\$13,613	\$223,617	\$165,477
31	April (Forecast)	593,889	\$0.3178	\$0.3166	\$0.0012	\$713	\$224,330	\$166,004
32	May (Forecast)	464,953	\$0.3122	\$0.3166	(\$0.0044)	(\$2,046)	\$222,284	\$164,490
33	June (Forecast)	289,130	\$0.3067	\$0.3166	(\$0.0099)	(\$2,862)	\$219,422	\$162,373
34	July (Forecast)	285,223	\$0.2971	\$0.3166	(\$0.0195)	(\$5,562)	\$213,860	\$158,257
35	August (Forecast)	246,151	\$0.3030	\$0.3166	(\$0.0136)	(\$3,348)	\$210,512	\$155,779
36	September (Forecast)	336,016	\$0.3188	\$0.3166	\$0.0022	\$739	\$211,251	\$156,326
37	Total October, 2014 to September, 2015	<u>8,795,030</u>				<u>\$211,229</u>		

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

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER**

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VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



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 2013 Third Quarter Gas Cost Report and
Propane Commodity Charges effective October 1, 2013
for the Revelstoke Service Area

BEFORE:

[Date]

WHEREAS:

- A. By Order No. G-117-12 dated September 6, 2012, the British Columbia Utilities Commission (the Commission) approved the propane rates for the FortisBC Energy Inc. (FEI) Revelstoke service area (Revelstoke) effective October 1, 2012;
- B. On September 6, 2013, FEI filed its 2013 Third Quarter Gas Cost Report for Revelstoke (the 2013 Third Quarter Report);
- C. Using a propane price forecast based on August 23, 2013 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected after tax deferral balance at September 30, 2013 of \$247,969 surplus is forecast to change to an after tax deficit balance of \$544,069 at September 30, 2014. The rate change trigger mechanism is calculated to be 72.5 percent which falls outside the deadband range of 95 percent to 105 percent;
- D. In the 2013 Third Quarter Report, FEI indicates that current propane cost recovery rates will under recover costs and a propane rate increase is required, effective October 1, 2013;
- E. The proposed propane rate change, effective October 1, 2013, equates to an increase to a typical residential customer's annual bill of approximately \$178 or 21.4 percent, based on an annual consumption of 50 GJ;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER**

2

- F. FEI requests that the forecast gas cost information for Revelstoke in Tab 2 of the 2013 Third Quarter Report be held confidential on the basis that it is market sensitive information;
- G. 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 increase of \$0.2294 per litre to \$0.3166 per litre, which corresponds to an increase of \$3.559 per gigajoule in customer rates, effective October 1, 2013.
2. FEI will notify all customers that are affected by the rate change by way of a bill insert or bill message.
3. The Commission will hold the gas cost information for Revelstoke in Tab 2 of the 2013 Third Quarter Report confidential.

DATED at the City of Vancouver, In the Province of British Columbia, this day of September, 2013.

BY ORDER