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Regulatory Affairs Correspondence Email: <u>gas.regulatory.affairs@fortisbc.com</u>

June 4, 2014

<u>Via Email</u> 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 2014 Second Quarter Gas Cost Report

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2014 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, 2014 forward prices.

The schedule at Tab 1, Page 1, based on the May 21, 2014 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, 2014 is \$338,273 deficit (after tax), and the forecast balance at June 30, 2015 is \$195,662 surplus (after tax). The rate change trigger ratio is calculated to be 107.1%, which falls outside the 95% to 105% deadband range, and the proposed rate decrease that would be required to produce a 100% propane cost recovery-to-cost ratio is calculated to be \$1.235/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 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 \$0.4539/litre to \$0.4237/litre which corresponds to a rate decrease of \$1.235/GJ, effective July 1, 2014. As a result, the annual bill for a typical Revelstoke residential customer with an average annual consumption of 50 GJ per year will decrease by approximately \$62 or 4.8%.

The Company will continue to monitor the forward prices and will report these results in the 2014 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 604-592-7643.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

#### FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA PROPANE COST DEFERRAL ACCOUNT WITH EXISTING PROPANE REFERENCE PRICE (MAY 21, 2014 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	April 2014 Balance (Adjusted) (A)						\$564,988	\$418,091
2	May (Projected)	445,417	\$0.2970	\$0.4539	(\$0.1569)	(\$69,873)	\$495,115	\$366,385
3	June (Projected)	269,594	\$0.3130	\$0.4539	(\$0.1409)	(\$37,989)	\$457,126	\$338,273
4	Current Quarter Total	715,011				(\$107,862)		
5								
6	Forecast Volumes and Forecast Prices							
7	July, 2014 (Forecast)	273,502	\$0.3159	\$0.4539	(\$0.1380)	(\$37,743)	\$419,383	\$310,344
8	August (Forecast)	238,337	\$0.3204	\$0.4539	(\$0.1335)	(\$31,818)	\$387,565	\$286,798
9 10	September (Forecast) October (Forecast)	324,295 734,547	\$0.3446 \$0.3548	\$0.4539 \$0.4539	(\$0.1093) (\$0.0991)	(\$35,445) (\$72,794)	\$352,120 \$279,326	\$260,569 \$206,701
					(· /			
11	November (Forecast)	1,008,049	\$0.3625	\$0.4539	(\$0.0914)	(\$92,136)	\$187,190	\$138,521
12 13	December (Forecast)	1,344,065	\$0.3765 \$0.3857	\$0.4539 \$0.4539	(\$0.0774) (\$0.0682)	(\$104,031)	\$83,159 (\$10,628)	\$61,538 (\$7,872)
13	January, 2015 (Forecast) February (Forecast)	1,375,322 1,070,563	\$0.3857	\$0.4539 \$0.4539	(\$0.0682)	(\$93,797) (\$44,214)	(\$10,638) (\$54,852)	(\$7,872) (\$40,590)
14	March (Forecast)	1,047,120	\$0.3898	\$0.4539 \$0.4539	(\$0.0413)	(\$44,214) (\$67,120)	(\$121,972)	(\$40,590) (\$90,259)
16	April (Forecast)	593,889	\$0.3641	\$0.4539 \$0.4539	(\$0.0898)	(\$53,331)	(\$175,303)	(\$90,239) (\$129,724)
10	May (Forecast)	464,953	\$0.3403	\$0.4539	(\$0.1136)	(\$52,819)	(\$228,122)	(\$168,810)
18	June (Forecast)	289,130	\$0.3284	\$0.4539	(\$0.1255)	(\$36,286)	(\$264,408)	(\$195,662)
19	Total July, 2014 to June, 2015	8,763,773			(+•••=•••)	(\$721,534)	(+== , , , , , , , , , , , , , , , , , ,	(+ · · · · , · · - )
20								
21								
22	Forecast Recovered Costs [(Line 20 Co	ol. 2) x (Line 19 Col. 4)]			\$3,977,877	107.1%		
23	June 30, 2014 Deferral Balance (Line 4 Col. 7) + Forecast	Costs (Page 2 Line 13 Col.	9)	=	\$3,713,376	107.1%		
24								
25								
26	July, 2015 Balance (Forecast)	285,223	\$0.3232	\$0.4539	(\$0.1307)	(\$37,279)	(\$301,687)	(\$223,248)
27	August (Forecast)	246,151	\$0.3224	\$0.4539	(\$0.1315)	(\$32,369)	(\$334,056)	(\$247,201)
28	September (Forecast)	336,016	\$0.3539	\$0.4539	(\$0.1000)	(\$33,602)	(\$367,658)	(\$272,067)
29	October (Forecast)	765,804	\$0.3699	\$0.4539	(\$0.0840)	(\$64,328)	(\$431,986)	(\$319,669)
30	November (Forecast)	1,047,120	\$0.3812	\$0.4539	(\$0.0727)	(\$76,126)	(\$508,112)	(\$376,003)
31	December (Forecast)	1,402,673	\$0.3982	\$0.4539	(\$0.0557)	(\$78,129)	(\$586,241)	(\$433,818)
32	January, 2016 (Forecast)	1,433,930	\$0.3756	\$0.4539	(\$0.0783)	(\$112,277)	(\$698,518)	(\$516,903)
33	February (Forecast)	1,113,542	\$0.3853	\$0.4539	(\$0.0686)	(\$76,389)	(\$774,907)	(\$573,431)
34	March (Forecast)	1,094,006	\$0.3637	\$0.4539	(\$0.0902)	(\$98,679)	(\$873,586)	(\$646,453)
35	April (Forecast)	617,332	\$0.3700	\$0.4539	(\$0.0839)	(\$51,794)	(\$925,380)	(\$684,781)
36	May (Forecast)	488,396	\$0.3550	\$0.4539	(\$0.0989)	(\$48,302)	(\$973,682)	(\$720,525)
37	June (Forecast)	300,852	\$0.3565	\$0.4539	(\$0.0974)	(\$29,303)	(\$1,002,985)	(\$742,209)
38	Total July, 2015 to June, 2016	9,131,046			(******)	(\$738,577)	(, ) )	(* , ***)
		-, - ,				<u>, -,- /</u>		

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

### PROPANE COST DEFERRAL ACCOUNT FORECAST AVERAGE COST OF PROPANE (MAY 21, 2014 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

#### Fixed Sales Variable Fixed Variable Fixed Variable Price (A) Price (A) Volume Volume Volume Charges Charges Particulars (Litres) (Litres) (Litres) (\$/litre) (\$/litre) (\$) (\$) (1) (3) (7) (2) (4) (5) (6) (8) 1 July, 2014 (Forecast) 273,502 273,502 \$ -\$ 0.3159 \$ - \$ 86,392 \$ -2 August (Forecast) 238.337 238.337 \$ -\$ 0.3204 \$ - \$ 76.358 \$

		,		,				,	,
2	August (Forecast)	238,337	-	238,337	\$ -	\$ 0.3204	\$ -	\$ 76,358	\$ 76,358
3	September (Forecast)	324,295	-	324,295	\$ -	\$ 0.3446	\$ -	\$ 111,740	\$ 111,740
4	October (Forecast)	734,547	-	734,547	\$ -	\$ 0.3548	\$ -	\$ 260,607	\$ 260,607
5	November (Forecast)	1,008,049	-	1,008,049	\$ -	\$ 0.3625	\$ -	\$ 365,388	\$ 365,388
6	December (Forecast)	1,344,065	-	1,344,065	\$ -	\$ 0.3765	\$ -	\$ 506,064	\$ 506,064
7	January, 2015 (Forecast)	1,375,322	-	1,375,322	\$ -	\$ 0.3857	\$ -	\$ 530,405	\$ 530,405
8	February (Forecast)	1,070,563	-	1,070,563	\$ -	\$ 0.4126	\$ -	\$ 441,755	\$ 441,755
9	March (Forecast)	1,047,120	-	1,047,120	\$ -	\$ 0.3898	\$ -	\$ 408,116	\$ 408,116
10	April (Forecast)	593,889	-	593,889	\$ -	\$ 0.3641	\$ -	\$ 216,255	\$ 216,255
11	May (Forecast)	464,953	-	464,953	\$ -	\$ 0.3403	\$ -	\$ 158,207	\$ 158,207
12	June (Forecast)	289,130		289,130	\$ -	\$ 0.3284	\$ -	\$ 94,961	\$ 94,961
13	Total July, 2014 to June, 2015	8,763,773		8,763,773			\$ -	\$ 3,256,250	\$ 3,256,250
14									
15	Forecast Average Cost of Propane (\$/	'Litre) <sup>(B), (C)</sup>							
16		8,763,773	Litres						\$ 0.3716
17	Forecast Average Cost of Propane (\$/	(GJ) <sup>(B), (D)</sup>							
18	(Conversion factor 1 Litre = 0.025594 GJ)	224,300	GJs						\$ 14.517
19									
20	July, 2015 Balance (Forecast)	285,223	-	285,223	\$ -	\$ 0.3232	-	\$ 92,176	\$ 92,176
21	August (Forecast)	246,151	-	246,151	\$ -	\$ 0.3224	\$ -	\$ 79,371	\$ 79,371
22	September (Forecast)	336,016	-	336,016	\$ -	\$ 0.3539	\$ -	\$ 118,927	\$ 118,927
23	October (Forecast)	765,804	-	765,804	\$ -	\$ 0.3699	\$ -	\$ 283,253	\$ 283,253
24	November (Forecast)	1,047,120	-	1,047,120	\$ -	\$ 0.3812	\$ -	\$ 399,169	\$ 399,169
25	December (Forecast)	1,402,673	-	1,402,673	\$ -	\$ 0.3982	\$ -	\$ 558,573	\$ 558,573
26	January, 2016 (Forecast)	1,433,930	-	1,433,930	\$ -	\$ 0.3756	\$ -	\$ 538,600	\$ 538,600
27	February (Forecast)	1,113,542	-	1,113,542	\$ -	\$ 0.3853	\$ -	\$ 428,995	\$ 428,995
28	March (Forecast)	1,094,006	-	1,094,006	\$ -	\$ 0.3637	\$ -	\$ 397,916	\$ 397,916
29	April (Forecast)	617,332	-	617,332	\$ -	\$ 0.3700	\$ -	\$ 228,433	\$ 228,433
30	May (Forecast)	488,396	-	488,396	\$ -	\$ 0.3550	\$ -	\$ 173,394	\$ 173,394
31	June (Forecast)	300,852		300,852	\$ -	\$ 0.3565	\$ -	\$ 107,259	\$ 107,259
32	Total July, 2015 to June, 2016	9,131,046	-	9,131,046			\$ -	\$ 3,406,065	\$ 3,406,065

Notes: (A) Includes transportation costs.

Line

No.

(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).

Total

(\$)

(9)

86,392

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

Tab 1 Page 3

### CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH

Line

#### (MAY 21, 2014 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				Per GJ shown						
3	i. Forecast Average Cost of Propane (Tab 1, Page 2, Col. 9, Line 16 and Line 18	3)		for info only						
4	July 1, 2014 to June 30, 2015		\$0.3716	\$14.517						
5										
6	ii. Twelve Month Amortization of \$457,126 (Deferral Balance, Tab 1, Pa									
7	Projected Deferral Account Balance 8,763,773 (Volume in Litres, Tab 1, Pa	age 1, Col. 2, Line	32) \$0.0522	\$2.038						
8			<b>*</b> • •••=							
9	Proposed Reference Price		\$0.4237	\$16.555						
10										
11			<b>\$2.4500</b>							
12	Existing Propane Reference Price		\$0.4539	\$17.735						
13 14	(Conversion factor 1 Litre = 0.025594 GJ)									
14 15										
16	Decrease in Propane Reference Price to be Flowed Through in Customers' Rat	es	(\$0.0302)	(\$1.180)						
17			(\$0.0002)	(\$1.100)						
17	Add: Company Lloo/Vaparizar Lloo/Lloocounted For Gas Adjustment of 4 60%	(A)		(\$0.055)						
19	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.69% (A)									
20	Total Propane Cost Flowthrough (B)									
20 21	(Conversion factor 1 Litre = 0.025594 GJ)			(\$1.235)						
22	(0017613)011a0(01711)1116 = 0.023334 00)									
23										
24										
25										
26	Note: (A) The Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of	of 4.69% is base	d on 2011, 2012, and 2	013 data.						
27	··· () ··· [·· ] ··· ··· ··· ··· ··· ··· ··· ·		rcentage							
28	Sales	7,447,716	<u> </u>							
29										
30	Company Use	3,117	0.04%							
31	Propane Used for Vaporizer	111,685	1.50%							
32	Unaccounted For	234,267	3.15%							
33	Total Fuel / UAF Requirement	349,069	4.69%							
34										
35	Note: (B) Breakdown of Rate Change:									
	()									
36	Projected Deferral Balance at Jun 30, 2014			\$2.038						
		or Jul 1, 2014 to	Jun 30, 2015 period	\$2.038 (\$3.273)						

#### FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

### PROPANE COST DEFERRAL ACCOUNT WITH PROPOSED REFERENCE PRICE JULY 1, 2014

### (MAY 21, 2014 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	<b>Approved</b> Reference Price	Amount Deferred	Amount Deferred	Pre-Tax Deferral Balance	After Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	April 2014 Balance (Adjusted) <sup>(A)</sup>						\$564,988	\$418,091
2	May (Projected)	445,417	\$0.2970	\$0.4539	(\$0.1569)	(\$69,873)	\$495,115	\$366,385
3	June (Projected)	269,594	\$0.3130	\$0.4539	(\$0.1409)	(\$37,989)	\$457,126	\$338,273
4	Current Quarter Total	715,011				(\$107,862)		
5				Proposed		·		
6				Reference				
7				Price				
8	Forecast Volumes and Forecast Prices							
9	July, 2014 (Forecast)	273,502	\$0.3159	\$0.4237	(\$0.1078)	(\$29,483)	\$427,643	\$316,456
10	August (Forecast)	238,337	\$0.3204	\$0.4237	(\$0.1033)	(\$24,620)	\$403,023	\$298,237
11	September (Forecast)	324,295	\$0.3446	\$0.4237	(\$0.0791)	(\$25,652)	\$377,371	\$279,255
12	October (Forecast)	734,547	\$0.3548	\$0.4237	(\$0.0689)	(\$50,610)	\$326,761	\$241,803
13	November (Forecast)	1,008,049	\$0.3625	\$0.4237	(\$0.0612)	(\$61,693)	\$265,068	\$196,150
14	December (Forecast)	1,344,065	\$0.3765	\$0.4237	(\$0.0472)	(\$63,440)	\$201,628	\$149,205
15	January, 2015 (Forecast)	1,375,322	\$0.3857	\$0.4237	(\$0.0380)	(\$52,262)	\$149,366	\$110,531
16	February (Forecast)	1,070,563	\$0.4126	\$0.4237	(\$0.0111)	(\$11,883)	\$137,483	\$101,738
17	March (Forecast)	1,047,120	\$0.3898	\$0.4237	(\$0.0339)	(\$35,497)	\$101,986	\$75,470
18	April (Forecast)	593,889	\$0.3641	\$0.4237	(\$0.0596)	(\$35,396)	\$66,590	\$49,277
19	May (Forecast)	464,953	\$0.3403	\$0.4237	(\$0.0834)	(\$38,777)	\$27,813	\$20,582
20	June (Forecast)	289,130	\$0.3284	\$0.4237	(\$0.0953)	(\$27,554)	\$259	\$192
21	Total July, 2014 to June, 2015	8,763,773				(\$456,867)		
22								
23								
24	July, 2015 Balance (Forecast)	285,223	\$0.3232	\$0.4237	(\$0.1005)	(\$28,665)	(\$28,406)	(\$21,020)
25	August (Forecast)	246,151	\$0.3224	\$0.4237	(\$0.1013)	(\$24,935)	(\$53,341)	(\$39,472)
26	September (Forecast)	336,016	\$0.3539	\$0.4237	(\$0.0698)	(\$23,454)	(\$76,795)	(\$56,828)
27	October (Forecast)	765,804	\$0.3699	\$0.4237	(\$0.0538)	(\$41,200)	(\$117,995)	(\$87,316)
28	November (Forecast)	1,047,120	\$0.3812	\$0.4237	(\$0.0425)	(\$44,503)	(\$162,498)	(\$120,248)
29	December (Forecast)	1,402,673	\$0.3982	\$0.4237	(\$0.0255)	(\$35,768)	(\$198,266)	(\$146,717)
30	January, 2016 (Forecast)	1,433,930	\$0.3756	\$0.4237	(\$0.0481)	(\$68,972)	(\$267,238)	(\$197,756)
31	February (Forecast)	1,113,542	\$0.3853	\$0.4237	(\$0.0384)	(\$42,760)	(\$309,998)	(\$229,398)
32	March (Forecast)	1,094,006	\$0.3637	\$0.4237	(\$0.0600)	(\$65,640)	(\$375,638)	(\$277,972)
33	April (Forecast)	617,332	\$0.3700	\$0.4237	(\$0.0537)	(\$33,151)	(\$408,789)	(\$302,504)
34	May (Forecast)	488,396	\$0.3550	\$0.4237	(\$0.0687)	(\$33,553)	(\$442,342)	(\$327,333)
35	June (Forecast)	300,852	\$0.3565	\$0.4237	(\$0.0672)	(\$20,217)	(\$462,559)	(\$342,293)
36	Total July, 2015 to June, 2016	9,131,046				(\$462,818)		

Notes: (A) April recorded balance adjusted to include under accrued costs for the month.

#### FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA JULY 1, 2014 PROPOSED PROPANE COST DECREASE TYPICAL ANNUAL CONSUMPTION (MAY 21, 2014 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

			Ra	te 1 - Residen	ntial		Rate 2 - Small Commercial						Rate 3 - Large Commercial					
Line No.	Particulars	Use per Customer (GJ)		Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase	Use per Customer (GJ)		Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase	Use per Customer (GJ)		Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase		
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	REVELSTOKE PROPANE - INLAND SERVICE AREA Existing: Delivery Margin Related Charges Basic Charge per Day Delivery Margin Related Charge (incl. riders) Cost of Gas (Commodity Related Charges) Cost of Gas Recovery Related Charges Typical Annual Bill at Current Rates (excluding any applicable Taxes)	365.25 50.0 50.0 50.0	days GJ GJ GJ	\$0.3890 \$3.621 \$19.559	\$142.08 \$181.05 \$977.95 \$1,301.08		365.25 250.0 250.0 250.0	days GJ GJ GJ	\$0.8161 \$2.944 \$18.468	\$298.08 \$736.00 \$4,617.00 \$5,651.08		365.25 4,500.0 4,500.0 <u>4,500.0</u>	days GJ GJ GJ	\$4.3538 \$2.467 \$18.468	\$1,590.23 \$11,101.50 \$83,106.00 \$95,797.73			
16 17 18 19 20 21 22 23 24	Proposed Changes July 1, 2014: Delivery Margin Related Charge Cost of Gas Recovery Related Charge Total Charges Typical Annual Bill after Proposed Rates (excluding any applicable Taxes)			\$0.000 (\$1.235 ) (\$1.235 )	\$0.00 (\$61.75) (\$61.75) \$1,239.33	0.0% (4.8%) (4.8%) (4.8%)			\$0.000 (\$1.235 ) (\$1.235 )	\$0.00 (\$308.75) (\$308.75) \$5,342.33	0.0% (5.5%) (5.5%) (5.5%)			\$0.000 (\$1.235 ) (\$1.235 )	\$0.00 (\$5,557.50) (\$5,557.50) \$90,240.23	0.0% (5.8%) (5.8%) (5.8%)		

Tab 1 Page 5



BRITISH COLUMBIA UTILITIES COMMISSION

Order Number

> TELEPHONE: (604) 660-4700 BC TOLL FREE: 1-800-663-1385 FACSIMILE: (604) 660-1102

SIXTH FLOOR, 900 HOWE STREET, BOX 250 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 2014 Second Quarter Gas Cost Report and Propane Commodity Charges effective July 1, 2014 for the Revelstoke Service Area

**BEFORE:** 

[Date]

### WHEREAS:

- A. By Order No. G-41-14 dated March 13, 2014, the British Columbia Utilities Commission (the Commission) approved the propane rates for the FortisBC Energy Inc. (FEI) Revelstoke service area (Revelstoke) effective April 1, 2014;
- B. On June 4, 2014, FEI filed its 2014 Second Quarter Gas Cost Report for Revelstoke (the 2014 Second Quarter Report);
- C. Using a propane price forecast based on May 21, 2014 NMYEX B0 Mt. Belvieu propane swap prices, and based on the existing rates, the projected after tax deferral balance at June 30, 2014 of \$338,273 deficit is forecast to change to \$195,662 surplus at June 30, 2015. The rate change trigger mechanism is calculated to be 107.1 percent which falls outside the deadband range of 95 percent to 105 percent. The proposed rate decrease is calculated to be \$1.235/GJ, which falls outside the threshold;
- D. In the 2014 Second Quarter Report, FEI indicates that current propane cost recovery rates will over recover costs and a propane rate decrease is required, effective July 1, 2014;
- E. The proposed Gas Cost Recovery Charge requested within the 2014 Second Quarter Report would be equivalent to a decrease of approximately \$62 or 4.8 percent, based on an annual consumption of 50 GJ;

BRITISH COLUMBIA UTILITIES COMMISSION

Order Number

F. FEI requests that the forecast gas cost information for Revelstoke in Tab 2 of the 2014 Second Quarter Report be held confidential on the basis that it is market sensitive information;

2

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 decrease of \$0.0302 per litre, from the existing propane reference price of \$0.4539 per litre to \$0.4237 per litre, which corresponds to a decrease of \$1.235 per gigajoule in customer rates, effective July 1, 2014.
- 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 2014 Second Quarter Report confidential.

**DATED** at the City of Vancouver, In the Province of British Columbia, this day of June, 2014.

BY ORDER