



Diane Roy
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September 3, 2014

Regulatory Affairs Correspondence
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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
2014 Third Quarter Gas Cost Report**

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2014 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 19, 2014 forward prices.

The schedule at Tab 1, Page 1, based on the August 19, 2014 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, 2014 is \$334,640 deficit (after tax), and the forecast balance at September 30, 2015 is \$86,524 surplus (after tax). The rate change trigger ratio is calculated to be 103.2%, which falls within the 95% to 105% deadband range; the tested rate decrease that would be required to produce a 100 percent propane cost recovery-to-cost ratio is calculated to be \$0.543/GJ (Tab 1, Page 3, Line 20), which does exceed the minimum \$0.50/GJ rate change threshold. The propane cost recovery-to-cost ratio at the existing rates for Revelstoke falls within the acceptable range 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 October 1, 2014. FEI will continue to monitor the forward prices and will report these results in the 2014 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: Ilva Bevacqua

For: Diane Roy

Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(AUGUST 19, 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	July 2014 Balance (Recorded)						\$517,553	\$382,989
2	August (Projected)	238,337	\$0.2842	\$0.4237	(\$0.1395)	(\$33,239)	\$484,314	\$358,392
3	September (Projected)	324,295	\$0.3247	\$0.4237	(\$0.0990)	(\$32,097)	\$452,217	\$334,640
4	Current Quarter Total	<u>562,632</u>				<u>(\$65,336)</u>		
5								
6	<u>Forecast Volumes and Forecast Prices</u>							
7	October, 2014 (Forecast)	734,547	\$0.3494	\$0.4237	(\$0.0743)	(\$54,577)	\$397,640	\$294,253
8	November (Forecast)	1,008,049	\$0.3677	\$0.4237	(\$0.0560)	(\$56,451)	\$341,189	\$252,479
9	December (Forecast)	1,344,065	\$0.3795	\$0.4237	(\$0.0442)	(\$59,408)	\$281,781	\$208,518
10	January, 2015 (Forecast)	1,375,322	\$0.3817	\$0.4237	(\$0.0420)	(\$57,764)	\$224,017	\$165,772
11	February (Forecast)	1,070,563	\$0.3728	\$0.4237	(\$0.0509)	(\$54,492)	\$169,525	\$125,448
12	March (Forecast)	1,047,120	\$0.3587	\$0.4237	(\$0.0650)	(\$68,063)	\$101,462	\$75,082
13	April (Forecast)	593,889	\$0.3298	\$0.4237	(\$0.0939)	(\$55,766)	\$45,696	\$33,815
14	May (Forecast)	464,953	\$0.3235	\$0.4237	(\$0.1002)	(\$46,588)	(\$893)	(\$660)
15	June (Forecast)	289,130	\$0.3200	\$0.4237	(\$0.1037)	(\$29,983)	(\$30,876)	(\$22,848)
16	July (Forecast)	285,223	\$0.3218	\$0.4237	(\$0.1019)	(\$29,064)	(\$59,940)	(\$44,355)
17	August (Forecast)	246,151	\$0.3212	\$0.4237	(\$0.1025)	(\$25,231)	(\$85,171)	(\$63,026)
18	September (Forecast)	<u>336,016</u>	<u>\$0.3292</u>	<u>\$0.4237</u>	<u>(\$0.0945)</u>	<u>(\$31,754)</u>	<u>(\$116,925)</u>	<u>(\$86,524)</u>
19	Total October, 2014 to September, 2015	<u>8,795,030</u>				<u>(\$569,141)</u>		
20								
21								
22	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$3,726,454		
23	September 30, 2014 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$3,609,581		
24								
25								
26	October, 2015 Balance (Forecast)	765,804	\$0.3443	\$0.4237	(\$0.0794)	(\$60,805)	(\$177,730)	(\$131,520)
27	November (Forecast)	1,047,120	\$0.3510	\$0.4237	(\$0.0727)	(\$76,126)	(\$253,856)	(\$187,853)
28	December (Forecast)	1,402,673	\$0.3691	\$0.4237	(\$0.0546)	(\$76,586)	(\$330,442)	(\$244,527)
29	January, 2016 (Forecast)	1,433,930	\$0.3802	\$0.4237	(\$0.0435)	(\$62,376)	(\$392,818)	(\$290,685)
30	February (Forecast)	1,113,542	\$0.3704	\$0.4237	(\$0.0533)	(\$59,352)	(\$452,170)	(\$334,605)
31	March (Forecast)	1,094,006	\$0.3425	\$0.4237	(\$0.0812)	(\$88,833)	(\$541,003)	(\$400,342)
32	April (Forecast)	617,332	\$0.3367	\$0.4237	(\$0.0870)	(\$53,708)	(\$594,711)	(\$440,086)
33	May (Forecast)	488,396	\$0.3275	\$0.4237	(\$0.0962)	(\$46,984)	(\$641,695)	(\$474,854)
34	June (Forecast)	300,852	\$0.3240	\$0.4237	(\$0.0997)	(\$29,995)	(\$671,690)	(\$497,050)
35	July (Forecast)	300,852	\$0.3229	\$0.4237	(\$0.1008)	(\$30,326)	(\$702,016)	(\$519,491)
36	August (Forecast)	261,780	\$0.3165	\$0.4237	(\$0.1072)	(\$28,063)	(\$730,079)	(\$540,258)
37	September (Forecast)	<u>355,552</u>	<u>\$0.3304</u>	<u>\$0.4237</u>	<u>(\$0.0933)</u>	<u>(\$33,173)</u>	<u>(\$763,252)</u>	<u>(\$564,806)</u>
38	Total October, 2015 to September, 2016	<u>9,181,839</u>				<u>(\$646,327)</u>		

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

Tab 1

PROPANE COST DEFERRAL ACCOUNT

Page 2

FORECAST AVERAGE COST OF PROPANE

(AUGUST 19, 2014 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, 2014 (Forecast)	734,547	-	734,547	\$ -	\$ 0.3494	\$ -	\$ 256,663	\$ 256,663
2	November (Forecast)	1,008,049	590,000	418,049	\$ 0.3703	\$ 0.3641	\$ 218,453	\$ 152,216	\$ 370,669
3	December (Forecast)	1,344,065	590,000	754,065	\$ 0.3703	\$ 0.3868	\$ 218,453	\$ 291,672	\$ 510,125
4	January, 2015 (Forecast)	1,375,322	590,000	785,322	\$ 0.3703	\$ 0.3903	\$ 218,453	\$ 306,479	\$ 524,932
5	February (Forecast)	1,070,563	590,000	480,563	\$ 0.3703	\$ 0.3760	\$ 218,453	\$ 180,674	\$ 399,127
6	March (Forecast)	1,047,120	590,000	457,120	\$ 0.3703	\$ 0.3438	\$ 218,453	\$ 157,170	\$ 375,624
7	April (Forecast)	593,889	-	593,889	\$ -	\$ 0.3298	\$ -	\$ 195,836	\$ 195,836
8	May (Forecast)	464,953	-	464,953	\$ -	\$ 0.3235	\$ -	\$ 150,403	\$ 150,403
9	June (Forecast)	289,130	-	289,130	\$ -	\$ 0.3200	\$ -	\$ 92,513	\$ 92,513
10	July (Forecast)	285,223	-	285,223	\$ -	\$ 0.3218	\$ -	\$ 91,790	\$ 91,790
11	August (Forecast)	246,151	-	246,151	\$ -	\$ 0.3212	\$ -	\$ 79,059	\$ 79,059
12	September (Forecast)	<u>336,016</u>	-	<u>336,016</u>	\$ -	\$ 0.3292	\$ -	\$ 110,624	\$ 110,624
13	Total October, 2014 to September, 2015	<u>8,795,030</u>	<u>2,950,000</u>	<u>5,845,030</u>			<u>\$ 1,092,267</u>	<u>\$ 2,065,097</u>	<u>\$ 3,157,364</u>
14									
15	Forecast Average Cost of Propane (\$/Litre)^{(B), (C)}								
16		8,795,030	Litres						<u>\$ 0.3590</u>
17	Forecast Average Cost of Propane (\$/GJ)^{(B), (D)}								
18	(Conversion factor 1 Litre = 0.025594 GJ)	225,100	GJs						<u>\$ 14.026</u>
19									
20	October, 2015 Balance (Forecast)	765,804	-	765,804	\$ -	\$ 0.3443	\$ -	\$ 263,701	\$ 263,701
21	November (Forecast)	1,047,120	-	1,047,120	\$ -	\$ 0.3510	\$ -	\$ 367,506	\$ 367,506
22	December (Forecast)	1,402,673	-	1,402,673	\$ -	\$ 0.3691	\$ -	\$ 517,741	\$ 517,741
23	January, 2016 (Forecast)	1,433,930	-	1,433,930	\$ -	\$ 0.3802	\$ -	\$ 545,235	\$ 545,235
24	February (Forecast)	1,113,542	-	1,113,542	\$ -	\$ 0.3704	\$ -	\$ 412,465	\$ 412,465
25	March (Forecast)	1,094,006	-	1,094,006	\$ -	\$ 0.3425	\$ -	\$ 374,702	\$ 374,702
26	April (Forecast)	617,332	-	617,332	\$ -	\$ 0.3367	\$ -	\$ 207,878	\$ 207,878
27	May (Forecast)	488,396	-	488,396	\$ -	\$ 0.3275	\$ -	\$ 159,962	\$ 159,962
28	June (Forecast)	300,852	-	300,852	\$ -	\$ 0.3240	\$ -	\$ 97,476	\$ 97,476
29	July (Forecast)	300,852	-	300,852	\$ -	\$ 0.3229	\$ -	\$ 97,157	\$ 97,157
30	August (Forecast)	261,780	-	261,780	\$ -	\$ 0.3165	\$ -	\$ 82,846	\$ 82,846
31	September (Forecast)	<u>355,552</u>	-	<u>355,552</u>	\$ -	\$ 0.3304	\$ -	\$ 117,479	\$ 117,479
32	Total October, 2015 to September, 2016	<u>9,181,839</u>	-	<u>9,181,839</u>			<u>\$ -</u>	<u>\$ 3,244,147</u>	<u>\$ 3,244,147</u>

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
(AUGUST 19, 2014 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 1
Page 3

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, 2014 to September 30, 2015	\$0.3590	\$14.026
5			
6	ii. Twelve Month Amortization of <u>\$ 452,217</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 4)		
7	Projected Deferral Account Balance 8,795,030 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 32)	<u>\$0.0514</u>	<u>\$2.009</u>
8			
9	Tested Reference Price	\$0.4104	\$16.035
10			
11			
12	Existing Propane Reference Price	<u>\$0.4237</u>	<u>\$16.555</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>(\$0.0133)</u>	(\$0.520)
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.69% ^(A)		<u>(\$0.023)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$0.543)</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 4.69% is based on 2011, 2012, and 2013 data.		
27		<u>Litres</u>	<u>Percentage</u>
28	Sales	7,447,716	
29			
30	Company Use	3,117	0.04%
31	Propane Used for Vaporizer	111,685	1.50%
32	Unaccounted For	<u>234,267</u>	<u>3.15%</u>
33	Total Fuel / UAF Requirement	<u>349,069</u>	<u>4.69%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Sep 30, 2014		\$2.009
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2014 to Sep 30, 2015 period		<u>(\$2.552)</u>
38	Total Propane Cost Flow Through		<u>(\$0.543)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE OCTOBER 1, 2014

(AUGUST 19, 2014 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	July 2014 Balance (Recorded)						\$517,553	\$382,989
2	August (Projected)	238,337	\$0.2842	\$0.4237	(\$0.1395)	(\$33,239)	\$484,314	\$358,392
3	September (Projected)	324,295	\$0.3247	\$0.4237	(\$0.0990)	(\$32,097)	\$452,217	\$334,640
4	Current Quarter Total	<u>562,632</u>				<u>(\$65,336)</u>		
5				Tested				
6				Reference				
7				Price				
8	<u>Forecast Volumes and Forecast Prices</u>							
9	October, 2014 (Forecast)	734,547	\$0.3494	\$0.4104	(\$0.0610)	(\$44,807)	\$407,410	\$301,483
10	November (Forecast)	1,008,049	\$0.3677	\$0.4104	(\$0.0427)	(\$43,044)	\$364,366	\$269,630
11	December (Forecast)	1,344,065	\$0.3795	\$0.4104	(\$0.0309)	(\$41,532)	\$322,834	\$238,897
12	January, 2015 (Forecast)	1,375,322	\$0.3817	\$0.4104	(\$0.0287)	(\$39,472)	\$283,362	\$209,688
13	February (Forecast)	1,070,563	\$0.3728	\$0.4104	(\$0.0376)	(\$40,253)	\$243,109	\$179,900
14	March (Forecast)	1,047,120	\$0.3587	\$0.4104	(\$0.0517)	(\$54,136)	\$188,973	\$139,840
15	April (Forecast)	593,889	\$0.3298	\$0.4104	(\$0.0806)	(\$47,867)	\$141,106	\$104,418
16	May (Forecast)	464,953	\$0.3235	\$0.4104	(\$0.0869)	(\$40,404)	\$100,702	\$74,519
17	June (Forecast)	289,130	\$0.3200	\$0.4104	(\$0.0904)	(\$26,137)	\$74,565	\$55,178
18	July (Forecast)	285,223	\$0.3218	\$0.4104	(\$0.0886)	(\$25,271)	\$49,294	\$36,477
19	August (Forecast)	246,151	\$0.3212	\$0.4104	(\$0.0892)	(\$21,957)	\$27,337	\$20,229
20	September (Forecast)	336,016	\$0.3292	\$0.4104	(\$0.0812)	(\$27,285)	\$52	\$38
21	Total October, 2014 to September, 2015	<u>8,795,030</u>				<u>(\$452,165)</u>		
22								
23								
24	October, 2015 Balance (Forecast)	765,804	\$0.3443	\$0.4104	(\$0.0661)	(\$50,620)	(\$50,569)	(\$37,421)
25	November (Forecast)	1,047,120	\$0.3510	\$0.4104	(\$0.0594)	(\$62,199)	(\$112,768)	(\$83,448)
26	December (Forecast)	1,402,673	\$0.3691	\$0.4104	(\$0.0413)	(\$57,930)	(\$170,698)	(\$126,316)
27	January, 2016 (Forecast)	1,433,930	\$0.3802	\$0.4104	(\$0.0302)	(\$43,305)	(\$214,003)	(\$158,362)
28	February (Forecast)	1,113,542	\$0.3704	\$0.4104	(\$0.0400)	(\$44,542)	(\$258,545)	(\$191,323)
29	March (Forecast)	1,094,006	\$0.3425	\$0.4104	(\$0.0679)	(\$74,283)	(\$332,828)	(\$246,292)
30	April (Forecast)	617,332	\$0.3367	\$0.4104	(\$0.0737)	(\$45,497)	(\$378,325)	(\$279,960)
31	May (Forecast)	488,396	\$0.3275	\$0.4104	(\$0.0829)	(\$40,488)	(\$418,813)	(\$309,921)
32	June (Forecast)	300,852	\$0.3240	\$0.4104	(\$0.0864)	(\$25,994)	(\$444,807)	(\$329,157)
33	July (Forecast)	300,852	\$0.3229	\$0.4104	(\$0.0875)	(\$26,325)	(\$471,132)	(\$348,637)
34	August (Forecast)	261,780	\$0.3165	\$0.4104	(\$0.0939)	(\$24,581)	(\$495,713)	(\$366,827)
35	September (Forecast)	<u>355,552</u>	\$0.3304	\$0.4104	(\$0.0800)	<u>(\$28,444)</u>	(\$524,157)	(\$387,876)
36	Total October, 2015 to September, 2016	<u>9,181,839</u>				<u>(\$524,208)</u>		



LETTER NO. L-XX-14

SIXTH FLOOR, 900 HOWE STREET, BOX 250
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ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

DRAFT ORDER

VIA E-MAIL

September xx, 2014

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
2014 Third Quarter Gas Cost Report

Further to your September 3, 2014 filing of the 2014 Third 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 October 1, 2014.

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

Yours truly,

Erica M. Hamilton
Commission Secretary