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June 3, 2015

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
2015 Second Quarter Gas Cost Report**

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2015 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 20, 2015 forward prices.

The schedule at Tab 1, Page 1, based on the May 20, 2015 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, 2015 is \$309,371 surplus (after tax), and the forecast balance at June 30, 2016 is \$492,803 surplus (after tax). The rate change trigger ratio is calculated to be 148.1%, 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 \$3.203/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 \$0.2407/litre to \$0.1625/litre which corresponds to a rate decrease of \$3.203/GJ, effective July 1, 2015. 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 \$160 or 18.6%.

The Company will continue to monitor the forward prices and will report these results in the 2015 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 20, 2015 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 2015 Balance (Recorded)						(\$342,078)	(\$253,138)
2	May (Projected)	390,717	\$0.1196	\$0.2407	(\$0.1211)	(\$47,311)	(\$389,389)	(\$288,148)
3	June (Projected)	250,059	\$0.1260	\$0.2407	(\$0.1147)	(\$28,680)	(\$418,069)	(\$309,371)
4	Current Quarter Total	<u>640,775</u>				<u>(\$75,991)</u>		
5								
6	<u>Forecast Volumes and Forecast Prices</u>							
7	July, 2015 (Forecast)	203,173	\$0.1349	\$0.2407	(\$0.1058)	(\$21,496)	(\$439,565)	(\$325,278)
8	August (Forecast)	238,337	\$0.1383	\$0.2407	(\$0.1024)	(\$24,406)	(\$463,971)	(\$343,338)
9	September (Forecast)	281,316	\$0.1614	\$0.2407	(\$0.0793)	(\$22,308)	(\$486,279)	(\$359,846)
10	October (Forecast)	640,775	\$0.1939	\$0.2407	(\$0.0468)	(\$29,988)	(\$516,267)	(\$382,037)
11	November (Forecast)	957,256	\$0.2100	\$0.2407	(\$0.0307)	(\$29,388)	(\$545,655)	(\$403,784)
12	December (Forecast)	1,328,436	\$0.2352	\$0.2407	(\$0.0055)	(\$7,306)	(\$552,961)	(\$409,191)
13	January, 2016 (Forecast)	1,312,808	\$0.2411	\$0.2407	\$0.0004	\$525	(\$552,436)	(\$408,802)
14	February (Forecast)	1,176,057	\$0.2304	\$0.2407	(\$0.0103)	(\$12,113)	(\$564,549)	(\$417,766)
15	March (Forecast)	1,054,935	\$0.2107	\$0.2407	(\$0.0300)	(\$31,648)	(\$596,197)	(\$441,186)
16	April (Forecast)	660,311	\$0.1956	\$0.2407	(\$0.0451)	(\$29,780)	(\$625,977)	(\$463,223)
17	May (Forecast)	398,531	\$0.1814	\$0.2407	(\$0.0593)	(\$23,633)	(\$649,610)	(\$480,711)
18	June (Forecast)	265,687	\$0.1792	\$0.2407	(\$0.0615)	(\$16,340)	(\$665,950)	(\$492,803)
19	Total July, 2015 to June, 2016	<u>8,517,621</u>				<u>(\$247,881)</u>		
20								
21								
22	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$2,050,191		
23	June 30, 2015 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,384,271		148.1%
24								
25								
26	July, 2016 Balance (Forecast)	230,523	\$0.1810	\$0.2407	(\$0.0597)	(\$13,762)	(\$679,712)	(\$502,987)
27	August (Forecast)	269,594	\$0.1853	\$0.2407	(\$0.0554)	(\$14,936)	(\$694,648)	(\$514,039)
28	September (Forecast)	300,852	\$0.1913	\$0.2407	(\$0.0494)	(\$14,862)	(\$709,510)	(\$525,037)
29	October (Forecast)	617,332	\$0.2225	\$0.2407	(\$0.0182)	(\$11,235)	(\$720,745)	(\$533,351)
30	November (Forecast)	902,555	\$0.2368	\$0.2407	(\$0.0039)	(\$3,520)	(\$724,265)	(\$535,956)
31	December (Forecast)	1,262,015	\$0.2573	\$0.2407	\$0.0166	\$20,949	(\$703,316)	(\$520,454)
32	January, 2017 (Forecast)	1,273,736	\$0.2680	\$0.2407	\$0.0273	\$34,773	(\$668,543)	(\$494,722)
33	February (Forecast)	1,140,892	\$0.2601	\$0.2407	\$0.0194	\$22,133	(\$646,410)	(\$478,343)
34	March (Forecast)	1,019,770	\$0.2403	\$0.2407	(\$0.0004)	(\$408)	(\$646,818)	(\$478,645)
35	April (Forecast)	636,868	\$0.2126	\$0.2407	(\$0.0281)	(\$17,896)	(\$664,714)	(\$491,888)
36	May (Forecast)	378,995	\$0.1968	\$0.2407	(\$0.0439)	(\$16,638)	(\$681,352)	(\$504,200)
37	June (Forecast)	250,059	\$0.1918	\$0.2407	(\$0.0489)	(\$12,228)	(\$693,580)	(\$513,249)
38	Total July, 2016 to June, 2017	<u>8,283,191</u>				<u>(\$27,630)</u>		

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

Tab 1

PROPANE COST DEFERRAL ACCOUNT

Page 2

FORECAST AVERAGE COST OF PROPANE

(MAY 20, 2015 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	July, 2015 (Forecast)	203,173	-	203,173	\$ -	\$ 0.1349	\$ -	\$ 27,408	\$ 27,408
2	August (Forecast)	238,337	-	238,337	\$ -	\$ 0.1383	\$ -	\$ 32,974	\$ 32,974
3	September (Forecast)	281,316	-	281,316	\$ -	\$ 0.1614	\$ -	\$ 45,409	\$ 45,409
4	October (Forecast)	640,775	-	640,775	\$ -	\$ 0.1939	\$ -	\$ 124,216	\$ 124,216
5	November (Forecast)	957,256	-	957,256	\$ -	\$ 0.2100	\$ -	\$ 201,033	\$ 201,033
6	December (Forecast)	1,328,436	-	1,328,436	\$ -	\$ 0.2352	\$ -	\$ 312,432	\$ 312,432
7	January, 2016 (Forecast)	1,312,808	-	1,312,808	\$ -	\$ 0.2411	\$ -	\$ 316,580	\$ 316,580
8	February (Forecast)	1,176,057	-	1,176,057	\$ -	\$ 0.2304	\$ -	\$ 270,974	\$ 270,974
9	March (Forecast)	1,054,935	-	1,054,935	\$ -	\$ 0.2107	\$ -	\$ 222,273	\$ 222,273
10	April (Forecast)	660,311	-	660,311	\$ -	\$ 0.1956	\$ -	\$ 129,131	\$ 129,131
11	May (Forecast)	398,531	-	398,531	\$ -	\$ 0.1814	\$ -	\$ 72,305	\$ 72,305
12	June (Forecast)	265,687	-	265,687	\$ -	\$ 0.1792	\$ -	\$ 47,606	\$ 47,606
13	Total July, 2015 to June, 2016	<u>8,517,621</u>	<u>-</u>	<u>8,517,621</u>			<u>\$ -</u>	<u>\$ 1,802,340</u>	<u>\$ 1,802,340</u>
14									
15	Forecast Average Cost of Propane (\$/Litre) ^{(B), (C)}								
16		8,517,621	Litres						<u>\$ 0.2116</u>
17	Forecast Average Cost of Propane (\$/GJ) ^{(B), (D)}								
18	(Conversion factor 1 Litre = 0.025594 GJ)	218,000	GJs						<u>\$ 8.268</u>
19									
20	July, 2016 Balance (Forecast)	230,523	-	230,523	\$ -	\$ 0.1810	\$ -	\$ 41,731	\$ 41,731
21	August (Forecast)	269,594	-	269,594	\$ -	\$ 0.1853	\$ -	\$ 49,945	\$ 49,945
22	September (Forecast)	300,852	-	300,852	\$ -	\$ 0.1913	\$ -	\$ 57,540	\$ 57,540
23	October (Forecast)	617,332	-	617,332	\$ -	\$ 0.2225	\$ -	\$ 137,338	\$ 137,338
24	November (Forecast)	902,555	-	902,555	\$ -	\$ 0.2368	\$ -	\$ 213,717	\$ 213,717
25	December (Forecast)	1,262,015	-	1,262,015	\$ -	\$ 0.2573	\$ -	\$ 324,779	\$ 324,779
26	January, 2017 (Forecast)	1,273,736	-	1,273,736	\$ -	\$ 0.2680	\$ -	\$ 341,325	\$ 341,325
27	February (Forecast)	1,140,892	-	1,140,892	\$ -	\$ 0.2601	\$ -	\$ 296,690	\$ 296,690
28	March (Forecast)	1,019,770	-	1,019,770	\$ -	\$ 0.2403	\$ -	\$ 245,062	\$ 245,062
29	April (Forecast)	636,868	-	636,868	\$ -	\$ 0.2126	\$ -	\$ 135,390	\$ 135,390
30	May (Forecast)	378,995	-	378,995	\$ -	\$ 0.1968	\$ -	\$ 74,592	\$ 74,592
31	June (Forecast)	250,059	-	250,059	\$ -	\$ 0.1918	\$ -	\$ 47,966	\$ 47,966
32	Total July, 2016 to June, 2017	<u>8,283,191</u>	<u>-</u>	<u>8,283,191</u>			<u>\$ -</u>	<u>\$ 1,966,076</u>	<u>\$ 1,966,076</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
(MAY 20, 2015 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			<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>\$8.268</i>
4	July 1, 2015 to June 30, 2016	\$0.2116	<i>\$8.268</i>
5			
6	ii. Twelve Month Amortization of \$ (418,069) (Deferral Balance, Tab 1, Page 1, Col. 7, Line 3)		
7	Projected Deferral Account Balance 8,517,621 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 19)	<u>(\$0.0491)</u>	<i>(\$1.918)</i>
8			
9	Proposed Reference Price	\$0.1625	<i>\$6.350</i>
10			
11			
12	Existing Propane Reference Price	<u>\$0.2407</u>	<i>\$9.405</i>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be Flowed Through in Customers' Rates	<u>(\$0.0782)</u>	(\$3.055)
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.84% ^(A)		<u>(\$0.148)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$3.203)</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 4.84% is based on 2012, 2013, and 2014 data.		
27		<u>Litres</u>	<u>Percentage</u>
28	Sales	7,308,365	
29			
30	Company Use	2,977	0.04%
31	Propane Used for Vaporizer	113,242	1.55%
32	Unaccounted For	<u>237,309</u>	<u>3.25%</u>
33	Total Fuel / UAF Requirement	<u>353,529</u>	<u>4.84%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Jun 30, 2015		(\$1.918)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Jul 1, 2015 to Jun 30, 2016 period		<u>(\$1.285)</u>
38	Total Propane Cost Flow Through		<u>(\$3.203)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

WITH PROPOSED REFERENCE PRICE JULY 1, 2015

(MAY 20, 2015 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	April 2015 Balance (Recorded)						(\$342,078)	(\$253,138)
2	May (Projected)	390,717	\$0.1196	\$0.2407	(\$0.1211)	(\$47,311)	(\$389,389)	(\$288,148)
3	June (Projected)	250,059	\$0.1260	\$0.2407	(\$0.1147)	(\$28,680)	(\$418,069)	(\$309,371)
4	Current Quarter Total	<u>640,775</u>				<u>(\$75,991)</u>		
5				Proposed				
6				Reference				
7				Price				
8	<u>Forecast Volumes and Forecast Prices</u>							
9	July, 2015 (Forecast)	203,173	\$0.1349	\$0.1625	(\$0.0276)	(\$5,608)	(\$423,677)	(\$313,521)
10	August (Forecast)	238,337	\$0.1383	\$0.1625	(\$0.0242)	(\$5,768)	(\$429,445)	(\$317,789)
11	September (Forecast)	281,316	\$0.1614	\$0.1625	(\$0.0011)	(\$309)	(\$429,754)	(\$318,018)
12	October (Forecast)	640,775	\$0.1939	\$0.1625	\$0.0314	\$20,120	(\$409,634)	(\$303,129)
13	November (Forecast)	957,256	\$0.2100	\$0.1625	\$0.0475	\$45,470	(\$364,164)	(\$269,481)
14	December (Forecast)	1,328,436	\$0.2352	\$0.1625	\$0.0727	\$96,577	(\$267,587)	(\$198,014)
15	January, 2016 (Forecast)	1,312,808	\$0.2411	\$0.1625	\$0.0786	\$103,187	(\$164,400)	(\$121,656)
16	February (Forecast)	1,176,057	\$0.2304	\$0.1625	\$0.0679	\$79,854	(\$84,546)	(\$62,564)
17	March (Forecast)	1,054,935	\$0.2107	\$0.1625	\$0.0482	\$50,848	(\$33,698)	(\$24,936)
18	April (Forecast)	660,311	\$0.1956	\$0.1625	\$0.0331	\$21,856	(\$11,842)	(\$8,763)
19	May (Forecast)	398,531	\$0.1814	\$0.1625	\$0.0189	\$7,532	(\$4,310)	(\$3,189)
20	June (Forecast)	265,687	\$0.1792	\$0.1625	\$0.0167	\$4,437	\$127	\$94
21	Total July, 2015 to June, 2016	<u>8,517,621</u>				<u>\$418,196</u>		
22								
23								
24	July, 2016 Balance (Forecast)	230,523	\$0.1810	\$0.1625	\$0.0185	\$4,265	\$4,392	\$3,250
25	August (Forecast)	269,594	\$0.1853	\$0.1625	\$0.0228	\$6,147	\$10,539	\$7,799
26	September (Forecast)	300,852	\$0.1913	\$0.1625	\$0.0288	\$8,665	\$19,204	\$14,211
27	October (Forecast)	617,332	\$0.2225	\$0.1625	\$0.0600	\$37,040	\$56,244	\$41,621
28	November (Forecast)	902,555	\$0.2368	\$0.1625	\$0.0743	\$67,060	\$123,304	\$91,245
29	December (Forecast)	1,262,015	\$0.2573	\$0.1625	\$0.0948	\$119,639	\$242,943	\$179,778
30	January, 2017 (Forecast)	1,273,736	\$0.2680	\$0.1625	\$0.1055	\$134,379	\$377,322	\$279,219
31	February (Forecast)	1,140,892	\$0.2601	\$0.1625	\$0.0976	\$111,351	\$488,673	\$361,618
32	March (Forecast)	1,019,770	\$0.2403	\$0.1625	\$0.0778	\$79,338	\$568,011	\$420,328
33	April (Forecast)	636,868	\$0.2126	\$0.1625	\$0.0501	\$31,907	\$599,918	\$443,940
34	May (Forecast)	378,995	\$0.1968	\$0.1625	\$0.0343	\$13,000	\$612,918	\$453,560
35	June (Forecast)	250,059	\$0.1918	\$0.1625	\$0.0293	\$7,327	\$620,245	\$458,982
36	Total July, 2016 to June, 2017	<u>8,283,191</u>				<u>\$620,118</u>		

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER**

TELEPHONE: (604) 660-4700
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SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bccuc.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 2015 Second Quarter Gas Cost Report and
Propane Commodity Charges effective July 1, 2015
for the Revelstoke Service Area

BEFORE:

[Date]

WHEREAS:

- A. By Order No. G-38-15 dated March 12, 2015, the British Columbia Utilities Commission (the Commission) approved the propane rates for the FortisBC Energy Inc. (FEI) Revelstoke service area (Revelstoke) effective April 1, 2015;
- B. On June 3, 2015, FEI filed its 2015 Second Quarter Gas Cost Report for Revelstoke (the 2015 Second Quarter Report);
- C. Using a propane price forecast based on May 20, 2015 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected after tax deferral balance at June 30, 2015 of \$309,371 surplus is forecast to change to \$492,803 surplus at June 30, 2016. The rate change trigger mechanism is calculated to be 148.1 percent which falls outside the deadband range of 95 percent to 105 percent. The proposed rate decrease is calculated to be \$3.203/GJ, which falls outside the threshold;
- D. In the 2015 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, 2015;
- E. The proposed Gas Cost Recovery Charge requested within the 2015 Second Quarter Report would be equivalent to a decrease of approximately \$160 or 18.6 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 2015 Second 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 decrease of \$0.0782 per litre, from the existing propane reference price of \$0.2407 per litre to \$0.1625 per litre, which corresponds to a decrease of \$3.203 per gigajoule in customer rates, effective July 1, 2015.
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 2015 Second Quarter Report confidential.

DATED at the City of Vancouver, In the Province of British Columbia, this day of June, 2015.

BY ORDER