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February 15, 2016

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. (FEI or the Company)

2016 First Quarter Report on the Biomethane Variance Account (BVA) and Biomethane Energy Recovery Charge (BERC) (the 2016 First Quarter BVA Report)

Pursuant to British Columbia Utilities Commission (the Commission) Order G-210-13 and the accompanying Decision dated December 11, 2013, on the Biomethane Service Offering: Post Implementation Report and Application for Approval of the Continuation and Modification of the Biomethane Program on a Permanent Basis (the Decision), the attached materials provide the 2016 First Quarter BVA Report. By Order G-177-14 dated November 14, 2014, the Commission approved an increase in the BERC rate to a rate of \$14.414/gigajoule (GJ), effective January 1, 2015. As well, the Commission accepted on an interim basis, pending a review of FEI's BERC rate methodology proposal in 2015, the BERC rate change guidelines FEI proposed in its 2014 Fourth Quarter Report on the BVA and BERC (the Interim Guidelines).

Based on the biomethane gas supply cost assumptions (i.e. project in-service date, cost of service, and production volumes) and the forecast biomethane recoveries at the present BERC rate, the BVA balance before accounting for the value of the unsold biomethane quantities is projected to be approximately \$3,138 thousand deficit after tax at December 31, 2016 (Tab 1, Page 2, Column 14, Line 21).

Further, the BVA balance at December 31, 2016 and December 31, 2017, based on the existing BERC rate and after adjustment for the value of the unsold biomethane quantities is forecast to be approximately \$929 thousand deficit after tax (Tab 1, Page 2, Column 14, Line 24) and \$1,406 thousand deficit after tax (Tab 1, Page 2, Column 14, Line 37), respectively.

The monthly deferral account activity and balances for the BVA are shown on the schedules provided at Tab 1, Pages 1 and 2 – the schedule at Page 1 displays energy quantities, and the schedule at Page 2 displays dollar amounts. The schedule at Tab 1, Page 3 provides a breakdown of the monthly actual and forecast biomethane recoveries by rate class. The schedules at Tab 1, Pages 4.1C to 4.3C provide a breakdown of the monthly actual and forecast biomethane supply costs by project.

At Tab 1, Page 5 the Company provides a re-calculation of the BERC rate, based on an April 1, 2016 effective date. Based on the BVA cost and recovery assumptions for the 12-month period ending March 31, 2017, and the projected March 31, 2016 unsold biomethane quantity, the tested rate increase is calculated to be \$3.546/GJ (Tab 1, Page 5, Column 3, Line 25), indicating that change to the BERC rate is required at this time as per the Interim Guidelines¹.

Pursuant to Commission Order G-177-14, FEI filed a proposed rate methodology for the BERC on August 28, 2015. In the application FEI is seeking for approval of BERC rate methodology based on the natural gas commodity rate with a pre-set premium. The application is currently going through the regulatory process. As such, through Order G-190-15, the Commission approved the BERC rate to remain at \$14.414/gigajoule pending the outcome of the BERC Methodology Application. Thus, consistent with the 2015 Fourth Quarter BVA Report and Order G-190-15, FEI proposes no BERC rate change in this 2016 First Quarter BVA Report.

The schedule at Tab 1, Page 6 provides the monthly biomethane inventory change since January 2014, as well as the age of biomethane inventory sold each month as determined on a first in, first out basis.

The Company requests the information contained in Tab 1 at Pages 4.1C, 4.2C, and 4.3C 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. FEI believes this will ensure

¹ The guidelines and criteria for BERC rate changes comprised the following:
(i) Annual resetting of the BERC rate on an annual basis effective January 1st of a given year;
(ii) A threshold of \$1.00 per GJ that will trigger a rate reset. That is, if a Quarterly Report indicates a change greater than \$1.00 per GJ (plus or minus) is required, the BERC rate will be reset.

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.

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.
SUMMARY OF BIOMETHANE VARIANCE ACCOUNT (BVA) QUANTITIES
ACTUAL AND FORECAST ACTIVITY ENDING DECEMBER 31, 2017
(Quantities shown in TJ)

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Total
2		Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015
3	Biomethane Available for Sale - Beginning	79.9	70.4	63.9	63.3	63.5	67.2	75.6	72.6	76.1	78.0	77.7	69.0	79.9
4	Purchases	7.8	8.3	13.3	12.8	12.9	12.0	11.2	12.4	11.6	10.8	7.9	11.5	132.6
5	Sales	(17.3)	(14.8)	(13.9)	(12.7)	(9.2)	(3.6)	(14.3)	(8.8)	(9.7)	(11.1)	(16.7)	(18.2)	(150.3)
6	Biomethane Available for Sale - Ending	70.4	63.9	63.3	63.5	67.2	75.6	72.6	76.1	78.0	77.7	69.0	62.2	62.2 ⁽²⁾
7														
8														
9		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
10		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016
11	Biomethane Available for Sale - Beginning	62.2	60.4	61.9	65.8	72.8	89.0	107.2	126.3	145.3	163.6	181.5	195.8	62.2
12	Purchases	16.0	17.4	19.0	19.7	26.3	27.0	27.3	27.3	27.0	29.8	29.5	29.8	296.0
13	Sales	(17.8)	(15.9)	(15.1)	(12.7)	(10.1)	(8.7)	(8.2)	(8.3)	(8.7)	(11.9)	(15.2)	(18.4)	(151.0)
14	Biomethane Available for Sale - Ending	60.4	61.9	65.8	72.8	89.0	107.2	126.3	145.3	163.6	181.5	195.8	207.2	207.2
15														
16														
17		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
18		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
19	Biomethane Available for Sale - Beginning	207.2	220.5	235.0	251.0	269.4	290.5	312.8	335.9	358.9	381.2	400.6	416.4	207.2
20	Purchases	31.2	30.4	31.2	31.0	31.2	31.0	31.2	31.2	31.0	31.2	31.0	31.2	372.8
21	Sales	(17.9)	(15.9)	(15.2)	(12.6)	(10.1)	(8.7)	(8.1)	(8.3)	(8.6)	(11.8)	(15.2)	(18.4)	(150.8)
22	Biomethane Available for Sale - Ending	220.5	235.0	251.0	269.4	290.5	312.8	335.9	358.9	381.2	400.6	416.4	429.2	429.2

Notes: (1) June sales were understated by 5.5 TJ, the correction was booked in July.

(2) Lower ending balance than previous forecasts due to less supply. Kelowna plant was closed for maintenance; and Fraser Valley Biogas did not supply at maximum level.

Slight differences in totals due to rounding.

FORTISBC ENERGY INC.
SUMMARY OF BVA BALANCES AT EXISTING BIOMETHANE ENERGY RECOVERY CHARGE (BERC)
ACTUAL AND FORECAST ACTIVITY ENDING DECEMBER 31, 2017
(Amounts shown in \$000)

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1		Restated ⁽¹⁾	Adjusted ⁽²⁾	Adjusted ⁽²⁾	Adjusted ⁽²⁾	Adjusted ⁽²⁾	Adjusted ⁽²⁾⁽³⁾	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Total
2		Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015
3	BVA Balance - Beginning (Pre-tax)	\$ 1,390	\$ 1,272	\$ 1,193	\$ 1,269	\$ 1,299	\$ 1,500	\$ 1,729	\$ 1,654	\$ 1,763	\$ 1,775	\$ 1,794	\$ 1,664	\$ 1,390
4	Costs Incurred	\$ 133	\$ 132	\$ 277	\$ 212	\$ 334	\$ 281	\$ 131	\$ 236	\$ 152	\$ 178	\$ 111	\$ 165	\$ 2,343
5	Revenue from Existing BERC Rate	\$ (250)	\$ (212)	\$ (200)	\$ (183)	\$ (133)	\$ (52)	\$ (206)	\$ (127)	\$ (140)	\$ (160)	\$ (241)	\$ (263)	\$ (2,167)
6	BVA Balance - Ending (Pre-tax)	\$ 1,272	\$ 1,193	\$ 1,269	\$ 1,299	\$ 1,500	\$ 1,729	\$ 1,654	\$ 1,763	\$ 1,775	\$ 1,794	\$ 1,664	\$ 1,566	\$ 1,566
7														
8	BVA Balance - Ending (After Tax)	\$ 942	\$ 883	\$ 939	\$ 961	\$ 1,110	\$ 1,280	\$ 1,224	\$ 1,305	\$ 1,314	\$ 1,328	\$ 1,231	\$ 1,159	\$ 1,159
9														
10	Adjustment for Value of Unsold Biomethane at Existing BERC Rate (After Tax) ⁽⁴⁾													\$ (664)
11	Adjusted BVA Balance - Ending (After Tax)													\$ 495
12														
13														
14		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
15		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016
16	BVA Balance - Beginning (Pre-tax)	\$ 1,566	\$ 1,613	\$ 1,706	\$ 1,856	\$ 2,025	\$ 2,293	\$ 2,587	\$ 2,894	\$ 3,199	\$ 3,519	\$ 3,807	\$ 4,044	\$ 1,566
17	Costs Incurred	\$ 304	\$ 322	\$ 368	\$ 352	\$ 414	\$ 420	\$ 425	\$ 425	\$ 445	\$ 458	\$ 457	\$ 462	\$ 4,852
18	Revenue from Existing BERC Rate	\$ (257)	\$ (229)	\$ (218)	\$ (182)	\$ (146)	\$ (126)	\$ (118)	\$ (120)	\$ (125)	\$ (171)	\$ (220)	\$ (265)	\$ (2,177)
19	BVA Balance - Ending (Pre-tax)	\$ 1,613	\$ 1,706	\$ 1,856	\$ 2,025	\$ 2,293	\$ 2,587	\$ 2,894	\$ 3,199	\$ 3,519	\$ 3,807	\$ 4,044	\$ 4,241	\$ 4,241
20														
21	BVA Balance - Ending (After Tax)	\$ 1,194	\$ 1,262	\$ 1,373	\$ 1,498	\$ 1,697	\$ 1,915	\$ 2,142	\$ 2,367	\$ 2,604	\$ 2,817	\$ 2,993	\$ 3,138	\$ 3,138
22														
23	Adjustment for Value of Unsold Biomethane at Existing BERC Rate (After Tax) ⁽⁴⁾			\$ (701)										\$ (2,210)
24	Adjusted BVA Balance - Ending (After Tax)			\$ 672										\$ 929
25														
26														
27		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
28		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
29	BVA Balance - Beginning (Pre-tax)	\$ 4,241	\$ 4,482	\$ 4,739	\$ 5,045	\$ 5,358	\$ 5,712	\$ 6,082	\$ 6,464	\$ 6,844	\$ 7,240	\$ 7,569	\$ 7,849	\$ 4,241
30	Costs Incurred	\$ 499	\$ 486	\$ 524	\$ 495	\$ 499	\$ 495	\$ 499	\$ 499	\$ 520	\$ 499	\$ 499	\$ 503	\$ 6,019
31	Revenue from Existing BERC Rate	\$ (258)	\$ (229)	\$ (218)	\$ (182)	\$ (145)	\$ (125)	\$ (117)	\$ (119)	\$ (124)	\$ (170)	\$ (219)	\$ (265)	\$ (2,173)
32	BVA Balance - Ending (Pre-tax)	\$ 4,482	\$ 4,739	\$ 5,045	\$ 5,358	\$ 5,712	\$ 6,082	\$ 6,464	\$ 6,844	\$ 7,240	\$ 7,569	\$ 7,849	\$ 8,087	\$ 8,087
33														
34	BVA Balance - Ending (After Tax)	\$ 3,317	\$ 3,507	\$ 3,733	\$ 3,965	\$ 4,227	\$ 4,500	\$ 4,783	\$ 5,065	\$ 5,358	\$ 5,601	\$ 5,808	\$ 5,984	\$ 5,984
35														
36	Adjustment for Value of Unsold Biomethane at Existing BERC Rate (After Tax) ⁽⁴⁾			\$ (2,678)										\$ (4,578)
37	Adjusted BVA Balance - Ending (After Tax)			\$ 1,055										\$ 1,406

Notes: (1) January 1, 2015 opening deferral balance was restated to reverse an adjustment error identified in the Response to the BCUC IR No. 1 on the 2015 Second Quarter Report on the BVA and BERC filed on June 5, 2015 (Attachment 2.1).

(2) The monthly costs for January - March were incorrectly recorded and an adjusting entry booked in April to correct the costs on a year to date basis. The adjusted monthly costs are used for the purpose of this quarterly report

(3) June sales were understated by 5.5 TJ, the correction was booked in July.

(4) Adjustment calculated based on quantity of Biomethane Available For Sale (Tab 1, Page 1) at the effective BERC Rate.

Slight differences in totals due to rounding.

FORTISBC ENERGY INC.
COST RECOVERY BY RATE CLASS FOR BIOMETHANE
ACTUAL AND FORECAST ACTIVITY ENDING DECEMBER 31, 2017

Line	Particulars	Recorded Jan 15	Recorded Feb 15	Recorded Mar 15	Recorded Apr 15	Recorded May 15	Recorded Jun 15	Recorded Jul 15	Recorded Aug 15	Recorded Sep 15	Recorded Oct 15	Recorded Nov 15	Recorded Dec 15	Total 2015
1	Sales (GJ)													
2	Residential	8,346	6,089	5,265	4,442	2,122	1,582	1,393	1,389	2,240	3,450	7,644	8,819	52,781
3	Commercial	1,301	1,776	1,115	875	436	476	358	343	431	559	1,430	1,758	10,858
4	On/Off System & Other	7,646	6,932	7,501	7,361	6,677	1,519	12,562	7,106	7,046	7,067	7,615	7,650	86,682
5	Total Sales	<u>17,293</u>	<u>14,797</u>	<u>13,881</u>	<u>12,678</u>	<u>9,235</u>	<u>3,577</u>	<u>14,313</u>	<u>8,838</u>	<u>9,717</u>	<u>11,076</u>	<u>16,689</u>	<u>18,227</u>	<u>150,321</u>
6														
7	Effective Rate ⁽¹⁾	\$ 14.481	\$ 14.336	\$ 14.415	\$ 14.414	\$ 14.411	\$ 14.405	\$ 14.414	\$ 14.413	\$ 14.414	\$ 14.414	\$ 14.412	\$ 14.414	
8														
9	Cost Recovered													
10	Residential	\$ 120,319	\$ 87,773	\$ 75,880	\$ 64,022	\$ 30,565	\$ 22,794	\$ 20,067	\$ 20,014	\$ 32,282	\$ 49,724	\$110,183	\$127,121	\$ 760,745
11	Commercial	18,761	25,587	16,100	12,606	6,290	6,857	5,157	4,935	6,219	8,056	20,570	25,336	156,476
12	On/Off System & Other	111,339	98,767	108,117	106,106	96,235	21,876	181,088	102,429	101,555	101,867	109,761	110,273	1,249,412
13	Total Recovered	<u>\$ 250,420</u>	<u>\$ 212,128</u>	<u>\$ 200,097</u>	<u>\$ 182,734</u>	<u>\$133,090</u>	<u>\$ 51,526</u>	<u>\$206,312</u>	<u>\$127,378</u>	<u>\$140,057</u>	<u>\$159,647</u>	<u>\$240,515</u>	<u>\$262,729</u>	<u>\$2,166,633</u>
14														
15														
16														
17		Forecast Jan 16	Forecast Feb 16	Forecast Mar 16	Forecast Apr 16	Forecast May 16	Forecast Jun 16	Forecast Jul 16	Forecast Aug 16	Forecast Sep 16	Forecast Oct 16	Forecast Nov 16	Forecast Dec 16	Total 2016
18	Sales (GJ)													
19	Residential	10,272	8,584	7,923	5,784	3,593	2,407	1,946	2,073	2,375	5,132	8,133	10,840	69,062
20	Commercial	1,729	1,454	1,376	1,033	692	489	395	415	474	892	1,273	1,709	11,931
21	On/Off System & Other	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	70,056
22	Total Sales	<u>17,839</u>	<u>15,876</u>	<u>15,137</u>	<u>12,655</u>	<u>10,123</u>	<u>8,734</u>	<u>8,179</u>	<u>8,326</u>	<u>8,687</u>	<u>11,862</u>	<u>15,244</u>	<u>18,387</u>	<u>151,049</u>
23														
24	Effective Rate	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	
25														
26	Cost Recovered													
27	Residential	\$ 148,061	\$ 123,730	\$ 114,202	\$ 83,371	\$ 51,790	\$ 34,694	\$ 28,050	\$ 29,880	\$ 34,233	\$ 73,973	\$117,229	\$156,248	\$ 995,460
28	Commercial	24,922	20,958	19,834	14,890	9,974	7,048	5,694	5,982	6,832	12,857	18,349	24,634	171,973
29	On/Off System & Other	84,149	84,149	84,149	84,149	84,149	84,149	84,149	84,149	84,149	84,149	84,149	84,149	1,009,787
30	Total Recovered	<u>\$ 257,131</u>	<u>\$ 228,837</u>	<u>\$ 218,185</u>	<u>\$ 182,409</u>	<u>\$145,913</u>	<u>\$125,892</u>	<u>\$117,892</u>	<u>\$120,011</u>	<u>\$125,214</u>	<u>\$170,979</u>	<u>\$219,727</u>	<u>\$265,030</u>	<u>\$2,177,220</u>
31														
32														
33														
34		Forecast Jan 17	Forecast Feb 17	Forecast Mar 17	Forecast Apr 17	Forecast May 17	Forecast Jun 17	Forecast Jul 17	Forecast Aug 17	Forecast Sep 17	Forecast Oct 17	Forecast Nov 17	Forecast Dec 17	Total 2017
35	Sales (GJ)													
36	Residential	10,473	8,742	8,060	5,878	3,648	2,441	1,972	2,097	2,401	5,184	8,209	10,919	70,024
37	Commercial	1,684	1,412	1,337	1,005	664	468	381	404	461	873	1,251	1,690	11,630
38	On/Off System & Other	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	69,120
39	Total Sales	<u>17,917</u>	<u>15,914</u>	<u>15,157</u>	<u>12,643</u>	<u>10,072</u>	<u>8,669</u>	<u>8,113</u>	<u>8,261</u>	<u>8,622</u>	<u>11,817</u>	<u>15,220</u>	<u>18,369</u>	<u>150,774</u>
40														
41	Effective Rate	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	
42														
43	Cost Recovered													
44	Residential	\$ 150,958	\$ 126,007	\$ 116,177	\$ 84,725	\$ 52,582	\$ 35,185	\$ 28,424	\$ 30,226	\$ 34,608	\$ 74,722	\$118,325	\$157,386	\$1,009,326
45	Commercial	24,273	20,353	19,272	14,486	9,571	6,746	5,492	5,823	6,645	12,583	18,032	24,360	167,635
46	On/Off System & Other	83,025	83,025	83,025	83,025	83,025	83,025	83,025	83,025	83,025	83,025	83,025	83,025	996,296
47	Total Recovered	<u>\$ 258,256</u>	<u>\$ 229,384</u>	<u>\$ 218,473</u>	<u>\$ 182,236</u>	<u>\$145,178</u>	<u>\$124,955</u>	<u>\$116,941</u>	<u>\$119,074</u>	<u>\$124,278</u>	<u>\$170,330</u>	<u>\$219,381</u>	<u>\$264,771</u>	<u>\$2,173,256</u>

Notes: (1) Effective recovery rate in January was different from tariff due to errors, which was corrected in February. Slight difference in some months due to rounding.

FORTISBC ENERGY INC.
INCURRED COSTS FOR BIOMETHANE
ACTUAL AND FORECAST ACTIVITY ENDING DECEMBER 31, 2015

Line	Particulars	Adjusted ⁽¹⁾	Adjusted ⁽¹⁾	Adjusted ⁽¹⁾	Adjusted ⁽¹⁾	Adjusted ⁽¹⁾	Adjusted ⁽¹⁾	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	Total
		Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	2015
1	All Supply Projects													
2	Total Purchases (GJ)	7,812	8,309	13,269	12,835	12,932	12,049	11,224	12,373	11,627	10,795	7,932	11,487	132,645
3	Biogas / Biomethane Purchase Costs	\$ 94,113	\$ 95,868	\$ 163,529	\$ 161,505	\$ 161,568	\$ 130,152	\$ 135,034	\$ 150,925	\$ 163,789	\$ 146,239	\$ 96,226	\$ 162,595	\$ 1,661,542
4														
5	Salmon Arm Cost of Service													
6	Cost of Service before O&M	\$ 23,721	\$ 15,784	\$ 19,753	\$ 19,753	\$ 19,753	\$ 19,753	\$ 19,753	\$ 19,753	\$ 19,753	\$ 19,753	\$ 19,753	\$ 19,753	\$ 237,032
7	O&M Costs	3,615	3,700	73,564	931	43,520	21,088	3,980	34,091	40,726	26,549	19,710	(18,351)	253,124
8	Total	<u>\$ 27,336</u>	<u>\$ 19,484</u>	<u>\$ 93,317</u>	<u>\$ 20,684</u>	<u>\$ 63,272</u>	<u>\$ 40,841</u>	<u>\$ 23,732</u>	<u>\$ 53,844</u>	<u>\$ 60,479</u>	<u>\$ 46,302</u>	<u>\$ 39,463</u>	<u>\$ 1,402</u>	<u>\$ 490,156</u>
9														
10	Kelowna Cost of Service													
11	Cost of Service before O&M ⁽²⁾							\$ -	\$ (68,447)	\$ (68,447)	\$ (68,447)	\$ (68,447)	\$ (68,447)	\$ (410,680)
12	O&M Costs ⁽³⁾							43,843	5,000	22,153	28,511	31,820	24,542	181,105
13	Total							<u>\$ 43,843</u>	<u>\$ (63,447)</u>	<u>\$ (46,293)</u>	<u>\$ (39,935)</u>	<u>\$ (36,626)</u>	<u>\$ (43,905)</u>	<u>\$ (229,575)</u>
14														
15	General Admin. Costs ⁽⁴⁾	\$ 11,444	\$ 16,887	\$ 19,798	\$ 30,247	\$ 109,357	\$ 65,814	\$ 36,019	\$ 77,986	\$ (32,304)	\$ 22,506	\$ 18,781	\$ 44,380	\$ 420,916
16														
17														
18														
19														
20	Total Cost	<u>\$ 132,893</u>	<u>\$ 132,240</u>	<u>\$ 276,644</u>	<u>\$ 212,435</u>	<u>\$ 334,197</u>	<u>\$ 280,650</u>	<u>\$ 131,339</u>	<u>\$ 236,462</u>	<u>\$ 152,029</u>	<u>\$ 178,420</u>	<u>\$ 110,565</u>	<u>\$ 165,167</u>	<u>\$ 2,343,039</u>

Notes: (1) Monthly costs are adjusted to more appropriately reflect costs in each period.
(2) Consistent with the Cost of Service model, Cost of Service charges commence the month following the in-service date.
(3) Low O&M costs in July due to unplanned equipment failure.
(4) Approximately \$163K costs related to the City of Vancouver project development was excluded.

FORTISBC ENERGY INC.
INCURRED COSTS FOR BIOMETHANE
FORECAST ACTIVITY ENDING DECEMBER 31, 2016

Line	Particulars	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	2016	
1	All Supply Projects														
2	Total Purchases (GJ)	15,977	17,429	18,977	19,703	26,278	27,004	27,278	27,278	27,004	29,778	29,504	29,778	295,992	
3	Biogas / Biomethane Purchase Costs	\$ 189,677	\$ 207,591	\$ 228,677	\$ 237,634	\$ 274,164	\$ 280,847	\$ 285,164	\$ 285,164	\$ 280,847	\$ 318,664	\$ 317,707	\$ 322,080	\$ 3,228,218	
4															
5	Salmon Arm Cost of Service														
6	Cost of Service before O&M	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 29,964	\$ 359,574	
7	O&M Costs	6,250	6,250	31,250	6,250	6,250	6,250	6,250	6,250	31,250	6,250	6,250	6,250	125,000	
8	Total	<u>\$ 36,214</u>	<u>\$ 36,214</u>	<u>\$ 61,214</u>	<u>\$ 36,214</u>	<u>\$ 36,214</u>	<u>\$ 36,214</u>	<u>\$ 36,214</u>	<u>\$ 36,214</u>	<u>\$ 61,214</u>	<u>\$ 36,214</u>	<u>\$ 36,214</u>	<u>\$ 36,214</u>	<u>\$ 484,574</u>	
9															
10	Kelowna Cost of Service														
11	Cost of Service before O&M	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 603,800	
12	O&M Costs ⁽¹⁾					25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	204,000	
13	Total	<u>\$ 50,317</u>	<u>\$ 50,317</u>	<u>\$ 50,317</u>	<u>\$ 50,317</u>	<u>\$ 75,817</u>	<u>\$ 75,817</u>	<u>\$ 75,817</u>	<u>\$ 75,817</u>	<u>\$ 75,817</u>	<u>\$ 75,817</u>	<u>\$ 75,817</u>	<u>\$ 75,817</u>	<u>\$ 807,800</u>	
14															
15	General Admin. Costs	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 331,200	
16															
17															
18															
19															
20	Total Cost	<u>\$303,808</u>	<u>\$321,722</u>	<u>\$367,808</u>	<u>\$351,765</u>	<u>\$413,795</u>	<u>\$420,478</u>	<u>\$424,795</u>	<u>\$424,795</u>	<u>\$445,478</u>	<u>\$458,295</u>	<u>\$457,338</u>	<u>\$461,711</u>	<u>\$4,851,791</u>	

Notes: ## No O&M costs forecast from January to April due to equipment failure.

FORTISBC ENERGY INC.
INCURRED COSTS FOR BIOMETHANE
FORECAST ACTIVITY ENDING DECEMBER 31, 2017

Line	Particulars	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	2017	
1	All Supply Projects														
2	Total Purchases (GJ) ⁽¹⁾	31,230	30,408	31,230	30,956	31,230	30,956	31,230	31,230	30,956	31,230	30,956	31,230	372,845	
3	Biogas / Biomethane Purchase Costs	\$335,368	\$322,252	\$335,368	\$330,996	\$335,368	\$330,996	\$335,368	\$335,368	\$330,996	\$335,368	\$334,891	\$339,319	\$4,001,661	
4															
5	Salmon Arm Cost of Service														
6	Cost of Service before O&M	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 33,739	\$ 404,872	
7	O&M Costs	6,250	6,250	31,250	6,250	6,250	6,250	6,250	6,250	31,250	6,250	6,250	6,250	125,000	
8	Total	<u>\$ 39,989</u>	<u>\$ 39,989</u>	<u>\$ 64,989</u>	<u>\$ 39,989</u>	<u>\$ 39,989</u>	<u>\$ 39,989</u>	<u>\$ 39,989</u>	<u>\$ 39,989</u>	<u>\$ 64,989</u>	<u>\$ 39,989</u>	<u>\$ 39,989</u>	<u>\$ 39,989</u>	<u>\$ 529,872</u>	
9															
10	Kelowna Cost of Service														
11	Cost of Service before O&M	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 69,883	\$ 838,600	
12	O&M Costs	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	312,000	
13	Total	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$ 95,883</u>	<u>\$1,150,600</u>	
14															
15	General Admin. Costs	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 28,100	\$ 337,200	
16															
17															
18															
19															
20	Total Cost	<u>\$499,341</u>	<u>\$486,225</u>	<u>\$524,341</u>	<u>\$494,969</u>	<u>\$499,341</u>	<u>\$494,969</u>	<u>\$499,341</u>	<u>\$499,341</u>	<u>\$519,969</u>	<u>\$499,341</u>	<u>\$498,863</u>	<u>\$503,292</u>	<u>\$6,019,333</u>	

Notes: (1) Total purchases include approved projects only. Therefore, forecast purchases from City of Surrey and City of Vancouver included in the BEREC Methodology Application are excluded in the report.

FORTISBC ENERGY INC.
BVA AND BERG REVIEW
FOR THE FORECAST 12-MONTH PERIOD ENDING MARCH 31, 2017
(Amounts shown pre-tax unless otherwise indicated)

Line No.	Particulars (1)	\$000 (2)	TJ (3)	Notes (4)
1	Forecast BVA Balance - Deficit at March 31, 2016			
2	Cost (Tab 1, Page 2)	\$ 1,855.6		
3	Quantity (Tab 1, Page 1)		65.8	Unsold Quantity
4				
5	Forecast Costs Incurred in the 12-Month Period			
6	Cost (Tab 1, Page 2)	\$ 5,368.4		
7	Quantity (Tab 1, Page 1)		336.5	Purchase Quantity
8				
9	Biomethane Available for Sale in the 12-Month Period			
10	Total Cost to be Recovered	\$ 7,224.0		
11	Total Quantity		402.2	
12				
13				
14				
15	Calculation of Tested BERG Effective April 1, 2016			
16				
17				
18	Tested BERG	= $\frac{\text{Cost of Biomethane Available for Sale in the 12-Month Period}}{\text{Quantity of Biomethane Available for Sale in the 12-Month Period}} = \frac{\$ 7,224.0}{402.2} =$		
19			\$ 17.960	per Gigajoule
20				
21				
22	Existing BERG (effective January 1, 2015)		\$ 14.414	per Gigajoule
23				
24				
25	Tested Rate Increase (Decrease)		\$ 3.546	per Gigajoule

FORTISBC ENERGY INC.
AGE OF BIOMETHANE INVENTORY SOLD

Tab 1
Page 6

Date	Monthly Activity				Cumulative Quantities		
	Beginning Balance <i>(in TJ)</i>	Quantity Purchased <i>(in TJ)</i>	Quantity Sold ^(A) <i>(in TJ)</i>	Ending Balance <i>(in TJ)</i>	Biomethane Purchases <i>(in TJ)</i>	Biomethane Sales <i>(in TJ)</i>	Age of Inventory Sold <i>(Month)</i>
Jan-14	99.01	5.77	(11.98)	92.79	207.81	(115.02)	11
Feb-14	92.79	7.71	(13.26)	87.24	215.52	(128.28)	11
Mar-14	87.24	8.75	(11.07)	84.93	224.27	(139.34)	10
Apr-14	84.93	9.68	(7.58)	87.03	233.95	(146.92)	10
May-14	87.03	10.09	(5.08)	92.04	244.05	(152.00)	10
Jun-14	92.04	8.32	(4.38)	95.99	252.37	(156.38)	11
Jul-14	95.99	8.69	(4.01)	100.67	261.06	(160.39)	11
Aug-14	100.67	9.24	(9.80)	100.11	270.30	(170.19)	11
Sep-14	100.11	9.85	(10.26)	99.70	280.15	(180.45)	11
Oct-14	99.70	9.18	(11.31)	97.58	289.34	(191.76)	11
Nov-14	97.58	8.01	(16.59)	89.00	297.35	(208.35)	9
Dec-14	89.00	8.67	(17.75)	79.91	306.02	(226.10)	8
Jan-15	79.91	7.81	(17.29)	70.43	313.83	(243.40)	8
Feb-15	70.43	8.31	(14.80)	63.94	322.14	(258.19)	7
Mar-15	63.94	13.27	(13.88)	63.33	335.41	(272.08)	6
Apr-15	63.33	12.84	(12.68)	63.49	348.24	(284.75)	5
May-15	63.49	12.93	(9.24)	67.19	361.17	(293.99)	5
Jun-15	67.19	12.05	(3.58)	75.66	373.22	(297.57)	5
Jul-15	75.66	11.22	(14.31)	72.57	384.45	(311.88)	5
Aug-15	72.57	12.37	(8.84)	76.10	396.82	(320.72)	6
Sep-15	76.10	11.63	(9.72)	78.01	408.45	(330.43)	6
Oct-15	78.01	10.80	(11.08)	77.73	419.24	(341.51)	6
Nov-15	77.73	7.93	(16.69)	68.98	427.17	(358.20)	6
Dec-15	68.98	11.49	(18.23)	62.24	438.66	(376.43)	5

(A) Including any adjustments reported within the schedule at Page 1 of this report. June 2015 sales quantity was understated by 5.5 TJ.



British Columbia
Utilities Commission

Erica Hamilton
Commission Secretary

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Log No. #####

Letter L-##-##

Via Email

gas.regulatory.affairs@fortisbc.com

February xx, 2016

Ms. Diane Roy
Director, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Biomethane Variance Account (BVA) and Biomethane Energy Recovery Charge (BERC)
2016 First Quarter Report

Further to your February 15, 2016 filing of the 2016 First Quarter Report on the BVA and BERC (the Report). The Commission acknowledges receipt of the Report and accepts the recommendation that the BERC rate remain unchanged at April 1, 2016.

The Commission will hold confidential the information in Tab 1, Page 4.1C, 4.2C, and 4.3C of the Report.

Yours truly,

Erica Hamilton