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May 13, 2016

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

Re: FortisBC Energy Inc. (FEI or the Company)

2016 Second Quarter Report on the Biomethane Variance Account (BVA) and Biomethane Energy Recovery Charge (BERC) (the 2016 Second 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 Second 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 \$2,451 thousand deficit after tax at December 31, 2016 (Tab 1, Page 2, Column 14, Line 8).

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 \$1,119 thousand deficit after tax (Tab 1, Page 2, Column 14,

Line 11) and \$1,645 thousand deficit after tax (Tab 1, Page 2, Column 14, Line 24), 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 a July 1, 2016 effective date. Based on the BVA cost and recovery assumptions for the 12-month period ending June 30, 2017, and the projected June 30, 2016 unsold biomethane quantity, the tested rate increase is calculated to be \$4.544/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/GJ pending the outcome of the BERC Methodology Application. Thus, consistent with the 2016 First Quarter BVA Report and Order G-26-16, FEI proposes no BERC rate change in this 2016 Second Quarter BVA Report.

The schedule at Tab 1, Page 6 provides the monthly biomethane inventory change since January 2015, 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 that market sensitive information is protected, and FEI's ability to obtain favourable commercial terms for future gas contracting is not impaired.

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.

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, 2018
(Quantities shown in TJ)

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1		Recorded	Recorded	Recorded	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
2		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
3	Biomethane Available for Sale - Beginning	62.2	54.4	41.7	39.8	42.8	48.7	61.0	74.1	87.0	99.3	111.2	119.5	62.2
4	Purchases	11.6	2.8	12.7	15.7	16.0	21.0	21.3	21.3	21.0	23.8	23.5	23.8	214.5
5	Sales	(19.5)	(15.4)	(14.7)	(12.7)	(10.1)	(8.7)	(8.2)	(8.3)	(8.7)	(11.9)	(15.2)	(18.4)	(151.8)
6	Biomethane Available for Sale - Ending	54.4	41.7	39.8	42.8	48.7	61.0	74.1	87.0	99.3	111.2	119.5	124.9	124.9
7														
8														
9		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
10		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
11	Biomethane Available for Sale - Beginning	124.9	134.7	145.8	158.4	173.2	190.9	209.7	229.4	248.9	267.8	283.7	296.0	124.9
12	Purchases	33.6	32.7	33.6	33.3	33.6	33.3	33.6	33.6	33.3	33.6	33.3	33.6	400.8
13	Sales	(23.7)	(21.7)	(21.0)	(18.4)	(15.9)	(14.5)	(13.9)	(14.1)	(14.4)	(17.6)	(21.0)	(24.2)	(220.4)
14	Biomethane Available for Sale - Ending	134.7	145.8	158.4	173.2	190.9	209.7	229.4	248.9	267.8	283.7	296.0	305.4	305.4
15														
16														
17		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
18		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018
19	Biomethane Available for Sale - Beginning	305.4	316.2	328.1	341.7	357.5	376.1	395.9	416.5	436.9	456.7	473.6	486.8	305.4
20	Purchases	34.5	33.7	34.5	34.2	34.5	34.2	34.5	34.5	34.2	34.5	34.2	34.5	412.2
21	Sales	(23.7)	(21.7)	(21.0)	(18.4)	(15.9)	(14.5)	(13.9)	(14.1)	(14.4)	(17.6)	(21.0)	(24.2)	(220.4)
22	Biomethane Available for Sale - Ending	316.2	328.1	341.7	357.5	376.1	395.9	416.5	436.9	456.7	473.6	486.8	497.2	497.2

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, 2018
(Amounts shown in \$000)

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1		Recorded	Recorded	Recorded	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
2		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
3	BVA Balance - Beginning (Pre-tax)	\$ 1,566	\$ 1,545	\$ 1,508	\$ 1,609	\$ 1,728	\$ 1,888	\$ 2,108	\$ 2,340	\$ 2,570	\$ 2,816	\$ 3,029	\$ 3,191	\$ 1,566
4	Costs Incurred	259	186	313	302	306	346	350	350	371	384	382	386	3,934
5	Revenue from Existing BERC Rate	(281)	(222)	(212)	(182)	(146)	(126)	(118)	(120)	(125)	(171)	(220)	(265)	(2,188)
6	BVA Balance - Ending (Pre-tax)	<u>\$ 1,545</u>	<u>\$ 1,508</u>	<u>\$ 1,609</u>	<u>\$ 1,728</u>	<u>\$ 1,888</u>	<u>\$ 2,108</u>	<u>\$ 2,340</u>	<u>\$ 2,570</u>	<u>\$ 2,816</u>	<u>\$ 3,029</u>	<u>\$ 3,191</u>	<u>\$ 3,312</u>	<u>\$ 3,312</u>
7														
8	BVA Balance - Ending (After Tax)	<u>\$ 1,143</u>	<u>\$ 1,116</u>	<u>\$ 1,190</u>	<u>\$ 1,279</u>	<u>\$ 1,397</u>	<u>\$ 1,560</u>	<u>\$ 1,732</u>	<u>\$ 1,902</u>	<u>\$ 2,084</u>	<u>\$ 2,241</u>	<u>\$ 2,361</u>	<u>\$ 2,451</u>	<u>\$ 2,451</u>
9														
10	Adjustment for Value of Unsold Biomethane at Existing BERC Rate (After Tax) ^(a)						\$ (650)							\$ (1,332)
11	Adjusted BVA Balance - Ending (After Tax)						<u>\$ 910</u>							<u>\$ 1,119</u>
12														
13														
14		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
15		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
16	BVA Balance - Beginning (Pre-tax)	\$ 3,312	\$ 3,498	\$ 3,700	\$ 3,950	\$ 4,208	\$ 4,506	\$ 4,821	\$ 5,148	\$ 5,472	\$ 5,813	\$ 6,086	\$ 6,309	\$ 3,312
17	Costs Incurred	527	515	552	523	527	523	527	527	548	527	526	664	6,489
18	Revenue from Existing BERC Rate	(342)	(313)	(302)	(266)	(229)	(209)	(201)	(203)	(208)	(254)	(303)	(348)	(3,176)
19	BVA Balance - Ending (Pre-tax)	<u>\$ 3,498</u>	<u>\$ 3,700</u>	<u>\$ 3,950</u>	<u>\$ 4,208</u>	<u>\$ 4,506</u>	<u>\$ 4,821</u>	<u>\$ 5,148</u>	<u>\$ 5,472</u>	<u>\$ 5,813</u>	<u>\$ 6,086</u>	<u>\$ 6,309</u>	<u>\$ 6,625</u>	<u>\$ 6,625</u>
20														
21	BVA Balance - Ending (After Tax)	<u>\$ 2,588</u>	<u>\$ 2,738</u>	<u>\$ 2,923</u>	<u>\$ 3,114</u>	<u>\$ 3,335</u>	<u>\$ 3,567</u>	<u>\$ 3,809</u>	<u>\$ 4,049</u>	<u>\$ 4,301</u>	<u>\$ 4,504</u>	<u>\$ 4,669</u>	<u>\$ 4,902</u>	<u>\$ 4,902</u>
22														
23	Adjustment for Value of Unsold Biomethane at Existing BERC Rate (After Tax) ^(a)						\$ (2,237)							\$ (3,257)
24	Adjusted BVA Balance - Ending (After Tax)						<u>\$ 1,330</u>							<u>\$ 1,645</u>
25														
26														
27		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
28		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018
29	BVA Balance - Beginning (Pre-tax)	\$ 6,625	\$ 6,826	\$ 7,044	\$ 7,310	\$ 7,584	\$ 7,898	\$ 8,229	\$ 8,572	\$ 8,912	\$ 9,269	\$ 9,558	\$ 9,797	\$ 6,625
30	Costs Incurred	543	531	568	539	543	539	543	543	564	543	542	680	6,681
31	Revenue from Existing BERC Rate	(342)	(313)	(302)	(266)	(229)	(209)	(201)	(203)	(208)	(254)	(303)	(348)	(3,176)
32	BVA Balance - Ending (Pre-tax)	<u>\$ 6,826</u>	<u>\$ 7,044</u>	<u>\$ 7,310</u>	<u>\$ 7,584</u>	<u>\$ 7,898</u>	<u>\$ 8,229</u>	<u>\$ 8,572</u>	<u>\$ 8,912</u>	<u>\$ 9,269</u>	<u>\$ 9,558</u>	<u>\$ 9,797</u>	<u>\$ 10,129</u>	<u>\$10,129</u>
33														
34	BVA Balance - Ending (After Tax)	<u>\$ 5,051</u>	<u>\$ 5,213</u>	<u>\$ 5,410</u>	<u>\$ 5,612</u>	<u>\$ 5,845</u>	<u>\$ 6,089</u>	<u>\$ 6,343</u>	<u>\$ 6,595</u>	<u>\$ 6,859</u>	<u>\$ 7,073</u>	<u>\$ 7,250</u>	<u>\$ 7,495</u>	<u>\$ 7,495</u>
35														
36	Adjustment for Value of Unsold Biomethane at Existing BERC Rate (After Tax) ^(a)													\$ (5,303)
37	Adjusted BVA Balance - Ending (After Tax)													<u>\$ 2,192</u>

Notes: (a) 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.
BVA RECONCILIATION SCHEDULE
ACTUAL ACTIVITY - on After Tax Basis Unless Otherwise Indicated
(Amounts shown in \$000)

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
1 BVA Balance as per Financial Records		\$ 1,306	\$ 1,283	\$ 1,369									
2													
3 Adjustments													
4 CoV CPCN Development & Application Costs ^(a)		(163)	(168)	(179)									
5 BVA Balance as Reported on Tab 1 Page 2		\$ 1,143	\$ 1,116	\$ 1,190									

Notes:

- (a) The City of Vancouver CPCN Development & Application Costs are excluded from the BERC rate calculation as FEI indicated in the FEI 2015 First Quarter BVA Report cover letter. FEI will request approval for the disposition of these costs as part of the City of Vancouver Landfill (CPCN) filing.

Slight differences in totals due to rounding.

FORTISBC ENERGY INC.
COST RECOVERY BY RATE CLASS FOR BIOMETHANE
ACTUAL AND FORECAST ACTIVITY ENDING DECEMBER 31, 2018

Line	Particulars	Recorded Jan 16	Recorded Feb 16	Recorded 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
1	Sales (GJ)													
2	Residential	9,033	6,977	6,268	5,784	3,593	2,407	1,946	2,073	2,375	5,132	8,133	10,840	64,561
3	Commercial	2,837	912	1,279	1,033	692	489	395	415	474	892	1,273	1,709	12,400
4	On/Off System & Other	7,599	7,523	7,157	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	74,821
5	Total Sales	<u>19,469</u>	<u>15,412</u>	<u>14,704</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>151,782</u>
6														
7	Effective Rate ^(a)	\$ 14.414	\$ 14.414	\$ 14.415	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	\$ 14.414	
8														
9	Cost Recovered													
10	Residential	\$ 130,194	\$ 100,563	\$ 90,352	\$ 83,371	\$ 51,790	\$ 34,694	\$ 28,050	\$ 29,880	\$ 34,233	\$ 73,973	\$ 117,229	\$ 156,248	\$ 930,576
11	Commercial	40,893	13,150	18,446	14,890	9,974	7,048	5,694	5,982	6,832	12,857	18,349	24,634	178,748
12	On/Off System & Other	109,538	108,429	103,165	84,149	84,149	84,149	84,149	84,149	84,149	84,149	84,149	84,149	1,078,473
13	Total Recovered	<u>\$280,624</u>	<u>\$222,142</u>	<u>\$211,963</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>\$2,187,797</u>
14														
15														
16														
17		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
18	Sales (GJ)	<u>Jan 17</u>	<u>Feb 17</u>	<u>Mar 17</u>	<u>Apr 17</u>	<u>May 17</u>	<u>Jun 17</u>	<u>Jul 17</u>	<u>Aug 17</u>	<u>Sep 17</u>	<u>Oct 17</u>	<u>Nov 17</u>	<u>Dec 17</u>	2017
19	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
20	Commercial	1,684	1,412	1,337	1,005	664	468	381	404	461	873	1,251	1,690	11,630
21	On/Off System & Other	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	138,720
22	Total Sales	<u>23,717</u>	<u>21,714</u>	<u>20,957</u>	<u>18,443</u>	<u>15,872</u>	<u>14,469</u>	<u>13,913</u>	<u>14,061</u>	<u>14,422</u>	<u>17,617</u>	<u>21,020</u>	<u>24,169</u>	<u>220,374</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	\$ 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
28	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
29	On/Off System & Other	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	1,999,510
30	Total Recovered	<u>\$341,857</u>	<u>\$312,986</u>	<u>\$302,074</u>	<u>\$265,837</u>	<u>\$228,779</u>	<u>\$208,556</u>	<u>\$200,542</u>	<u>\$202,675</u>	<u>\$207,879</u>	<u>\$253,931</u>	<u>\$302,982</u>	<u>\$348,372</u>	<u>\$3,176,471</u>
31														
32														
33														
34		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
35	Sales (GJ)	<u>Jan 18</u>	<u>Feb 18</u>	<u>Mar 18</u>	<u>Apr 18</u>	<u>May 18</u>	<u>Jun 18</u>	<u>Jul 18</u>	<u>Aug 18</u>	<u>Sep 18</u>	<u>Oct 18</u>	<u>Nov 18</u>	<u>Dec 18</u>	2018
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	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	138,720
39	Total Sales	<u>23,717</u>	<u>21,714</u>	<u>20,957</u>	<u>18,443</u>	<u>15,872</u>	<u>14,469</u>	<u>13,913</u>	<u>14,061</u>	<u>14,422</u>	<u>17,617</u>	<u>21,020</u>	<u>24,169</u>	<u>220,374</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	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	166,626	1,999,510
47	Total Recovered	<u>\$341,857</u>	<u>\$312,986</u>	<u>\$302,074</u>	<u>\$265,837</u>	<u>\$228,779</u>	<u>\$208,556</u>	<u>\$200,542</u>	<u>\$202,675</u>	<u>\$207,879</u>	<u>\$253,931</u>	<u>\$302,982</u>	<u>\$348,372</u>	<u>\$3,176,471</u>

Notes: (a) Slight difference in effective recovery rate in some months due to rounding.

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

Line	Particulars	Recorded	Recorded	Recorded	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) ^(a)	11,618	2,787	12,742	15,703	15,977	21,004	21,278	21,278	21,004	23,778	23,504	23,778	214,454
3	Biogas / Biomethane Purchase Costs	\$ 159,251	\$ 21,640	\$ 152,333	\$ 185,634	\$ 189,677	\$ 206,627	\$ 210,670	\$ 210,670	\$ 206,627	\$ 244,170	\$ 242,745	\$ 246,841	\$ 2,276,886
4														
5	Salmon Arm Cost of Service													
6	Cost of Service before O&M	\$ 17,589	\$ 41,785	\$ 29,687	\$ 29,800	\$ 29,800	\$ 29,800	\$ 29,800	\$ 29,800	\$ 29,800	\$ 29,800	\$ 29,800	\$ 29,800	\$ 357,261
7	O&M Costs	15,655	22,650	12,226	6,250	6,250	6,250	6,250	6,250	31,250	6,250	6,250	6,250	131,781
8	Total	\$ 33,245	\$ 64,434	\$ 41,913	\$ 36,050	\$ 36,050	\$ 36,050	\$ 36,050	\$ 36,050	\$ 61,050	\$ 36,050	\$ 36,050	\$ 36,050	\$ 489,042
9														
10	Kelowna Cost of Service													
11	Cost of Service before O&M	\$ 38,816	\$ 59,909	\$ 49,362	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 50,317	\$ 600,937
12	O&M Costs	17,965	22,451	12,533	2,000	2,000	25,500	25,500	25,500	25,500	25,500	25,500	25,500	235,449
13	Total	\$ 56,781	\$ 82,360	\$ 61,895	\$ 52,317	\$ 52,317	\$ 75,817	\$ 75,817	\$ 75,817	\$ 75,817	\$ 75,817	\$ 75,817	\$ 75,817	\$ 836,386
14														
15	General Admin. Costs	\$ 9,618	\$ 17,088	\$ 56,399	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600	\$ 331,504
16														
17														
18														
19														
20	Total Cost	\$ 258,894	\$ 185,522	\$ 312,539	\$ 301,601	\$ 305,644	\$ 346,094	\$ 350,137	\$ 350,137	\$ 371,094	\$ 383,637	\$ 382,212	\$ 386,307	\$ 3,933,818

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

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

Tab 1
Page 4.2

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) ^(a)	33,564	32,742	33,564	33,290	33,564	33,290	33,564	33,564	33,290	33,564	33,290	33,564	400,845	
3	Biogas / Biomethane Purchase Costs	\$364,296	\$352,010	\$364,296	\$360,201	\$364,296	\$360,201	\$364,296	\$364,296	\$360,201	\$364,296	\$363,347	\$500,710	\$4,482,446	
4															
5	Salmon Arm Cost of Service														
6	Cost of Service before O&M	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 33,583	\$ 403,000	
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	\$ 39,833	\$ 39,833	\$ 64,833	\$ 39,833	\$ 39,833	\$ 39,833	\$ 39,833	\$ 39,833	\$ 64,833	\$ 39,833	\$ 39,833	\$ 39,833	\$ 528,000	
9															
10	Kelowna Cost of Service														
11	Cost of Service before O&M	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 69,475	\$ 833,700	
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	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$ 95,475	\$1,145,700	
14															
15	City of Surrey Cost of Service														
16	Cost of Service before O&M	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 11,038	\$ 132,459	
17	O&M Costs	902	902	902	902	902	902	902	902	902	902	902	902	10,820	
18	Facility Fee	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(147,899)	
19	Total	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (385)	\$ (4,620)	
20															
21	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	
22															
23															
24															
25															
26	Total Cost	\$527,319	\$515,033	\$552,319	\$523,224	\$527,319	\$523,224	\$527,319	\$527,319	\$548,224	\$527,319	\$526,370	\$663,734	\$6,488,726	

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

FORTISBC ENERGY INC.
INCURRED COSTS FOR BIOMETHANE
FORECAST ACTIVITY ENDING DECEMBER 31, 2018

Line	Particulars	Forecast Jan 18	Forecast Feb 18	Forecast Mar 18	Forecast Apr 18	Forecast May 18	Forecast Jun 18	Forecast Jul 18	Forecast Aug 18	Forecast Sep 18	Forecast Oct 18	Forecast Nov 18	Forecast Dec 18	Total 2018
1	All Supply Projects													
2	Total Purchases (GJ) ^(a)	34,509	33,687	34,509	34,235	34,509	34,235	34,509	34,509	34,235	34,509	34,235	34,509	412,185
3	Biogas / Biomethane Purchase Costs	\$369,660	\$357,213	\$369,660	\$365,511	\$369,660	\$365,511	\$369,660	\$369,660	\$365,511	\$369,660	\$368,727	\$506,145	\$4,546,580
4														
5	Salmon Arm Cost of Service													
6	Cost of Service before O&M	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800	\$ 417,600
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	\$ 41,050	\$ 41,050	\$ 66,050	\$ 41,050	\$ 41,050	\$ 41,050	\$ 41,050	\$ 41,050	\$ 66,050	\$ 41,050	\$ 41,050	\$ 41,050	\$ 542,600
9														
10	Kelowna Cost of Service													
11	Cost of Service before O&M	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 78,508	\$ 942,100
12	O&M Costs	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	318,000
13	Total	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$105,008	\$1,260,100
14														
15	City of Surrey Cost of Service													
16	Cost of Service before O&M	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 10,925	\$ 131,104
17	O&M Costs	920	920	920	920	920	920	920	920	920	920	920	920	11,036
18	Facility Fee	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(12,325)	(147,899)
19	Total	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (480)	\$ (5,759)
20														
21	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
22														
23														
24														
25														
26	Total Cost	\$543,339	\$530,892	\$568,339	\$539,190	\$543,339	\$539,190	\$543,339	\$543,339	\$564,190	\$543,339	\$542,406	\$679,823	\$6,680,721

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

FORTISBC ENERGY INC.
BVA AND BERG REVIEW
FOR THE FORECAST 12-MONTH PERIOD ENDING JUNE 30, 2017
(Amounts shown pre-tax unless otherwise indicated)

Line No.	Particulars (1)	\$000 (2)	TJ (3)	Notes (4)
1	Forecast BVA Balance - Deficit at June 30, 2016			
2	Cost (Tab 1, Page 2)	\$ 2,107.8		
3	Quantity (Tab 1, Page 1)		61.0	Unsold Quantity
4				
5	Forecast Costs Incurred in the 12-Month Period			
6	Cost (Tab 1, Page 2)	\$ 5,392.0		
7	Quantity (Tab 1, Page 1)		334.6	Purchase Quantity
8				
9	Biomethane Available for Sale in the 12-Month Period			
10	Total Cost to be Recovered	\$ 7,499.7		
11	Total Quantity		395.6	
12	<hr/>			
13				
14				
15	Calculation of Tested BERG Effective July 1, 2016			
16				
17				
18	Tested BERG	= $\frac{\text{Cost of Biomethane Available for Sale in the 12-Month Period}}{\text{Quantity of Biomethane Available for Sale in the 12-Month Period}} = \frac{\$ 7,499.7}{395.6} =$		
19			\$ 18.958	per Gigajoule
20				
21				
22	Existing BERG (effective January 1, 2015)		\$ 14.414	per Gigajoule
23				
24				
25	Tested Rate Increase (Decrease)		\$ 4.544	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-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	7.90	(16.70)	68.93	427.14	(358.21)	6
Dec-15	68.93	11.50	(18.20)	62	438.64	(376.41)	5
Jan-16	62.23	11.62	(19.47)	54	450.26	(395.88)	5
Feb-16	54.38	2.79	(15.41)	42	453.05	(411.29)	4
Mar-16	41.76	12.74	(14.70)	40	465.79	(425.99)	3

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



ORDER NUMBER

G-xx-16

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Biomethane Variance Account (BVA) and
Biomethane Energy Recovery Charge (BERC)
2016 Second Quarter Gas Cost Report

BEFORE:

Panel Chair/Commissioner
Commissioner
Commissioner

on **Date**

ORDER

WHEREAS:

- A. On May 13, 2016, FortisBC Energy Inc. (FEI) filed its 2016 Second Quarter Report (Report) on the Biomethane Variance Account (BVA) and the Biomethane Energy Recovery Charge (BERC);
- B. By Order G-210-13 and the accompanying Decision dated December 11, 2013 {2013 Decision}, the British Columbia Utilities Commission (Commission) approved the continuance of the Biomethane Program on a permanent basis with certain modifications as directed in the 2013 Decision;
- C. By Order G-177-14 dated November 13, 2014, the Commission approved an increase in the FEI BERC to a rate of \$14.414 per gigajoule (GJ), effective January 1, 2015, for Rate Schedules 1B, 2B, 3B, 5B and 11B within the Mainland Service Area, as set out in the 2014 Fourth Quarter Report on the BVA;
- D. Also by Order G-177-14, the Commission accepted the following BERC rate change guidelines on an interim basis (Interim Guidelines) pending a review of the BERC rate methodology proposal in 2015:
 - (i) Annual resetting of the BERC rate on an annual basis effective January 1 of a given year; and
 - (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;
- E. On August 28, 2015, FEI filed an application for approval of the BERC Rate Methodology (BERC Rate Methodology Application), which sought approval of a non cost-based BERC rate methodology, mechanisms for transferring costs and unsold biomethane volumes out of the BVA for recovery from FEI's non-bypass ratepayers and revised reporting requirements;
- F. By Orders G-147-15 and G-181-15, the Commission established a regulatory timetable for the review of the BERC Rate Methodology Application;

- G. By Order G-60-16, the Commission established the remainder of the regulatory timetable for the BERC Rate Methodology Application proceeding advising the process proceed to supplemental argument;
- H. By Order G-26-16 dated March 3, 2016, the Commission approved FEI's proposal that no change be made to the BERC as at April 1, 2016, in consideration of the ongoing review of the BERC Rate Methodology Application;
- I. In the Report, FEI projects a BVA balance at June 30, 2016, of approximately \$1. 560 million deficit after tax;
- J. In the Report, FEI provides a re-calculation of the BERC, based on the BVA cost and recovery assumptions for the 12-month period ending June 30, 2017, and the projected June 30, 2016 unsold biomethane quantity, to be an increase of \$4.544/GJ from \$14.414/GJ to \$18.958/GJ, effective July 1, 2016, indicating a change to the BERC rate is required as per the Interim Guidelines;
- K. In the Report, FEI proposes no change to the BERC as at July 1, 2016, pending the outcome of the BERC Rate Methodology Application;
- L. FEI requests that the biomethane project cost information in Tab 1, Pages 4.1C, 4.2C, and 4.3C of the Report, be held confidential on the basis that it contains market sensitive information; and
- M. The Commission reviewed the Report and, despite the guidelines made on an interim basis in Order G-177-14, considers it acceptable and in the interests of regulatory efficiency that no change be made to the BERC as at July 1, 2016, while the BERC Rate Methodology Application proceeding is currently reviewing issues pertaining to the BERC.

NOW THEREFORE pursuant to sections 59-61 of the Utilities Commission Act, the British Columbia Utilities Commission approves the FortisBC Energy Inc. (FEI) proposal that the Biomethane Energy Recovery Charge rate remain unchanged as at July 1, 2016. The Commission will hold the biomethane project cost information in Tab 1, Pages 4.1C, 4.2C, and 4.3C of the 2016 Second Quarter Report on the Biomethane Variance Account confidential as requested by FEI as it contains commercially sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of June, 2016.

BY ORDER

(X. X. last name)
Commissioner