



**Diane Roy**  
Director, Regulatory Services

**Gas Regulatory Affairs Correspondence**  
Email: [gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

**Electric Regulatory Affairs Correspondence**  
Email: [electricity.regulatory.affairs@fortisbc.com](mailto:electricity.regulatory.affairs@fortisbc.com)

**FortisBC**  
16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (604) 576-7349  
Cell: (604) 908-2790  
Fax: (604) 576-7074  
Email: [diane.roy@fortisbc.com](mailto:diane.roy@fortisbc.com)  
[www.fortisbc.com](http://www.fortisbc.com)

June 1, 2016

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

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

Dear Ms. Ross:

**Re: FortisBC Energy Inc. – Revelstoke Service Area  
2016 Second Quarter Gas Cost Report**

---

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2016 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 24, 2016 forward prices.

The schedule at Tab 1, Page 1, based on the May 24, 2016 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, 2016 is \$276,519 surplus (after tax), and the forecast balance at June 30, 2017 is \$60,138 deficit (after tax). The rate change trigger ratio is calculated to be 93.0%, which falls outside the 95% to 105% deadband range, and the tested rate increase that would be required to produce a 100% propane cost recovery-to-cost ratio is calculated to be \$0.442/GJ (Tab 1, Page 3, Line 20), which falls inside the minimum \$0.50/GJ rate change threshold, 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.

### **SUMMARY**

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 July 1, 2016. FEI will continue to monitor the forward prices and will report these results in the 2016 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

PROPANE COST DEFERRAL ACCOUNT

WITH EXISTING PROPANE REFERENCE PRICE

(MAY 24, 2016 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	January 2016 (Recorded)						(\$388,904)	(\$287,789)
2	February (Recorded)						(\$406,342)	(\$300,693)
3	March (Recorded)						(\$364,754)	(\$269,918)
4	April (Recorded)						(\$371,244)	(\$274,721)
5	May (Projected)	342,111	\$0.1315	\$0.1444	(\$0.0129)	(\$4,397)	(\$375,641)	(\$277,974)
6	June (Projected)	211,573	\$0.1537	\$0.1444	\$0.0093	\$1,967	(\$373,674)	(\$276,519)
7	Total January, 2016 to June, 2016	<u>553,684</u>				<u>(\$2,430)</u>		
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	July, 2016 (Forecast)	226,303	\$0.1640	\$0.1444	\$0.0196	\$4,436	(\$369,238)	(\$273,236)
11	August (Forecast)	252,168	\$0.1763	\$0.1444	\$0.0319	\$8,044	(\$361,194)	(\$267,284)
12	September (Forecast)	288,544	\$0.1903	\$0.1444	\$0.0459	\$13,244	(\$347,950)	(\$257,483)
13	October (Forecast)	566,461	\$0.2073	\$0.1444	\$0.0629	\$35,630	(\$312,320)	(\$231,117)
14	November (Forecast)	814,214	\$0.2189	\$0.1444	\$0.0745	\$60,659	(\$251,661)	(\$186,229)
15	December (Forecast)	1,118,231	\$0.2306	\$0.1444	\$0.0862	\$96,391	(\$155,270)	(\$114,900)
16	January, 2017 (Forecast)	1,187,310	\$0.2283	\$0.1444	\$0.0839	\$99,615	(\$55,655)	(\$41,185)
17	February (Forecast)	1,033,836	\$0.2227	\$0.1444	\$0.0783	\$80,949	\$25,294	\$18,717
18	March (Forecast)	913,066	\$0.1907	\$0.1444	\$0.0463	\$42,275	\$67,569	\$50,001
19	April (Forecast)	582,715	\$0.1607	\$0.1444	\$0.0163	\$9,498	\$77,067	\$57,029
20	May (Forecast)	329,061	\$0.1552	\$0.1444	\$0.0108	\$3,554	\$80,621	\$59,659
21	June (Forecast)	202,313	\$0.1476	\$0.1444	\$0.0032	\$647	\$81,268	\$60,138
22	Total July, 2016 to June, 2017	<u>7,514,222</u>				<u>\$454,942</u>		
23								
24								
25	Forecast Recovered Costs [(Line 19 Col. 2) x (Line 18 Col. 4)]					\$1,085,054		
26	June 30, 2016 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$1,166,316	<b>93.0%</b>	
27								
28								
29	July, 2017 Balance (Forecast)	216,418	\$0.1571	\$0.1444	\$0.0127	\$2,749	\$84,017	\$62,172
30	August (Forecast)	240,525	\$0.1672	\$0.1444	\$0.0228	\$5,484	\$89,501	\$66,231
31	September (Forecast)	276,080	\$0.1821	\$0.1444	\$0.0377	\$10,408	\$99,909	\$73,933
32	October (Forecast)	542,940	\$0.2001	\$0.1444	\$0.0557	\$30,242	\$130,151	\$96,312
33	November (Forecast)	782,723	\$0.2126	\$0.1444	\$0.0682	\$53,382	\$183,533	\$135,814
34	December (Forecast)	1,076,073	\$0.2252	\$0.1444	\$0.0808	\$86,947	\$270,480	\$200,155
35	January, 2018 (Forecast)	1,138,079	\$0.2241	\$0.1444	\$0.0797	\$90,705	\$361,185	\$267,277
36	February (Forecast)	990,154	\$0.2182	\$0.1444	\$0.0738	\$73,073	\$434,258	\$321,351
37	March (Forecast)	873,330	\$0.1883	\$0.1444	\$0.0439	\$38,339	\$472,597	\$349,722
38	April (Forecast)	548,332	\$0.1586	\$0.1444	\$0.0142	\$7,786	\$480,383	\$355,483
39	May (Forecast)	314,097	\$0.1531	\$0.1444	\$0.0087	\$2,733	\$483,116	\$357,506
40	June (Forecast)	191,803	\$0.1452	\$0.1444	\$0.0008	\$153	\$483,269	\$357,619
41	Total July, 2017 to June, 2018	<u>7,190,552</u>				<u>\$402,001</u>		

**FORTISBC ENERGY INC. - REVELSTOKE  
PROPANE COST DEFERRAL ACCOUNT  
FORECAST AVERAGE COST OF PROPANE**

Tab 1

Page 2

**(MAY 24, 2016 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)**

Line No.	Particulars	Sales Volume (Litres)	Fixed Volume (Litres)	Variable Volume (Litres)	Fixed Price <sup>(a)</sup> (\$/litre)	Variable Price <sup>(a)</sup> (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	July, 2016 (Forecast)	226,303	-	226,303	\$ -	\$ 0.1640	\$ -	\$ 37,116	\$ 37,116
2	August (Forecast)	252,168	-	252,168	\$ -	\$ 0.1763	\$ -	\$ 44,447	\$ 44,447
3	September (Forecast)	288,544	-	288,544	\$ -	\$ 0.1903	\$ -	\$ 54,923	\$ 54,923
4	October (Forecast)	566,461	-	566,461	\$ -	\$ 0.2073	\$ -	\$ 117,449	\$ 117,449
5	November (Forecast)	814,214	-	814,214	\$ -	\$ 0.2189	\$ -	\$ 178,198	\$ 178,198
6	December (Forecast)	1,118,231	-	1,118,231	\$ -	\$ 0.2306	\$ -	\$ 257,849	\$ 257,849
7	January, 2017 (Forecast)	1,187,310	-	1,187,310	\$ -	\$ 0.2283	\$ -	\$ 271,107	\$ 271,107
8	February (Forecast)	1,033,836	-	1,033,836	\$ -	\$ 0.2227	\$ -	\$ 230,198	\$ 230,198
9	March (Forecast)	913,066	-	913,066	\$ -	\$ 0.1907	\$ -	\$ 174,089	\$ 174,089
10	April (Forecast)	582,715	-	582,715	\$ -	\$ 0.1607	\$ -	\$ 93,665	\$ 93,665
11	May (Forecast)	329,061	-	329,061	\$ -	\$ 0.1552	\$ -	\$ 51,083	\$ 51,083
12	June (Forecast)	202,313	-	202,313	\$ -	\$ 0.1476	\$ -	\$ 29,866	\$ 29,866
13	Total July, 2016 to June, 2017	<u>7,514,222</u>	<u>-</u>	<u>7,514,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,539,991</u>	<u>\$ 1,539,991</u>
14									
15	<b>Forecast Average Cost of Propane (\$/Litre) <sup>(b),(c)</sup></b>								
16		7,514,222 Litres							<u>\$ 0.2049</u>
17	<b>Forecast Average Cost of Propane (\$/GJ) <sup>(b),(d)</sup></b>								
18	(Conversion factor 1 Litre = 0.025594 GJ)	192,319 GJ							<u>\$ 8.007</u>
19									
20	July, 2017 Balance (Forecast)	216,418	-	216,418	\$ -	\$ 0.1571	\$ -	\$ 33,991	\$ 33,991
21	August (Forecast)	240,525	-	240,525	\$ -	\$ 0.1672	\$ -	\$ 40,205	\$ 40,205
22	September (Forecast)	276,080	-	276,080	\$ -	\$ 0.1821	\$ -	\$ 50,270	\$ 50,270
23	October (Forecast)	542,940	-	542,940	\$ -	\$ 0.2001	\$ -	\$ 108,619	\$ 108,619
24	November (Forecast)	782,723	-	782,723	\$ -	\$ 0.2126	\$ -	\$ 166,437	\$ 166,437
25	December (Forecast)	1,076,073	-	1,076,073	\$ -	\$ 0.2252	\$ -	\$ 242,352	\$ 242,352
26	January, 2018 (Forecast)	1,138,079	-	1,138,079	\$ -	\$ 0.2241	\$ -	\$ 255,059	\$ 255,059
27	February (Forecast)	990,154	-	990,154	\$ -	\$ 0.2182	\$ -	\$ 216,020	\$ 216,020
28	March (Forecast)	873,330	-	873,330	\$ -	\$ 0.1883	\$ -	\$ 164,483	\$ 164,483
29	April (Forecast)	548,332	-	548,332	\$ -	\$ 0.1586	\$ -	\$ 86,955	\$ 86,955
30	May (Forecast)	314,097	-	314,097	\$ -	\$ 0.1531	\$ -	\$ 48,073	\$ 48,073
31	June (Forecast)	191,803	-	191,803	\$ -	\$ 0.1452	\$ -	\$ 27,855	\$ 27,855
32	Total July, 2017 to June, 2018	<u>7,190,552</u>	<u>-</u>	<u>7,190,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,440,319</u>	<u>\$ 1,440,319</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**  
**PROPANE COST DEFERRAL ACCOUNT**  
**CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH**  
**(MAY 24, 2016 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)**

Tab 1  
Page 3

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)		\$8.007
4	July 1, 2016 to June 30, 2017	\$0.2049	
5			
6	ii. Twelve Month Amortization of <u>\$ (373,674)</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 3)		
7	Projected Deferral Account Balance <u>7,514,222</u> (Volume in Litres, Tab 1, Page 1, Col. 2, Line 19)	<u>(\$0.0497)</u>	(\$1.943)
8			
9	Tested Reference Price	\$0.1552	\$6.064
10			
11			
12	Existing Propane Reference Price	<u>\$0.1444</u>	\$5.642
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be Flowed Through in Customers' Rates	<b><u>\$0.0108</u></b>	\$0.422
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.18% <sup>(a)</sup>		<u>\$0.020</u>
19			
20	Total Propane Cost Flowthrough <sup>(b)</sup>		<b><u>\$0.442</u></b>
21	(Conversion factor 1 Litre = 0.025594 GJ)		

Notes:

(a) The Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.18% is based on 2013, 2014, and 2015 data.

	Litres	Percentage
Sales	8,171,599	
Company Use	2,575	0.03%
Propane Used for Vaporizer	115,647	1.42%
Unaccounted For	<u>222,775</u>	<u>2.73%</u>
Total Fuel / UAF Requirement	<u>340,997</u>	<u>4.18%</u>

(b) Breakdown of Rate Change:

Projected Deferral Balance at Jun 30, 2016	(\$1.943)
Propane Cost Under (Over) Recovery (including amount at Line 18) for Jul 1, 2016 to Jun 30, 2017 period	<u>\$2.385</u>
Total Propane Cost Flow Through	<b><u>\$0.442</u></b>

Slight differences due to rounding.

FORTISBC ENERGY INC. - REVELSTOKE

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE JULY 1, 2016

(MAY 24, 2016 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	January 2016 (Recorded)						(\$388,904)	(\$287,789)
2	February (Recorded)						(\$406,342)	(\$300,693)
3	March (Recorded)						(\$364,754)	(\$269,918)
4	April (Recorded)						(\$371,244)	(\$274,721)
5	May (Projected)	342,111	\$0.1315	\$0.1444	(\$0.0129)	(\$4,397)	(\$375,641)	(\$277,974)
6	June (Projected)	211,573	\$0.1537	\$0.1444	\$0.0093	\$1,967	(\$373,674)	(\$276,519)
7	Total January, 2016 to June, 2016	<u>553,684</u>				<u>(\$2,430)</u>		
8								
9								
10								
11	<u>Forecast Volumes and Forecast Prices</u>							
12	July, 2016 (Forecast)	226,303	\$0.1640	\$0.1552	\$0.0088	\$1,991	(\$371,683)	(\$275,046)
13	August (Forecast)	252,168	\$0.1763	\$0.1552	\$0.0211	\$5,321	(\$366,362)	(\$271,108)
14	September (Forecast)	288,544	\$0.1903	\$0.1552	\$0.0351	\$10,128	(\$356,234)	(\$263,613)
15	October (Forecast)	566,461	\$0.2073	\$0.1552	\$0.0521	\$29,513	(\$326,721)	(\$241,774)
16	November (Forecast)	814,214	\$0.2189	\$0.1552	\$0.0637	\$51,865	(\$274,856)	(\$203,394)
17	December (Forecast)	1,118,231	\$0.2306	\$0.1552	\$0.0754	\$84,315	(\$190,541)	(\$141,000)
18	January, 2017 (Forecast)	1,187,310	\$0.2283	\$0.1552	\$0.0731	\$86,792	(\$103,749)	(\$76,774)
19	February (Forecast)	1,033,836	\$0.2227	\$0.1552	\$0.0675	\$69,784	(\$33,965)	(\$25,134)
20	March (Forecast)	913,066	\$0.1907	\$0.1552	\$0.0355	\$32,414	(\$1,551)	(\$1,148)
21	April (Forecast)	582,715	\$0.1607	\$0.1552	\$0.0055	\$3,205	\$1,654	\$1,224
22	May (Forecast)	329,061	\$0.1552	\$0.1552	\$0.0000	\$0	\$1,654	\$1,224
23	June (Forecast)	202,313	\$0.1476	\$0.1552	(\$0.0076)	(\$1,538)	\$116	\$86
24	Total July, 2016 to June, 2017	<u>7,514,222</u>				<u>\$373,790</u>		
25								
26								
27	July, 2017 Balance (Forecast)	216,418	\$0.1571	\$0.1552	\$0.0019	\$411	\$527	\$390
28	August (Forecast)	240,525	\$0.1672	\$0.1552	\$0.0120	\$2,886	\$3,413	\$2,525
29	September (Forecast)	276,080	\$0.1821	\$0.1552	\$0.0269	\$7,427	\$10,840	\$8,021
30	October (Forecast)	542,940	\$0.2001	\$0.1552	\$0.0449	\$24,378	\$35,218	\$26,061
31	November (Forecast)	782,723	\$0.2126	\$0.1552	\$0.0574	\$44,928	\$80,146	\$59,308
32	December (Forecast)	1,076,073	\$0.2252	\$0.1552	\$0.0700	\$75,325	\$155,471	\$115,048
33	January, 2018 (Forecast)	1,138,079	\$0.2241	\$0.1552	\$0.0689	\$78,414	\$233,885	\$173,075
34	February (Forecast)	990,154	\$0.2182	\$0.1552	\$0.0630	\$62,380	\$296,265	\$219,236
35	March (Forecast)	873,330	\$0.1883	\$0.1552	\$0.0331	\$28,907	\$325,172	\$240,627
36	April (Forecast)	548,332	\$0.1586	\$0.1552	\$0.0034	\$1,864	\$327,036	\$242,006
37	May (Forecast)	314,097	\$0.1531	\$0.1552	(\$0.0021)	(\$660)	\$326,376	\$241,518
38	June (Forecast)	191,803	\$0.1452	\$0.1552	(\$0.0100)	(\$1,918)	\$324,458	\$240,099
39	Total July, 2017 to June, 2018	<u>7,190,552</u>				<u>\$324,342</u>		





British Columbia  
Utilities Commission

Laurel Ross  
Acting Commission Secretary  
and Director

Commission.Secretary@bcuc.com  
Website: www.bcuc.com

Sixth floor, 900 Howe Street  
Vancouver, BC Canada V6Z 2N3  
TEL: (604) 660-4700  
BC Toll Free: 1-800-663-1385  
FAX: (604) 660-1102

Log No. #####

Letter L-##-##

**Via Email**

gas.regulatory.affairs@fortisbc.com

June ##, 2016

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

Dear Ms. Roy:

Re: FortisBC Energy Inc.  
Revelstoke Service Area – 2016 Second Quarter Gas Cost Report

---

Further to your June 1, 2016 filing of the 2016 Second Quarter Gas Cost Report (the Report) for the Revelstoke Service Area. The Commission acknowledges receipt of the Report and accepts the recommendation that the propane reference price remain unchanged at July 1, 2016.

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

Yours truly,

Laurel Ross