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March 1, 2017

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

Attention: Ms. Erica Hamilton, Commission Secretary and Director

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. – Revelstoke  
2017 First Quarter Gas Cost Report**

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FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2017 First Quarter Gas Cost Report for Revelstoke. The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the February 22, 2017 forward prices.

The schedule at Tab 1, Page 1, based on the February 22, 2017 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at March 31, 2017 is \$12,419 surplus (after tax), and the forecast balance at March 31, 2018 is \$515,422 deficit (after tax). The rate change trigger ratio is calculated to be 68.2%, 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 \$3.210/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**

FEI is requesting that this information be filed on a confidential basis pursuant to section 18 of the Commission's Rules of Practice and Procedure regarding confidential documents, established by Order G-1-16, and 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 Commission approval for an increase 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 \$0.1688/litre to \$0.2475/litre which corresponds to a rate increase of \$3.210/GJ, effective April 1, 2017. As a result, the annual bill for a typical Revelstoke residential customer with an average annual consumption of 50 GJ per year will increase by approximately \$161 or 21.4%.

The Company will continue to monitor the forward prices and will report these results in the 2017 Second 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**  
**(FEBRUARY 22, 2017 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	October 2016 (Recorded)	460,172	\$0.1171	\$0.1444	(\$0.0273)	(\$12,585)	(\$436,128)	(\$322,734)
2	November (Recorded)	805,368	\$0.1765	\$0.1444	\$0.0321	\$25,862	(\$410,266)	(\$303,597)
3	December (Recorded)	1,574,453	\$0.2111	\$0.1444	\$0.0667	\$104,998	(\$305,268)	(\$225,898)
4	January (Recorded)	1,767,340	\$0.2555	\$0.1688	\$0.0867	\$153,224	(\$152,043)	(\$112,512)
5	February (Projected)	1,186,880	\$0.2317	\$0.1688	\$0.0629	\$74,639	(\$77,404)	(\$57,279)
6	March (Projected)	1,057,904	\$0.2261	\$0.1688	\$0.0573	\$60,622	(\$16,782)	(\$12,419)
7	Total January, 2017 to March, 2017	<u>6,852,117</u>				<u>\$406,760</u>		
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	April, 2017 (Forecast)	667,656	\$0.2334	\$0.1688	\$0.0646	\$43,131	\$26,349	\$19,498
11	May (Forecast)	407,830	\$0.2198	\$0.1688	\$0.0510	\$20,799	\$47,148	\$34,889
12	June (Forecast)	282,957	\$0.2060	\$0.1688	\$0.0372	\$10,526	\$57,674	\$42,679
13	July (Forecast)	289,990	\$0.2041	\$0.1688	\$0.0353	\$10,237	\$67,911	\$50,254
14	August (Forecast)	294,678	\$0.2053	\$0.1688	\$0.0365	\$10,756	\$78,667	\$58,213
15	September (Forecast)	324,334	\$0.2107	\$0.1688	\$0.0419	\$13,590	\$92,257	\$68,270
16	October (Forecast)	685,239	\$0.2279	\$0.1688	\$0.0591	\$40,498	\$132,755	\$98,239
17	November (Forecast)	977,143	\$0.2488	\$0.1688	\$0.0800	\$78,171	\$210,926	\$156,085
18	December (Forecast)	1,290,888	\$0.2704	\$0.1688	\$0.1016	\$131,154	\$342,080	\$253,139
19	January, 2018 (Forecast)	1,355,474	\$0.2796	\$0.1688	\$0.1108	\$150,187	\$492,267	\$364,277
20	February (Forecast)	1,199,109	\$0.2693	\$0.1688	\$0.1005	\$120,510	\$612,777	\$453,455
21	March (Forecast)	1,069,469	\$0.2471	\$0.1688	\$0.0783	\$83,739	\$696,516	\$515,422
22	Total April, 2017 to March, 2018	<u>8,844,768</u>				<u>\$713,298</u>		
23								
24								
25	Forecast Recovered Costs [(Line 22 Col. 2) x (Line 21 Col. 4)]					\$1,492,997		
26	March 31, 2017 Deferral Balance (Line 6 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)				=	\$2,189,445	<b>68.2%</b>	
27								
28								
29	April, 2018 Balance (Forecast)	674,924	\$0.2278	\$0.1688	\$0.0590	\$39,821	\$736,337	\$544,889
30	May (Forecast)	411,190	\$0.2161	\$0.1688	\$0.0473	\$19,449	\$755,786	\$559,281
31	June (Forecast)	285,458	\$0.2009	\$0.1688	\$0.0321	\$9,163	\$764,949	\$566,062
32	July (Forecast)	291,904	\$0.1987	\$0.1688	\$0.0299	\$8,728	\$773,677	\$572,521
33	August (Forecast)	296,906	\$0.1990	\$0.1688	\$0.0302	\$8,967	\$782,644	\$579,156
34	September (Forecast)	327,342	\$0.2026	\$0.1688	\$0.0338	\$11,064	\$793,708	\$587,344
35	October (Forecast)	692,350	\$0.2191	\$0.1688	\$0.0503	\$34,825	\$828,533	\$613,114
36	November (Forecast)	988,161	\$0.2385	\$0.1688	\$0.0697	\$68,875	\$897,408	\$664,082
37	December (Forecast)	1,305,970	\$0.2591	\$0.1688	\$0.0903	\$117,929	\$1,015,337	\$751,349
38	January, 2019 (Forecast)	1,368,289	\$0.2705	\$0.1688	\$0.1017	\$139,155	\$1,154,492	\$854,324
39	February (Forecast)	1,210,206	\$0.2624	\$0.1688	\$0.0936	\$113,275	\$1,267,767	\$938,147
40	March (Forecast)	1,077,753	\$0.2390	\$0.1688	\$0.0702	\$75,658	\$1,343,425	\$994,134
41	Total April, 2018 to March, 2019	<u>8,930,452</u>				<u>\$646,909</u>		

FORTISBC ENERGY INC. - REVELSTOKE

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

(FEBRUARY 22, 2017 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	April, 2017 (Forecast)	667,656	-	667,656	\$ -	\$ 0.2334	\$ -	\$ 155,810	\$ 155,810
2	May (Forecast)	407,830	-	407,830	\$ -	\$ 0.2198	\$ -	\$ 89,648	\$ 89,648
3	June (Forecast)	282,957	-	282,957	\$ -	\$ 0.2060	\$ -	\$ 58,291	\$ 58,291
4	July (Forecast)	289,990	-	289,990	\$ -	\$ 0.2041	\$ -	\$ 59,200	\$ 59,200
5	August (Forecast)	294,678	-	294,678	\$ -	\$ 0.2053	\$ -	\$ 60,503	\$ 60,503
6	September (Forecast)	324,334	-	324,334	\$ -	\$ 0.2107	\$ -	\$ 68,339	\$ 68,339
7	October (Forecast)	685,239	-	685,239	\$ -	\$ 0.2279	\$ -	\$ 156,134	\$ 156,134
8	November (Forecast)	977,143	-	977,143	\$ -	\$ 0.2488	\$ -	\$ 243,085	\$ 243,085
9	December (Forecast)	1,290,888	-	1,290,888	\$ -	\$ 0.2704	\$ -	\$ 349,015	\$ 349,015
10	January, 2018 (Forecast)	1,355,474	-	1,355,474	\$ -	\$ 0.2796	\$ -	\$ 378,962	\$ 378,962
11	February (Forecast)	1,199,109	-	1,199,109	\$ -	\$ 0.2693	\$ -	\$ 322,977	\$ 322,977
12	March (Forecast)	1,069,469	-	1,069,469	\$ -	\$ 0.2471	\$ -	\$ 264,264	\$ 264,264
13	Total April, 2017 to March, 2018	<b>8,844,768</b>	-	<b>8,844,768</b>			<b>\$ -</b>	<b>\$ 2,206,227</b>	<b>\$ 2,206,227</b>
14									
15	<b>Forecast Average Cost of Propane (\$/Litre) <sup>(b), (c)</sup></b>								
16		8,844,768 Litres							<b>\$ 0.24944</b>
17	<b>Forecast Average Cost of Propane (\$/GJ) <sup>(b), (d)</sup></b>								
18	(Conversion factor 1 Litre = 0.025594 GJ)	226,373 GJ							<b>\$ 9.746</b>
19									
20	April, 2018 Balance (Forecast)	674,924	-	674,924	\$ -	\$ 0.2278	\$ -	\$ 153,757	\$ 153,757
21	May (Forecast)	411,190	-	411,190	\$ -	\$ 0.2161	\$ -	\$ 88,874	\$ 88,874
22	June (Forecast)	285,458	-	285,458	\$ -	\$ 0.2009	\$ -	\$ 57,343	\$ 57,343
23	July (Forecast)	291,904	-	291,904	\$ -	\$ 0.1987	\$ -	\$ 57,993	\$ 57,993
24	August (Forecast)	296,906	-	296,906	\$ -	\$ 0.1990	\$ -	\$ 59,097	\$ 59,097
25	September (Forecast)	327,342	-	327,342	\$ -	\$ 0.2026	\$ -	\$ 66,323	\$ 66,323
26	October (Forecast)	692,350	-	692,350	\$ -	\$ 0.2191	\$ -	\$ 151,691	\$ 151,691
27	November (Forecast)	988,161	-	988,161	\$ -	\$ 0.2385	\$ -	\$ 235,661	\$ 235,661
28	December (Forecast)	1,305,970	-	1,305,970	\$ -	\$ 0.2591	\$ -	\$ 338,318	\$ 338,318
29	January, 2019 (Forecast)	1,368,289	-	1,368,289	\$ -	\$ 0.2705	\$ -	\$ 370,152	\$ 370,152
30	February (Forecast)	1,210,206	-	1,210,206	\$ -	\$ 0.2624	\$ -	\$ 317,550	\$ 317,550
31	March (Forecast)	1,077,753	-	1,077,753	\$ -	\$ 0.2390	\$ -	\$ 257,608	\$ 257,608
32	Total April, 2018 to March, 2019	<b>8,930,452</b>	-	<b>8,930,452</b>			<b>\$ -</b>	<b>\$ 2,154,367</b>	<b>\$ 2,154,367</b>

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 13).

(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  
(FEBRUARY 22, 2017 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)**

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3) = (2) divided by 0.025594
1	Calculation of New Propane Reference Price		
2			<i>Convert from Litre to GJ (for information only)</i>
3	i. Forecast Average Cost of Propane (Tab 1, Page 2, Col. 9, Line 16 and Line 18)		
4	April 1, 2017 to March 31, 2018	\$0.24944	\$9.7460
5			
6	ii. Twelve Month Amortization of <u>\$ (16,782)</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 6)		
7	Projected Deferral Account Balance 8,844,768 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 22)	<u>(0.00190)</u>	(\$0.0741)
8	(a)		
9	<b>Proposed Reference Price</b>	<b>\$0.2475</b>	<b>\$9.6702</b>
10			
11	(a)		
12	Existing Propane Reference Price	<u>0.1688</u>	<u>\$6.5953</u>
13			
14			
15			
16	Increase in Propane Reference Price to be Flowed Through in Customers' Rates	<u>\$0.0787</u>	\$3.0749
17	(b)		
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.40%		<u>0.1353</u>
19			
20	<b>Total Propane Cost Flowthrough <sup>(c)</sup></b>		<b><u>\$3.210</u></b>

Notes:

Conversion factor 1 Litre = 0.025594 GJ

(a) Propane Reference Price per litre is set at 4 decimals. Individual calculation components are shown to 5 decimals, then rounded to 4 decimals.

(b) The Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.40% is based on 2014, 2015, and 2016 data.

	Litres	Percentage of Sales
Sales	8,041,935	
Company Use	3,320	0.04%
Propane Used for Vaporizer	110,082	1.37%
Unaccounted For	240,122	2.99%
<b>Total Fuel / UAF Requirement</b>	<b>353,524</b>	<b>4.40%</b>

(c) Propane cost flowthrough components, converted from litre to GJ, are shown to 4 decimals, then rounded to 3 decimals.

Breakdown of Rate Change:

Projected Deferral Balance at Mar 31, 2017	(\$0.0741)
Propane Cost Under (Over) Recovery (including amount at Line 18) for Apr 1, 2017 to Mar 31, 2018 period	<u>3.2841</u>
<b>Total Propane Cost Flow Through</b>	<b><u>\$3.210</u></b>

Slight differences due to rounding.

FORTISBC ENERGY INC. - REVELSTOKE

PROPANE COST DEFERRAL ACCOUNT

WITH PROPOSED REFERENCE PRICE APRIL 1, 2017

(FEBRUARY 22, 2017 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Proposed 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	<u>Forecast Volumes and Forecast Prices</u>							
2	April, 2017 (Forecast)	667,656	\$0.2334	\$0.2475	(\$0.0141)	(\$9,414)	(\$26,196)	(\$19,385)
3	May (Forecast)	407,830	\$0.2198	\$0.2475	(\$0.0277)	(\$11,297)	(\$37,493)	(\$27,745)
4	June (Forecast)	282,957	\$0.2060	\$0.2475	(\$0.0415)	(\$11,743)	(\$49,236)	(\$36,435)
5	July (Forecast)	289,990	\$0.2041	\$0.2475	(\$0.0434)	(\$12,586)	(\$61,822)	(\$45,748)
6	August (Forecast)	294,678	\$0.2053	\$0.2475	(\$0.0422)	(\$12,435)	(\$74,257)	(\$54,950)
7	September (Forecast)	324,334	\$0.2107	\$0.2475	(\$0.0368)	(\$11,935)	(\$86,192)	(\$63,782)
8	October (Forecast)	685,239	\$0.2279	\$0.2475	(\$0.0196)	(\$13,431)	(\$99,623)	(\$73,721)
9	November (Forecast)	977,143	\$0.2488	\$0.2475	\$0.0013	\$1,270	(\$98,353)	(\$72,781)
10	December (Forecast)	1,290,888	\$0.2704	\$0.2475	\$0.0229	\$29,561	(\$68,792)	(\$50,906)
11	January, 2018 (Forecast)	1,355,474	\$0.2796	\$0.2475	\$0.0321	\$43,511	(\$25,281)	(\$18,708)
12	February (Forecast)	1,199,109	\$0.2693	\$0.2475	\$0.0218	\$26,141	\$860	\$636
13	March (Forecast)	1,069,469	\$0.2471	\$0.2475	(\$0.0004)	(\$428)	\$432	\$320
14	Total April, 2017 to March, 2018	<u>8,844,768</u>				<u>\$17,214</u>		
15								
16								
17	April, 2018 Balance (Forecast)	674,924	\$0.2278	\$0.2475	(\$0.0197)	(\$13,296)	(\$12,864)	(\$9,520)
18	May (Forecast)	411,190	\$0.2161	\$0.2475	(\$0.0314)	(\$12,911)	(\$25,775)	(\$19,074)
19	June (Forecast)	285,458	\$0.2009	\$0.2475	(\$0.0466)	(\$13,302)	(\$39,077)	(\$28,917)
20	July (Forecast)	291,904	\$0.1987	\$0.2475	(\$0.0488)	(\$14,245)	(\$53,322)	(\$39,458)
21	August (Forecast)	296,906	\$0.1990	\$0.2475	(\$0.0485)	(\$14,400)	(\$67,722)	(\$50,114)
22	September (Forecast)	327,342	\$0.2026	\$0.2475	(\$0.0449)	(\$14,698)	(\$82,420)	(\$60,991)
23	October (Forecast)	692,350	\$0.2191	\$0.2475	(\$0.0284)	(\$19,663)	(\$102,083)	(\$75,542)
24	November (Forecast)	988,161	\$0.2385	\$0.2475	(\$0.0090)	(\$8,893)	(\$110,976)	(\$82,122)
25	December (Forecast)	1,305,970	\$0.2591	\$0.2475	\$0.0116	\$15,149	(\$95,827)	(\$70,912)
26	January, 2019 (Forecast)	1,368,289	\$0.2705	\$0.2475	\$0.0230	\$31,471	(\$64,356)	(\$47,624)
27	February (Forecast)	1,210,206	\$0.2624	\$0.2475	\$0.0149	\$18,032	(\$46,324)	(\$34,280)
28	March (Forecast)	1,077,753	\$0.2390	\$0.2475	(\$0.0085)	(\$9,161)	(\$55,485)	(\$41,059)
29	Total April, 2018 to March, 2019	<u>8,930,452</u>				<u>(\$55,917)</u>		





**ORDER NUMBER**

G-xx-xx

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.

Application regarding its 2017 First Quarter Gas Cost Report

And Rate Changes effective April 1, 2017

For Revelstoke

**BEFORE:**

Panel Chair/Commissioner

Commissioner

Commissioner

on Date

**ORDER**

**WHEREAS:**

- A. By Order No. G-179-16 dated December 2, 2016, the British Columbia Utilities Commission (the Commission) approved the propane rates for the FortisBC Energy Inc. (FEI) Revelstoke effective January 1, 2017;
- B. On March 1, 2017, FEI filed its 2017 First Quarter Gas Cost Report for Revelstoke (the 2017 First Quarter Report);
- C. Using a propane price forecast based on February 22, 2017 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected after tax deferral balance at March 31, 2017 of \$12,419 surplus is forecast to change to \$515,422 deficit at March 31, 2018. The rate change trigger mechanism is calculated to be 68.2 percent which falls outside the deadband range of 95 percent to 105 percent. The proposed rate increase is calculated to be \$3.210/GJ, which falls outside the threshold;
- D. In the 2017 First Quarter Report, FEI indicates that current propane cost recovery rates will under recover costs and a propane rate increase is required, effective April 1, 2017;
- E. The proposed Gas Cost Recovery Charge requested within the 2017 First Quarter Report would be equivalent to an increase of approximately \$161 or 21.4 percent, based on an annual consumption of 50 GJ;
- F. FEI requests that the forecast gas cost information for Revelstoke in Tab 2 of the 2017 First 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 increase of \$0.0787 per litre, from the existing propane reference price of \$0.1688 per litre to \$0.2475 per litre, which corresponds to an increase of \$3.210 per gigajoule in customer rates, effective April 1, 2017.
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 2017 First Quarter Report confidential.

**DATED** at the City of Vancouver, in the Province of British Columbia, this (XX) day of (March 2017).

BY ORDER

(X. X. last name)  
Commissioner

Attachment (Yes? No?)