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June 8, 2017

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

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

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2017 Second Quarter Gas Cost Report for Revelstoke. The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the May 31, 2017 forward prices.

The schedule at Tab 1, Page 1, based on the May 31, 2017 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, 2017 is \$2,357 deficit (after tax), and the forecast balance at June 30, 2018 is \$6,050 surplus (after tax). The rate change trigger ratio is calculated to be 100.4%, which falls inside the 95% to 105% deadband range, and the tested rate decrease that would be required to produce a 100% propane cost recovery-to-cost ratio is calculated to be \$0.037/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

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. 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.

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, 2017. FEI will continue to monitor the forward prices and will report these results in the 2017 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 31, 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	January 2017 (Recorded)	1,767,340	\$0.2548	\$0.1688	\$0.0860	\$152,043	(\$153,224)	(\$113,386)
2	February (Recorded)	1,025,110	\$0.2180	\$0.1688	\$0.0492	\$50,457	(\$102,767)	(\$76,048)
3	March (Recorded)	1,030,393	\$0.2272	\$0.1688	\$0.0584	\$60,170	(\$42,598)	(\$31,522)
4	April (Recorded)	1,012,885	\$0.3301	\$0.2475	\$0.0826	\$83,664	\$41,066	\$30,389
5	May (Projected)	407,830	\$0.1875	\$0.2475	(\$0.0600)	(\$24,490)	\$16,576	\$12,266
6	June (Projected)	<u>282,957</u>	\$0.2002	\$0.2475	(\$0.0473)	<u>(\$13,390)</u>	\$3,186	\$2,357
7	Total May, 2017 to June, 2017	<u>5,526,515</u>				<u>\$308,453</u>		
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	July, 2017 (Forecast)	289,990	\$0.2032	\$0.2475	(\$0.0443)	(\$12,847)	(\$9,661)	(\$7,149)
11	August (Forecast)	294,678	\$0.2079	\$0.2475	(\$0.0396)	(\$11,669)	(\$21,330)	(\$15,784)
12	September (Forecast)	324,334	\$0.2136	\$0.2475	(\$0.0339)	(\$10,995)	(\$32,325)	(\$23,921)
13	October (Forecast)	685,239	\$0.2261	\$0.2475	(\$0.0214)	(\$14,664)	(\$46,989)	(\$34,772)
14	November (Forecast)	977,143	\$0.2614	\$0.2475	\$0.0139	\$13,582	(\$33,407)	(\$24,721)
15	December (Forecast)	1,290,888	\$0.2680	\$0.2475	\$0.0205	\$26,463	(\$6,944)	(\$5,139)
16	January, 2018 (Forecast)	1,355,474	\$0.2724	\$0.2475	\$0.0249	\$33,751	\$26,807	\$19,837
17	February (Forecast)	1,199,109	\$0.2702	\$0.2475	\$0.0227	\$27,220	\$54,027	\$39,980
18	March (Forecast)	1,069,469	\$0.2541	\$0.2475	\$0.0066	\$7,058	\$61,085	\$45,203
19	April (Forecast)	674,924	\$0.2049	\$0.2475	(\$0.0426)	(\$28,752)	\$32,333	\$23,926
20	May (Forecast)	411,190	\$0.1905	\$0.2475	(\$0.0570)	(\$23,438)	\$8,895	\$6,582
21	June (Forecast)	<u>285,458</u>	\$0.1877	\$0.2475	(\$0.0598)	<u>(\$17,070)</u>	(\$8,175)	(\$6,050)
22	Total July, 2017 to June, 2018	<u>8,857,896</u>				<u>(\$11,361)</u>		
23								
24								
25	<u>Forecast Recovered Costs [(Line 22 Col. 2) x (Line 21 Col. 4)]</u>					<u>\$2,192,329</u>		
26	June 30, 2017 Deferral Balance (Line 6 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					<u>\$2,184,055</u>		
27								
28								
29	July, 2018 Balance (Forecast)	291,904	\$0.1843	\$0.2475	(\$0.0632)	(\$18,448)	(\$26,623)	(\$19,701)
30	August (Forecast)	296,906	\$0.1887	\$0.2475	(\$0.0588)	(\$17,458)	(\$44,081)	(\$32,620)
31	September (Forecast)	327,342	\$0.2026	\$0.2475	(\$0.0449)	(\$14,698)	(\$58,779)	(\$43,497)
32	October (Forecast)	692,350	\$0.2202	\$0.2475	(\$0.0273)	(\$18,901)	(\$77,680)	(\$57,483)
33	November (Forecast)	988,161	\$0.2372	\$0.2475	(\$0.0103)	(\$10,178)	(\$87,858)	(\$65,015)
34	December (Forecast)	1,305,970	\$0.2398	\$0.2475	(\$0.0077)	(\$10,056)	(\$97,914)	(\$72,457)
35	January, 2019 (Forecast)	1,368,289	\$0.2440	\$0.2475	(\$0.0035)	(\$4,789)	(\$102,703)	(\$76,001)
36	February (Forecast)	1,210,206	\$0.2430	\$0.2475	(\$0.0045)	(\$5,446)	(\$108,149)	(\$80,031)
37	March (Forecast)	1,077,753	\$0.2314	\$0.2475	(\$0.0161)	(\$17,352)	(\$125,501)	(\$92,871)
38	April (Forecast)	680,589	\$0.1938	\$0.2475	(\$0.0537)	(\$36,548)	(\$162,049)	(\$119,917)
39	May (Forecast)	414,550	\$0.1834	\$0.2475	(\$0.0641)	(\$26,573)	(\$188,622)	(\$139,581)
40	June (Forecast)	<u>287,685</u>	\$0.1753	\$0.2475	(\$0.0722)	<u>(\$20,771)</u>	(\$209,393)	(\$154,951)
41	Total July, 2018 to June, 2019	<u>8,941,705</u>				<u>(\$201,218)</u>		

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

Tab 1

Page 2

(MAY 31, 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 ^(a) (\$/litre)	Variable Price ^(a) (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	July, 2017 (Forecast)	289,990	-	289,990	\$ -	\$ 0.2032	\$ -	\$ 58,914	\$ 58,914
2	August (Forecast)	294,678	-	294,678	\$ -	\$ 0.2079	\$ -	\$ 61,273	\$ 61,273
3	September (Forecast)	324,334	-	324,334	\$ -	\$ 0.2136	\$ -	\$ 69,286	\$ 69,286
4	October (Forecast)	685,239	-	685,239	\$ -	\$ 0.2261	\$ -	\$ 154,949	\$ 154,949
5	November (Forecast)	977,143	600,000	377,143	\$ 0.2645	\$ 0.2565	\$ 158,714	\$ 96,740	\$ 255,454
6	December (Forecast)	1,290,888	600,000	690,888	\$ 0.2645	\$ 0.2710	\$ 158,714	\$ 187,200	\$ 345,914
7	January, 2018 (Forecast)	1,355,474	600,000	755,474	\$ 0.2645	\$ 0.2787	\$ 158,714	\$ 210,534	\$ 369,249
8	February (Forecast)	1,199,109	600,000	599,109	\$ 0.2645	\$ 0.2758	\$ 158,714	\$ 165,239	\$ 323,953
9	March (Forecast)	1,069,469	600,000	469,469	\$ 0.2645	\$ 0.2407	\$ 158,714	\$ 112,987	\$ 271,702
10	April (Forecast)	674,924	-	674,924	\$ -	\$ 0.2049	\$ -	\$ 138,260	\$ 138,260
11	May (Forecast)	411,190	-	411,190	\$ -	\$ 0.1905	\$ -	\$ 78,326	\$ 78,326
12	June (Forecast)	285,458	-	285,458	\$ -	\$ 0.1877	\$ -	\$ 53,592	\$ 53,592
13	Total July, 2017 to June, 2018	<u>8,857,896</u>	<u>3,000,000</u>	<u>5,857,896</u>			<u>\$ 793,571</u>	<u>\$ 1,387,299</u>	<u>\$ 2,180,870</u>
14									
15	Forecast Average Cost of Propane (\$/Litre)^{(b), (c)}								
16		8,857,896	Litres						<u>\$ 0.24621</u>
17	Forecast Average Cost of Propane (\$/GJ)^{(b), (d)}								
18	(Conversion factor 1 Litre = 0.025594 GJ)	226,709	GJ						<u>\$ 9.620</u>
19									
20	July, 2018 Balance (Forecast)	291,904	-	291,904	\$ -	\$ 0.1843	\$ -	\$ 53,794	\$ 53,794
21	August (Forecast)	296,906	-	296,906	\$ -	\$ 0.1887	\$ -	\$ 56,025	\$ 56,025
22	September (Forecast)	327,342	-	327,342	\$ -	\$ 0.2026	\$ -	\$ 66,311	\$ 66,311
23	October (Forecast)	692,350	-	692,350	\$ -	\$ 0.2202	\$ -	\$ 152,467	\$ 152,467
24	November (Forecast)	988,161	600,000	388,161	\$ 0.2387	\$ 0.2349	\$ 143,209	\$ 91,171	\$ 234,380
25	December (Forecast)	1,305,970	600,000	705,970	\$ 0.2387	\$ 0.2408	\$ 143,209	\$ 170,011	\$ 313,220
26	January, 2019 (Forecast)	1,368,289	600,000	768,289	\$ 0.2387	\$ 0.2481	\$ 143,209	\$ 190,630	\$ 333,838
27	February (Forecast)	1,210,206	600,000	610,206	\$ 0.2387	\$ 0.2473	\$ 143,209	\$ 150,912	\$ 294,121
28	March (Forecast)	1,077,753	600,000	477,753	\$ 0.2387	\$ 0.2223	\$ 143,209	\$ 106,192	\$ 249,400
29	April (Forecast)	680,589	-	680,589	\$ -	\$ 0.1938	\$ -	\$ 131,883	\$ 131,883
30	May (Forecast)	414,550	-	414,550	\$ -	\$ 0.1834	\$ -	\$ 76,042	\$ 76,042
31	June (Forecast)	287,685	-	287,685	\$ -	\$ 0.1753	\$ -	\$ 50,417	\$ 50,417
32	Total July, 2018 to June, 2019	<u>8,941,705</u>	<u>3,000,000</u>	<u>5,941,705</u>			<u>\$ 716,044</u>	<u>\$ 1,295,855</u>	<u>\$ 2,011,900</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 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
(MAY 31, 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			
3	i. Forecast Average Cost of Propane (Tab 1, Page 2, Col. 9, Line 16 and Line 18)		<i>Convert from Litre to GJ (for information only)</i>
4	July 1, 2017 to June 30, 2018	\$0.24621	\$9.6197
5			
6	ii. Twelve Month Amortization of <u>\$ 3,186</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 6)		
7	Projected Deferral Account Balance 8,857,896 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 22)	<u>0.00036</u>	\$0.0141
8			
9	Tested Reference Price ^(a)	\$0.2466	\$9.6351
10			
11			
12	Existing Propane Reference Price ^(a)	<u>0.2475</u>	<u>\$9.6702</u>
13			
14			
15			
16	Decrease in Propane Reference Price to be Flowed Through in Customers' Rates	<u>(\$0.0009)</u>	(\$0.0352)
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.40% ^(b)		<u>(0.0015)</u>
19			
20	Total Propane Cost Flowthrough ^(c)		<u>(\$0.037)</u>

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%
Total Fuel / UAF Requirement	<u>353,524</u>	<u>4.40%</u>

(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 Jun 30, 2017	\$0.0141
Propane Cost Under (Over) Recovery (including amount at Line 18) for Jul 1, 2017 to Jun 30, 2018 period	<u>(0.0511)</u>
Total Propane Cost Flow Through	<u>(\$0.037)</u>

Slight differences due to rounding.

FORTISBC ENERGY INC. - REVELSTOKE

PROPANE COST DEFERRAL ACCOUNT

WITH TESTED REFERENCE PRICE JULY 1, 2017

(MAY 31, 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	July, 2017 (Forecast)	289,990	\$0.2032	\$0.2466	(\$0.0434)	(\$12,586)	(\$9,400)	(\$6,956)
3	August (Forecast)	294,678	\$0.2079	\$0.2466	(\$0.0387)	(\$11,404)	(\$20,804)	(\$15,395)
4	September (Forecast)	324,334	\$0.2136	\$0.2466	(\$0.0330)	(\$10,703)	(\$31,507)	(\$23,315)
5	October (Forecast)	685,239	\$0.2261	\$0.2466	(\$0.0205)	(\$14,047)	(\$45,554)	(\$33,710)
6	November (Forecast)	977,143	\$0.2614	\$0.2466	\$0.0148	\$14,462	(\$31,092)	(\$23,008)
7	December (Forecast)	1,290,888	\$0.2680	\$0.2466	\$0.0214	\$27,625	(\$3,467)	(\$2,566)
8	January, 2018 (Forecast)	1,355,474	\$0.2724	\$0.2466	\$0.0258	\$34,971	\$31,504	\$23,313
9	February (Forecast)	1,199,109	\$0.2702	\$0.2466	\$0.0236	\$28,299	\$59,803	\$44,254
10	March (Forecast)	1,069,469	\$0.2541	\$0.2466	\$0.0075	\$8,021	\$67,824	\$50,189
11	April (Forecast)	674,924	\$0.2049	\$0.2466	(\$0.0417)	(\$28,144)	\$39,680	\$29,363
12	May (Forecast)	411,190	\$0.1905	\$0.2466	(\$0.0561)	(\$23,068)	\$16,612	\$12,293
13	June (Forecast)	285,458	\$0.1877	\$0.2466	(\$0.0589)	(\$16,813)	(\$201)	(\$149)
14	Total July, 2017 to June, 2018	<u>8,857,896</u>				<u>(\$3,387)</u>		
15								
16								
17	July, 2018 Balance (Forecast)	291,904	\$0.1843	\$0.2466	(\$0.0623)	(\$18,186)	(\$18,387)	(\$13,607)
18	August (Forecast)	296,906	\$0.1887	\$0.2466	(\$0.0579)	(\$17,191)	(\$35,578)	(\$26,328)
19	September (Forecast)	327,342	\$0.2026	\$0.2466	(\$0.0440)	(\$14,403)	(\$49,981)	(\$36,986)
20	October (Forecast)	692,350	\$0.2202	\$0.2466	(\$0.0264)	(\$18,278)	(\$68,259)	(\$50,512)
21	November (Forecast)	988,161	\$0.2372	\$0.2466	(\$0.0094)	(\$9,289)	(\$77,548)	(\$57,386)
22	December (Forecast)	1,305,970	\$0.2398	\$0.2466	(\$0.0068)	(\$8,881)	(\$86,429)	(\$63,958)
23	January, 2019 (Forecast)	1,368,289	\$0.2440	\$0.2466	(\$0.0026)	(\$3,558)	(\$89,987)	(\$66,591)
24	February (Forecast)	1,210,206	\$0.2430	\$0.2466	(\$0.0036)	(\$4,357)	(\$94,344)	(\$69,815)
25	March (Forecast)	1,077,753	\$0.2314	\$0.2466	(\$0.0152)	(\$16,382)	(\$110,726)	(\$81,938)
26	April (Forecast)	680,589	\$0.1938	\$0.2466	(\$0.0528)	(\$35,935)	(\$146,661)	(\$108,529)
27	May (Forecast)	414,550	\$0.1834	\$0.2466	(\$0.0632)	(\$26,200)	(\$172,861)	(\$127,917)
28	June (Forecast)	287,685	\$0.1753	\$0.2466	(\$0.0713)	(\$20,512)	(\$193,373)	(\$143,096)
29	Total July, 2018 to June, 2019	<u>8,941,705</u>				<u>(\$193,172)</u>		



June ##, 2017

Letter L-##-##

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

Dear Ms. Roy:

Re: FortisBC Energy Inc. - Revelstoke
2017 Second Quarter Gas Cost Report

On June 8, 2017, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (Commission) its 2017 Second Quarter Gas Cost Report for Revelstoke (the Report), which includes details regarding the Propane Cost Deferral Account and the related propane reference price.

The Commission notes that the propane reference price for Revelstoke was last changed effective April 1, 2017, when it was increased by \$0.0787 per litre from \$0.1688 per litre to \$0.2475 per litre via Order G-31-17.

The Commission reviewed the Report within the context of the quarterly gas costs review and rate setting mechanism guidelines pursuant to Letters L-5-01, and L-40-11. The Commission acknowledges receipt of the Report and accepts FEI's recommendation that the propane reference price for Revelstoke remain unchanged at \$0.2475 per litre effective July 1, 2017.

The Commission will hold confidential the information in Tab 2 of the Report, as requested, since it contains market sensitive information.

Yours truly,

Patrick Wruck