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September 6, 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. (FEI or the Company) – Revelstoke  
2017 Third 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 Third Quarter Gas Cost Report for Revelstoke. The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the August 29, 2017 forward prices.

The schedule at Tab 1, Page 1, based on the August 29, 2017 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at September 30, 2017 is \$70,941 surplus (after tax), and the forecast balance at September 30, 2018 is \$11,725 surplus (after tax). The rate change trigger ratio is calculated to be 100.7%, 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 \$0.073/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 October 1, 2017. FEI will continue to monitor the forward prices and will report these results in the 2017 Fourth 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

(AUGUST 29, 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	April 2017 (Recorded)	1,012,885	\$0.2070	\$0.2475	(\$0.0405)	(\$41,065)	(\$47,743)	(\$35,330)
2	May (Recorded)	680,996	\$0.1954	\$0.2475	(\$0.0521)	(\$35,514)	(\$83,257)	(\$61,610)
3	June (Recorded)	-	-	\$0.2475	-	-	(\$83,257)	(\$61,610)
4	July (Recorded)	186,881	\$0.1935	\$0.2475	(\$0.0540)	(\$10,088)	(\$93,345)	(\$69,075)
5	August (Projected)	294,678	\$0.2297	\$0.2475	(\$0.0178)	(\$5,245)	(\$98,590)	(\$72,956)
6	September (Projected)	<u>324,334</u>	<u>\$0.2559</u>	<u>\$0.2475</u>	<u>\$0.0084</u>	<u>\$2,724</u>	<u>(\$95,866)</u>	<u>(\$70,941)</u>
7	Total August, 2017 to September, 2017	<u>2,499,774</u>				<u>(\$89,187)</u>		
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	October, 2017 (Forecast)	685,239	\$0.2713	\$0.2475	\$0.0238	\$16,309	(\$79,557)	(\$58,872)
11	November (Forecast)	977,143	\$0.2680	\$0.2475	\$0.0205	\$20,031	(\$59,526)	(\$44,049)
12	December (Forecast)	1,290,888	\$0.2784	\$0.2475	\$0.0309	\$39,888	(\$19,638)	(\$14,532)
13	January, 2018 (Forecast)	1,370,126	\$0.2826	\$0.2475	\$0.0351	\$48,091	\$28,453	\$21,056
14	February (Forecast)	1,198,797	\$0.2766	\$0.2475	\$0.0291	\$34,885	\$63,338	\$46,870
15	March (Forecast)	1,056,927	\$0.2567	\$0.2475	\$0.0092	\$9,724	\$73,062	\$54,066
16	April (Forecast)	665,312	\$0.2182	\$0.2475	(\$0.0293)	(\$19,494)	\$53,568	\$39,641
17	May (Forecast)	391,381	\$0.2023	\$0.2475	(\$0.0452)	(\$17,690)	\$35,878	\$26,550
18	June (Forecast)	320,192	\$0.1995	\$0.2475	(\$0.0480)	(\$15,369)	\$20,509	\$15,177
19	July (Forecast)	268,032	\$0.1998	\$0.2475	(\$0.0477)	(\$12,785)	\$7,724	\$5,716
20	August (Forecast)	256,154	\$0.2015	\$0.2475	(\$0.0460)	(\$11,783)	(\$4,059)	(\$3,003)
21	September (Forecast)	<u>325,584</u>	<u>\$0.2113</u>	<u>\$0.2475</u>	<u>(\$0.0362)</u>	<u>(\$11,786)</u>	<u>(\$15,845)</u>	<u>(\$11,725)</u>
22	Total October, 2017 to September, 2018	<u>8,805,775</u>				<u>\$80,021</u>		
23								
24								
25	Forecast Recovered Costs [(Line 22 Col. 2) x (Line 21 Col. 4)]					\$2,179,429		
26	September 30, 2017 Deferral Balance (Line 6 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$2,163,642		
27								
28								
29	October, 2018 Balance (Forecast)	673,752	\$0.2277	\$0.2475	(\$0.0198)	(\$13,340)	(\$29,185)	(\$21,597)
30	November (Forecast)	978,940	\$0.2474	\$0.2475	(\$0.0001)	(\$98)	(\$29,283)	(\$21,669)
31	December (Forecast)	1,313,394	\$0.2531	\$0.2475	\$0.0056	\$7,355	(\$21,928)	(\$16,226)
32	January, 2019 (Forecast)	1,406,736	\$0.2565	\$0.2475	\$0.0090	\$12,661	(\$9,267)	(\$6,857)
33	February (Forecast)	1,230,953	\$0.2526	\$0.2475	\$0.0051	\$6,278	(\$2,989)	(\$2,212)
34	March (Forecast)	1,085,020	\$0.2388	\$0.2475	(\$0.0087)	(\$9,440)	(\$12,429)	(\$9,197)
35	April (Forecast)	682,699	\$0.2015	\$0.2475	(\$0.0460)	(\$31,404)	(\$43,833)	(\$32,436)
36	May (Forecast)	400,641	\$0.1950	\$0.2475	(\$0.0525)	(\$21,034)	(\$64,867)	(\$48,001)
37	June (Forecast)	327,147	\$0.1926	\$0.2475	(\$0.0549)	(\$17,960)	(\$82,827)	(\$61,292)
38	July (Forecast)	273,619	\$0.1904	\$0.2475	(\$0.0571)	(\$15,624)	(\$98,451)	(\$72,853)
39	August (Forecast)	261,468	\$0.1932	\$0.2475	(\$0.0543)	(\$14,198)	(\$112,649)	(\$83,360)
40	September (Forecast)	<u>332,969</u>	<u>\$0.2000</u>	<u>\$0.2475</u>	<u>(\$0.0475)</u>	<u>(\$15,816)</u>	<u>(\$128,465)</u>	<u>(\$95,064)</u>
41	Total October, 2018 to September, 2019	<u>8,967,336</u>				<u>(\$112,620)</u>		

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

Tab 1

Page 2

**(AUGUST 29, 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	October, 2017 (Forecast)	685,239	-	685,239	\$ -	\$ 0.2713	\$ -	\$ 185,898	\$ 185,898
2	November (Forecast)	977,143	600,000	377,143	\$ 0.2590	\$ 0.2824	\$ 155,376	\$ 106,512	\$ 261,888
3	December (Forecast)	1,290,888	600,000	690,888	\$ 0.2590	\$ 0.2953	\$ 155,376	\$ 203,988	\$ 359,364
4	January, 2018 (Forecast)	1,370,126	600,000	770,126	\$ 0.2590	\$ 0.3011	\$ 155,376	\$ 231,847	\$ 387,223
5	February (Forecast)	1,198,797	600,000	598,797	\$ 0.2590	\$ 0.2943	\$ 155,376	\$ 176,224	\$ 331,600
6	March (Forecast)	1,056,927	600,000	456,927	\$ 0.2590	\$ 0.2538	\$ 155,376	\$ 115,956	\$ 271,332
7	April (Forecast)	665,312	-	665,312	\$ -	\$ 0.2182	\$ -	\$ 145,197	\$ 145,197
8	May (Forecast)	391,381	-	391,381	\$ -	\$ 0.2023	\$ -	\$ 79,186	\$ 79,186
9	June (Forecast)	320,192	-	320,192	\$ -	\$ 0.1995	\$ -	\$ 63,888	\$ 63,888
10	July (Forecast)	268,032	-	268,032	\$ -	\$ 0.1998	\$ -	\$ 53,543	\$ 53,543
11	August (Forecast)	256,154	-	256,154	\$ -	\$ 0.2015	\$ -	\$ 51,604	\$ 51,604
12	September (Forecast)	325,584	-	325,584	\$ -	\$ 0.2113	\$ -	\$ 68,783	\$ 68,783
13	Total October, 2017 to September, 2018	<u>8,805,775</u>	<u>3,000,000</u>	<u>5,805,775</u>			<u>\$ 776,880</u>	<u>\$ 1,482,628</u>	<u>\$ 2,259,508</u>
14									
15	<b>Forecast Average Cost of Propane (\$/Litre) <sup>(b), (c)</sup></b>								
16		8,805,775 Litres							<u>\$ 0.25659</u>
17	<b>Forecast Average Cost of Propane (\$/GJ) <sup>(b), (d)</sup></b>								
18	(Conversion factor 1 Litre = 0.025594 GJ)	225,375 GJ							<u>\$ 10.026</u>
19									
20	October, 2018 Balance (Forecast)	673,752	-	673,752	\$ -	\$ 0.2277	\$ -	\$ 153,440	\$ 153,440
21	November (Forecast)	978,940	600,000	378,940	\$ 0.2491	\$ 0.2447	\$ 149,436	\$ 92,719	\$ 242,154
22	December (Forecast)	1,313,394	600,000	713,394	\$ 0.2491	\$ 0.2565	\$ 149,436	\$ 182,989	\$ 332,425
23	January, 2019 (Forecast)	1,406,736	600,000	806,736	\$ 0.2491	\$ 0.2620	\$ 149,436	\$ 211,393	\$ 360,829
24	February (Forecast)	1,230,953	600,000	630,953	\$ 0.2491	\$ 0.2559	\$ 149,436	\$ 161,484	\$ 310,920
25	March (Forecast)	1,085,020	600,000	485,020	\$ 0.2491	\$ 0.2261	\$ 149,436	\$ 109,683	\$ 259,119
26	April (Forecast)	682,699	-	682,699	\$ -	\$ 0.2015	\$ -	\$ 137,594	\$ 137,594
27	May (Forecast)	400,641	-	400,641	\$ -	\$ 0.1950	\$ -	\$ 78,127	\$ 78,127
28	June (Forecast)	327,147	-	327,147	\$ -	\$ 0.1926	\$ -	\$ 63,024	\$ 63,024
29	July (Forecast)	273,619	-	273,619	\$ -	\$ 0.1904	\$ -	\$ 52,110	\$ 52,110
30	August (Forecast)	261,468	-	261,468	\$ -	\$ 0.1932	\$ -	\$ 50,505	\$ 50,505
31	September (Forecast)	332,969	-	332,969	\$ -	\$ 0.2000	\$ -	\$ 66,581	\$ 66,581
32	Total October, 2018 to September, 2019	<u>8,967,336</u>	<u>3,000,000</u>	<u>5,967,336</u>			<u>\$ 747,179</u>	<u>\$ 1,359,647</u>	<u>\$ 2,106,826</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**  
**(AUGUST 29, 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)		<i>\$10.0255</i>
4	October 1, 2017 to September 30, 2018	\$0.25659	
5			
6	ii. Twelve Month Amortization of <u>\$ (95,866)</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 6)		
7	Projected Deferral Account Balance 8,805,775 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 22)	<u>(0.01089)</u>	<i>(\$0.4254)</i>
8			
9	<b>Tested Reference Price</b> <sup>(a)</sup>	<b>\$0.2457</b>	<i>\$9.5999</i>
10			
11			
12	Existing Propane Reference Price <sup>(a)</sup>	<u>0.2475</u>	<i>\$9.6702</i>
13			
14			
15			
16	Decrease in Propane Reference Price to be Flowed Through in Customers' Rates	<u>(\$0.0018 )</u>	(\$0.0703)
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.40% <sup>(b)</sup>		<u>(0.0031)</u>
19			
20	Total Propane Cost Flowthrough <sup>(c)</sup>		<u><b>(\$0.073 )</b></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%
<b>Total Fuel / UAF Requirement</b>	<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 Sep 30, 2017	(\$0.4254)
Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2017 to Sep 30, 2018 period	<u>0.3524</u>
Total Propane Cost Flow Through	<u><b>(\$0.073 )</b></u>

Slight differences due to rounding.

**FORTISBC ENERGY INC. - REVELSTOKE  
PROPANE COST DEFERRAL ACCOUNT**

**WITH TESTED REFERENCE PRICE OCTOBER 1, 2017  
(AUGUST 29, 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	October, 2017 (Forecast)	685,239	\$0.2713	\$0.2457	\$0.0256	\$17,542	(\$78,324)	(\$57,959)
3	November (Forecast)	977,143	\$0.2680	\$0.2457	\$0.0223	\$21,790	(\$56,534)	(\$41,835)
4	December (Forecast)	1,290,888	\$0.2784	\$0.2457	\$0.0327	\$42,212	(\$14,322)	(\$10,598)
5	January, 2018 (Forecast)	1,370,126	\$0.2826	\$0.2457	\$0.0369	\$50,558	\$36,236	\$26,815
6	February (Forecast)	1,198,797	\$0.2766	\$0.2457	\$0.0309	\$37,043	\$73,279	\$54,227
7	March (Forecast)	1,056,927	\$0.2567	\$0.2457	\$0.0110	\$11,626	\$84,905	\$62,830
8	April (Forecast)	665,312	\$0.2182	\$0.2457	(\$0.0275)	(\$18,296)	\$66,609	\$49,291
9	May (Forecast)	391,381	\$0.2023	\$0.2457	(\$0.0434)	(\$16,986)	\$49,623	\$36,721
10	June (Forecast)	320,192	\$0.1995	\$0.2457	(\$0.0462)	(\$14,793)	\$34,830	\$25,775
11	July (Forecast)	268,032	\$0.1998	\$0.2457	(\$0.0459)	(\$12,303)	\$22,527	\$16,670
12	August (Forecast)	256,154	\$0.2015	\$0.2457	(\$0.0442)	(\$11,322)	\$11,205	\$8,292
13	September (Forecast)	325,584	\$0.2113	\$0.2457	(\$0.0344)	(\$11,200)	\$5	\$4
14	Total October, 2017 to September, 2018	<u>8,805,775</u>				<u>\$95,871</u>		
15								
16								
17	October, 2018 Balance (Forecast)	673,752	\$0.2277	\$0.2457	(\$0.0180)	(\$12,128)	(\$12,123)	(\$8,971)
18	November (Forecast)	978,940	\$0.2474	\$0.2457	\$0.0017	\$1,664	(\$10,459)	(\$7,739)
19	December (Forecast)	1,313,394	\$0.2531	\$0.2457	\$0.0074	\$9,719	(\$740)	(\$547)
20	January, 2019 (Forecast)	1,406,736	\$0.2565	\$0.2457	\$0.0108	\$15,193	\$14,453	\$10,696
21	February (Forecast)	1,230,953	\$0.2526	\$0.2457	\$0.0069	\$8,494	\$22,947	\$16,981
22	March (Forecast)	1,085,020	\$0.2388	\$0.2457	(\$0.0069)	(\$7,487)	\$15,460	\$11,441
23	April (Forecast)	682,699	\$0.2015	\$0.2457	(\$0.0442)	(\$30,175)	(\$14,715)	(\$10,889)
24	May (Forecast)	400,641	\$0.1950	\$0.2457	(\$0.0507)	(\$20,312)	(\$35,027)	(\$25,920)
25	June (Forecast)	327,147	\$0.1926	\$0.2457	(\$0.0531)	(\$17,372)	(\$52,399)	(\$38,775)
26	July (Forecast)	273,619	\$0.1904	\$0.2457	(\$0.0553)	(\$15,131)	(\$67,530)	(\$49,972)
27	August (Forecast)	261,468	\$0.1932	\$0.2457	(\$0.0525)	(\$13,727)	(\$81,257)	(\$60,130)
28	September (Forecast)	332,969	\$0.2000	\$0.2457	(\$0.0457)	(\$15,217)	(\$96,474)	(\$71,390)
29	Total October, 2018 to September, 2019	<u>8,967,336</u>				<u>(\$96,479)</u>		





September #, 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](mailto:gas.regulatory.affairs@fortisbc.com)

Dear Ms. Roy:

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

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On September 6, 2017, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (Commission) its 2017 Third Quarter Gas Cost Report for Revelstoke (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 October 1, 2017.

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

Yours truly,

Patrick Wruck