



Diane Roy
Vice President, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: 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
www.fortisbc.com

November 22, 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 Fourth Quarter Gas Cost Report**

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (the Commission) the 2017 Fourth Quarter Gas Cost Report for Revelstoke. The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the November 14, 2017 forward prices.

The schedule at Tab 1, Page 1, based on the November 14, 2017 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at December 31, 2017 is \$21,350 deficit (after tax), and the forecast balance at December 31, 2018 is \$251,239 deficit (after tax). The rate change trigger ratio is calculated to be 86.4%, 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 \$1.591/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. 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 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 \$0.2475/litre to \$0.2865/litre which corresponds to a rate increase of \$1.591/GJ, effective January 1, 2018. 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 \$80 or 8.7%.

The Company will continue to monitor the forward prices and will report these results in the 2018 First 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

(NOVEMBER 14, 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	July 2017 (Recorded)	186,881	\$0.1935	\$0.2475	(\$0.0540)	(\$10,088)	(\$93,345)	(\$69,075)
2	August (Recorded)	122,189	\$0.2352	\$0.2475	(\$0.0123)	(\$1,499)	(\$94,844)	(\$70,184)
3	September (Recorded)	525,128	\$0.2302	\$0.2475	(\$0.0173)	(\$9,094)	(\$103,937)	(\$76,914)
4	October (Recorded)	800,923	\$0.2593	\$0.2475	\$0.0118	\$9,450	(\$94,487)	(\$69,920)
5	November (Projected)	977,143	\$0.2915	\$0.2475	\$0.0440	\$42,998	(\$51,489)	(\$38,102)
6	December (Projected)	<u>1,290,888</u>	\$0.3097	\$0.2475	\$0.0622	<u>\$80,341</u>	\$28,852	\$21,350
7	Total July, 2017 to December, 2017	<u>3,903,153</u>				<u>\$112,109</u>		
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	January, 2018 (Forecast)	1,370,126	\$0.3156	\$0.2475	\$0.0681	\$93,306	\$122,158	\$89,175
11	February (Forecast)	1,198,797	\$0.3058	\$0.2475	\$0.0583	\$69,890	\$192,048	\$140,195
12	March (Forecast)	1,056,927	\$0.2818	\$0.2475	\$0.0343	\$36,253	\$228,301	\$166,660
13	April (Forecast)	665,312	\$0.2621	\$0.2475	\$0.0146	\$9,714	\$238,015	\$173,751
14	May (Forecast)	391,381	\$0.2499	\$0.2475	\$0.0024	\$939	\$238,954	\$174,436
15	June (Forecast)	320,192	\$0.2466	\$0.2475	(\$0.0009)	(\$288)	\$238,666	\$174,226
16	July (Forecast)	268,032	\$0.2472	\$0.2475	(\$0.0003)	(\$80)	\$238,586	\$174,168
17	August (Forecast)	256,154	\$0.2480	\$0.2475	\$0.0005	\$128	\$238,714	\$174,261
18	September (Forecast)	325,584	\$0.2531	\$0.2475	\$0.0056	\$1,823	\$240,537	\$175,592
19	October (Forecast)	673,752	\$0.2679	\$0.2475	\$0.0204	\$13,745	\$254,282	\$185,626
20	November (Forecast)	978,940	\$0.2831	\$0.2475	\$0.0356	\$34,850	\$289,132	\$211,066
21	December (Forecast)	<u>1,313,394</u>	\$0.2894	\$0.2475	\$0.0419	<u>\$55,031</u>	\$344,163	\$251,239
22	Total January, 2018 to December, 2018	<u>8,818,590</u>				<u>\$315,311</u>		
23								
24								
25	Forecast Recovered Costs [(Line 22 Col. 2) x (Line 21 Col. 4)]					\$2,182,601		
26	December 31, 2017 Deferral Balance (Line 6 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$2,526,758		
27								
28								
29	January, 2019 Balance (Forecast)	1,406,736	\$0.2935	\$0.2475	\$0.0460	\$64,710	\$408,873	\$298,477
30	February (Forecast)	1,230,953	\$0.2883	\$0.2475	\$0.0408	\$50,223	\$459,096	\$335,140
31	March (Forecast)	1,085,020	\$0.2752	\$0.2475	\$0.0277	\$30,055	\$489,151	\$357,080
32	April (Forecast)	682,699	\$0.2353	\$0.2475	(\$0.0122)	(\$8,329)	\$480,822	\$351,000
33	May (Forecast)	400,641	\$0.2219	\$0.2475	(\$0.0256)	(\$10,256)	\$470,566	\$343,513
34	June (Forecast)	327,147	\$0.2175	\$0.2475	(\$0.0300)	(\$9,814)	\$460,752	\$336,349
35	July (Forecast)	273,619	\$0.2203	\$0.2475	(\$0.0272)	(\$7,442)	\$453,310	\$330,916
36	August (Forecast)	261,468	\$0.2231	\$0.2475	(\$0.0244)	(\$6,380)	\$446,930	\$326,259
37	September (Forecast)	332,969	\$0.2297	\$0.2475	(\$0.0178)	(\$5,927)	\$441,003	\$321,932
38	October (Forecast)	690,748	\$0.2452	\$0.2475	(\$0.0023)	(\$1,589)	\$439,414	\$320,772
39	November (Forecast)	1,005,001	\$0.2585	\$0.2475	\$0.0110	\$11,055	\$450,469	\$328,842
40	December (Forecast)	<u>1,348,089</u>	\$0.2726	\$0.2475	\$0.0251	<u>\$33,837</u>	\$484,306	\$353,543
41	Total January, 2019 to December, 2019	<u>9,045,089</u>				<u>\$140,143</u>		

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

Tab 1

Page 2

(NOVEMBER 14, 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	January, 2018 (Forecast)	1,370,126	600,000	770,126	\$ 0.2639	\$ 0.3558	\$ 158,316	\$ 274,031	\$ 432,347
2	February (Forecast)	1,198,797	600,000	598,797	\$ 0.2639	\$ 0.3478	\$ 158,316	\$ 208,270	\$ 366,586
3	March (Forecast)	1,056,927	600,000	456,927	\$ 0.2639	\$ 0.3055	\$ 158,316	\$ 139,571	\$ 297,887
4	April (Forecast)	665,312	-	665,312	\$ -	\$ 0.2621	\$ -	\$ 174,383	\$ 174,383
5	May (Forecast)	391,381	-	391,381	\$ -	\$ 0.2499	\$ -	\$ 97,788	\$ 97,788
6	June (Forecast)	320,192	-	320,192	\$ -	\$ 0.2466	\$ -	\$ 78,945	\$ 78,945
7	July (Forecast)	268,032	-	268,032	\$ -	\$ 0.2472	\$ -	\$ 66,251	\$ 66,251
8	August (Forecast)	256,154	-	256,154	\$ -	\$ 0.2480	\$ -	\$ 63,528	\$ 63,528
9	September (Forecast)	325,584	-	325,584	\$ -	\$ 0.2531	\$ -	\$ 82,417	\$ 82,417
10	October (Forecast)	673,752	-	673,752	\$ -	\$ 0.2679	\$ -	\$ 180,515	\$ 180,515
11	November (Forecast)	978,940	600,000	378,940	\$ 0.2853	\$ 0.2797	\$ 171,153	\$ 105,976	\$ 277,130
12	December (Forecast)	1,313,394	600,000	713,394	\$ 0.2853	\$ 0.2929	\$ 171,153	\$ 208,975	\$ 380,129
13	Total January, 2018 to December, 2018	8,818,590	3,000,000	5,818,590			\$ 817,254	\$ 1,680,652	\$ 2,497,907
14									
15	Forecast Average Cost of Propane (\$/Litre) ^{(b), (c)}								
16		8,818,590 Litres							\$ 0.28325
17	Forecast Average Cost of Propane (\$/GJ) ^{(b), (d)}								
18	(Conversion factor 1 Litre = 0.025594 GJ)	225,703 GJ							\$ 11.067
19									
20	January, 2019 Balance (Forecast)	1,406,736	600,000	806,736	\$ 0.2853	\$ 0.2997	\$ 171,153	\$ 241,781	\$ 412,935
21	February (Forecast)	1,230,953	600,000	630,953	\$ 0.2853	\$ 0.2913	\$ 171,153	\$ 183,768	\$ 354,921
22	March (Forecast)	1,085,020	600,000	485,020	\$ 0.2853	\$ 0.2627	\$ 171,153	\$ 127,425	\$ 298,578
23	April (Forecast)	682,699	-	682,699	\$ -	\$ 0.2353	\$ -	\$ 160,618	\$ 160,618
24	May (Forecast)	400,641	-	400,641	\$ -	\$ 0.2219	\$ -	\$ 88,893	\$ 88,893
25	June (Forecast)	327,147	-	327,147	\$ -	\$ 0.2175	\$ -	\$ 71,146	\$ 71,146
26	July (Forecast)	273,619	-	273,619	\$ -	\$ 0.2203	\$ -	\$ 60,282	\$ 60,282
27	August (Forecast)	261,468	-	261,468	\$ -	\$ 0.2231	\$ -	\$ 58,329	\$ 58,329
28	September (Forecast)	332,969	-	332,969	\$ -	\$ 0.2297	\$ -	\$ 76,494	\$ 76,494
29	October (Forecast)	690,748	-	690,748	\$ -	\$ 0.2452	\$ -	\$ 169,374	\$ 169,374
30	November (Forecast)	1,005,001	-	1,005,001	\$ -	\$ 0.2585	\$ -	\$ 259,762	\$ 259,762
31	December (Forecast)	1,348,089	-	1,348,089	\$ -	\$ 0.2726	\$ -	\$ 367,447	\$ 367,447
32	Total January, 2019 to December, 2019	9,045,089	1,800,000	7,245,089			\$ 513,459	\$ 1,865,319	\$ 2,378,779

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 FLOWTHROUGH
(NOVEMBER 14, 2017 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 1
Page 3

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</i>
4	January 1, 2018 to December 31, 2018	\$0.28325	<i>(for information only)</i>
5			\$11.0672
6	ii. Twelve Month Amortization of <u>\$ 28,852</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 6)		
7	Projected Deferral Account Balance 8,818,590 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 22)	<u>0.00327</u>	\$0.1278
8			
9	Proposed Reference Price	\$0.2865	\$11.1940
10			
11	(a)		
12	Existing Propane Reference Price	<u>0.2475</u>	<u>\$9.6702</u>
13			
14			
15			
16	Increase in Propane Reference Price to be Flowed Through in Customers' Rates	<u>\$0.0390</u>	\$1.5238
17			
18	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.40% (b)		<u>0.0670</u>
19			
20	Total Propane Cost Flowthrough (c)		<u>\$1.591</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 Dec 31, 2017	\$0.1278
Propane Cost Under (Over) Recovery (including amount at Line 18) for Jan 1, 2018 to Dec 31, 2018 period	<u>1.4632</u>
Total Propane Cost Flow Through	<u>\$1.591</u>

Slight differences due to rounding.

FORTISBC ENERGY INC. - REVELSTOKE

PROPANE COST DEFERRAL ACCOUNT

WITH PROPOSED REFERENCE PRICE JANUARY 1, 2018

(NOVEMBER 14, 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	January, 2018 (Forecast)	1,370,126	\$0.3156	\$0.2865	\$0.0291	\$39,871	\$68,723	\$50,168
3	February (Forecast)	1,198,797	\$0.3058	\$0.2865	\$0.0193	\$23,137	\$91,860	\$67,058
4	March (Forecast)	1,056,927	\$0.2818	\$0.2865	(\$0.0047)	(\$4,968)	\$86,892	\$63,431
5	April (Forecast)	665,312	\$0.2621	\$0.2865	(\$0.0244)	(\$16,234)	\$70,658	\$51,580
6	May (Forecast)	391,381	\$0.2499	\$0.2865	(\$0.0366)	(\$14,325)	\$56,333	\$41,123
7	June (Forecast)	320,192	\$0.2466	\$0.2865	(\$0.0399)	(\$12,776)	\$43,557	\$31,797
8	July (Forecast)	268,032	\$0.2472	\$0.2865	(\$0.0393)	(\$10,534)	\$33,023	\$24,107
9	August (Forecast)	256,154	\$0.2480	\$0.2865	(\$0.0385)	(\$9,862)	\$23,161	\$16,907
10	September (Forecast)	325,584	\$0.2531	\$0.2865	(\$0.0334)	(\$10,875)	\$12,286	\$8,969
11	October (Forecast)	673,752	\$0.2679	\$0.2865	(\$0.0186)	(\$12,532)	(\$246)	(\$180)
12	November (Forecast)	978,940	\$0.2831	\$0.2865	(\$0.0034)	(\$3,328)	(\$3,574)	(\$2,609)
13	December (Forecast)	1,313,394	\$0.2894	\$0.2865	\$0.0029	\$3,809	\$235	\$171
14	Total January, 2018 to December, 2018	<u>8,818,590</u>				<u>(\$28,617)</u>		
15								
16								
17	January, 2019 Balance (Forecast)	1,406,736	\$0.2935	\$0.2865	\$0.0070	\$9,847	\$10,082	\$7,360
18	February (Forecast)	1,230,953	\$0.2883	\$0.2865	\$0.0018	\$2,216	\$12,298	\$8,977
19	March (Forecast)	1,085,020	\$0.2752	\$0.2865	(\$0.0113)	(\$12,261)	\$37	\$27
20	April (Forecast)	682,699	\$0.2353	\$0.2865	(\$0.0512)	(\$34,954)	(\$34,917)	(\$25,489)
21	May (Forecast)	400,641	\$0.2219	\$0.2865	(\$0.0646)	(\$25,881)	(\$60,798)	(\$44,383)
22	June (Forecast)	327,147	\$0.2175	\$0.2865	(\$0.0690)	(\$22,573)	(\$83,371)	(\$60,861)
23	July (Forecast)	273,619	\$0.2203	\$0.2865	(\$0.0662)	(\$18,114)	(\$101,485)	(\$74,084)
24	August (Forecast)	261,468	\$0.2231	\$0.2865	(\$0.0634)	(\$16,577)	(\$118,062)	(\$86,185)
25	September (Forecast)	332,969	\$0.2297	\$0.2865	(\$0.0568)	(\$18,913)	(\$136,975)	(\$99,992)
26	October (Forecast)	690,748	\$0.2452	\$0.2865	(\$0.0413)	(\$28,528)	(\$165,503)	(\$120,817)
27	November (Forecast)	1,005,001	\$0.2585	\$0.2865	(\$0.0280)	(\$28,140)	(\$193,643)	(\$141,359)
28	December (Forecast)	1,348,089	\$0.2726	\$0.2865	(\$0.0139)	(\$18,738)	(\$212,381)	(\$155,038)
29	Total January, 2019 to December, 2019	<u>9,045,089</u>				<u>(\$212,616)</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 Fourth Quarter Gas Cost Report
And Rate Changes effective January 1, 2018
For Revelstoke

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. By Order No. G-31-17 dated March 9, 2017, the British Columbia Utilities Commission (the Commission) approved the propane rates for FortisBC Energy Inc. (FEI) for the City of Revelstoke and surrounding areas (Revelstoke) effective April 1, 2017;
- B. On November 22, 2017, FEI filed its 2017 Fourth Quarter Gas Cost Report for Revelstoke (the 2017 Fourth Quarter Report);
- C. Using a propane price forecast based on November 14, 2017 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected after tax deferral balance at December 31, 2017 of \$21,350 deficit is forecast to change to \$251,239 deficit at December 31, 2018. The rate change trigger mechanism is calculated to be 86.4 percent which falls outside the deadband range of 95 percent to 105 percent. The proposed rate increase is calculated to be \$1.591/GJ, which falls outside the threshold;
- D. In the 2017 Fourth Quarter Report, FEI indicates that current propane cost recovery rates will under recover costs and a propane rate increase is required, effective January 1, 2018;
- E. The proposed Gas Cost Recovery Charge requested within the 2017 Fourth Quarter Report would be equivalent to an increase of approximately \$80 or 8.7 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 Fourth 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 British Columbia Utilities Commission orders as follows:

1. The Commission approves a propane reference price increase of \$0.0390 per litre, from the existing propane reference price of \$0.2475 per litre to \$0.2865 per litre, which corresponds to an increase of \$1.591 per gigajoule in customer rates, effective January 1, 2018.
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 Fourth Quarter Report confidential.

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

BY ORDER

(X. X. last name)
Commissioner

Attachment