



Doug Slater
Director, 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: (778) 578-3874
Cell: (778) 214-3842
Fax: (604) 576-7074
Email: doug.slater@fortisbc.com
www.fortisbc.com

September 4, 2019

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
2019 Third Quarter Gas Cost Report**

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (BCUC) the 2019 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 26, 2019 forward prices.

The schedule at Tab 1, Page 1, based on the August 26, 2019 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, 2019 is \$121,046 surplus (after tax), and the forecast balance at September 30, 2020 is \$28,865 surplus (after tax). The rate change trigger ratio is calculated to be 101.9%, which falls within 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 \$0.160/GJ (Tab 1, Page 3, Line 20), which falls within 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 BCUC's Rules of Practice and Procedure regarding confidential documents adopted by Order G-15-19, and Section 71(5) of the *Utilities Commission Act* and requests that the BCUC 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 natural 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, 2019. The Company will continue to monitor the forward prices and will report these results in the 2019 Fourth Quarter Gas Cost Report.

We trust the BCUC will find the attached to be in order. However, should any further information be required, please contact Gurvinder Sidhu at 604-592-7675.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Doug Slater

Attachments

**FORTISBC ENERGY INC. - REVELSTOKE
PROPANE COST DEFERRAL ACCOUNT
WITH EXISTING PROPANE REFERENCE PRICE**

Tab 1

Page 1

(AUGUST 26, 2019 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 2019 (Recorded)	469,710	\$0.1805	\$0.2565	(\$0.0760)	(\$35,678)	(\$200,192)	(\$146,140)
2	May (Recorded)	613,265	\$0.2678	\$0.2565	\$0.0113	\$6,916	(\$193,276)	(\$141,092)
3	June (Recorded)	129,033	\$0.3283	\$0.2565	\$0.0718	\$9,267	(\$184,009)	(\$134,327)
4	July (Recorded)	320,579	\$0.2789	\$0.2078	\$0.0711	\$22,782	(\$161,228)	(\$117,696)
5	August (Projected)	297,570	\$0.2159	\$0.2078	\$0.0081	\$2,405	(\$158,823)	(\$115,941)
6	September (Projected)	<u>381,339</u>	<u>\$0.1895</u>	<u>\$0.2078</u>	<u>(\$0.0183)</u>	<u>(\$6,994)</u>	<u>(\$165,817)</u>	<u>(\$121,046)</u>
7	Total April, 2019 to September, 2019	<u>2,211,496</u>				<u>(\$1,303)</u>		
8								
9	<u>Forecast Volumes and Forecast Prices</u>							
10	October, 2019 (Forecast)	730,796	\$0.2029	\$0.2078	(\$0.0049)	(\$3,581)	(\$169,398)	(\$123,660)
11	November (Forecast)	1,101,977	\$0.2260	\$0.2078	\$0.0182	\$20,056	(\$149,342)	(\$109,020)
12	December (Forecast)	1,441,588	\$0.2253	\$0.2078	\$0.0175	\$25,228	(\$124,114)	(\$90,603)
13	January, 2020 (Forecast)	1,560,678	\$0.2262	\$0.2078	\$0.0184	\$28,716	(\$95,398)	(\$69,640)
14	February (Forecast)	1,373,877	\$0.2269	\$0.2078	\$0.0191	\$26,241	(\$69,157)	(\$50,484)
15	March (Forecast)	1,231,031	\$0.2248	\$0.2078	\$0.0170	\$20,928	(\$48,229)	(\$35,207)
16	April (Forecast)	792,061	\$0.2069	\$0.2078	(\$0.0009)	(\$713)	(\$48,942)	(\$35,728)
17	May (Forecast)	478,823	\$0.2052	\$0.2078	(\$0.0026)	(\$1,245)	(\$50,187)	(\$36,636)
18	June (Forecast)	395,210	\$0.2050	\$0.2078	(\$0.0028)	(\$1,107)	(\$51,294)	(\$37,444)
19	July (Forecast)	314,800	\$0.2119	\$0.2078	\$0.0041	\$1,291	(\$50,003)	(\$36,502)
20	August (Forecast)	312,534	\$0.2187	\$0.2078	\$0.0109	\$3,407	(\$46,596)	(\$34,015)
21	September (Forecast)	<u>400,875</u>	<u>\$0.2254</u>	<u>\$0.2078</u>	<u>\$0.0176</u>	<u>\$7,055</u>	<u>(\$39,541)</u>	<u>(\$28,865)</u>
22	Total October, 2019 to September, 2020	<u>10,134,250</u>				<u>\$126,276</u>		
23								
24								
25	Forecast Recovered Costs [(Line 22 Col. 2) x (Line 21 Col. 4)]					\$2,105,897	101.9%	
26	September 30, 2019 Deferral Balance (Line 6 Col. 7) + Forecast Costs (Page 2 Line 13 Col. 9)					\$2,066,542		
27								
28								
29	October, 2020 (Forecast)	768,813	\$0.2317	\$0.2078	\$0.0239	\$18,375	(\$21,166)	(\$15,451)
30	November (Forecast)	1,159,295	\$0.2421	\$0.2078	\$0.0343	\$39,764	\$18,598	\$13,577
31	December (Forecast)	1,515,980	\$0.2453	\$0.2078	\$0.0375	\$56,849	\$75,447	\$55,076
32	January, 2021 (Forecast)	1,640,228	\$0.2503	\$0.2078	\$0.0425	\$69,710	\$145,157	\$105,965
33	February (Forecast)	1,444,049	\$0.2493	\$0.2078	\$0.0415	\$59,928	\$205,085	\$149,712
34	March (Forecast)	1,293,897	\$0.2416	\$0.2078	\$0.0338	\$43,734	\$248,819	\$181,638
35	April (Forecast)	832,656	\$0.2298	\$0.2078	\$0.0220	\$18,318	\$267,137	\$195,010
36	May (Forecast)	503,126	\$0.2231	\$0.2078	\$0.0153	\$7,698	\$274,835	\$200,630
37	June (Forecast)	415,136	\$0.2218	\$0.2078	\$0.0140	\$5,812	\$280,647	\$204,872
38	July (Forecast)	330,468	\$0.2281	\$0.2078	\$0.0203	\$6,709	\$287,356	\$209,770
39	August (Forecast)	328,085	\$0.2328	\$0.2078	\$0.0250	\$8,202	\$295,558	\$215,757
40	September (Forecast)	<u>420,997</u>	<u>\$0.2377</u>	<u>\$0.2078</u>	<u>\$0.0299</u>	<u>\$12,588</u>	<u>\$308,146</u>	<u>\$224,947</u>
41	Total October, 2020 to September, 2021	<u>10,652,731</u>				<u>\$347,687</u>		

FORTISBC ENERGY INC. - REVELSTOKE

Tab 1

PROPANE COST DEFERRAL ACCOUNT

Page 2

FORECAST AVERAGE COST OF PROPANE

(AUGUST 26, 2019 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	October, 2019 (Forecast)	730,796	-	730,796	\$ -	\$ 0.2029	\$ -	\$ 148,271	\$ 148,271
2	November (Forecast)	1,101,977	600,000	501,977	\$ 0.2384	\$ 0.2113	\$ 143,028	\$ 106,072	\$ 249,100
3	December (Forecast)	1,441,588	600,000	841,588	\$ 0.2384	\$ 0.2160	\$ 143,028	\$ 181,800	\$ 324,828
4	January, 2020 (Forecast)	1,560,678	600,000	960,678	\$ 0.2384	\$ 0.2186	\$ 143,028	\$ 209,985	\$ 353,012
5	February (Forecast)	1,373,877	600,000	773,877	\$ 0.2384	\$ 0.2181	\$ 143,028	\$ 168,758	\$ 311,786
6	March (Forecast)	1,231,031	600,000	631,031	\$ 0.2384	\$ 0.2120	\$ 143,028	\$ 133,752	\$ 276,779
7	April (Forecast)	792,061	-	792,061	\$ -	\$ 0.2069	\$ -	\$ 163,903	\$ 163,903
8	May (Forecast)	478,823	-	478,823	\$ -	\$ 0.2052	\$ -	\$ 98,252	\$ 98,252
9	June (Forecast)	395,210	-	395,210	\$ -	\$ 0.2050	\$ -	\$ 81,010	\$ 81,010
10	July (Forecast)	314,800	-	314,800	\$ -	\$ 0.2119	\$ -	\$ 66,717	\$ 66,717
11	August (Forecast)	312,534	-	312,534	\$ -	\$ 0.2187	\$ -	\$ 68,341	\$ 68,341
12	September (Forecast)	400,875	-	400,875	\$ -	\$ 0.2254	\$ -	\$ 90,360	\$ 90,360
13	Total October, 2019 to September, 2020	<u>10,134,250</u>	<u>3,000,000</u>	<u>7,134,250</u>			<u>\$ 715,139</u>	<u>\$ 1,517,220</u>	<u>\$ 2,232,359</u>
14									
15	Forecast Average Cost of Propane (\$/Litre) ^{(b), (c)}								
16		10,134,250	Litres						<u>\$ 0.22028</u>
17	Forecast Average Cost of Propane (\$/GJ) ^{(b), (d)}								
18	(Conversion factor 1 Litre = 0.025594 GJ)	259,376	GJ						<u>\$ 8.607</u>
19									
20	October, 2020 (Forecast)	768,813	-	768,813	\$ -	\$ 0.2317	\$ -	\$ 178,139	\$ 178,139
21	November (Forecast)	1,159,295	600,000	559,295	\$ 0.2454	\$ 0.2384	\$ 147,270	\$ 133,361	\$ 280,631
22	December (Forecast)	1,515,980	600,000	915,980	\$ 0.2454	\$ 0.2452	\$ 147,270	\$ 224,633	\$ 371,903
23	January, 2021 (Forecast)	1,640,228	600,000	1,040,228	\$ 0.2454	\$ 0.2532	\$ 147,270	\$ 263,345	\$ 410,615
24	February (Forecast)	1,444,049	600,000	844,049	\$ 0.2454	\$ 0.2521	\$ 147,270	\$ 212,767	\$ 360,037
25	March (Forecast)	1,293,897	600,000	693,897	\$ 0.2454	\$ 0.2383	\$ 147,270	\$ 165,372	\$ 312,642
26	April (Forecast)	832,656	-	832,656	\$ -	\$ 0.2298	\$ -	\$ 191,380	\$ 191,380
27	May (Forecast)	503,126	-	503,126	\$ -	\$ 0.2231	\$ -	\$ 112,246	\$ 112,246
28	June (Forecast)	415,136	-	415,136	\$ -	\$ 0.2218	\$ -	\$ 92,067	\$ 92,067
29	July (Forecast)	330,468	-	330,468	\$ -	\$ 0.2281	\$ -	\$ 75,392	\$ 75,392
30	August (Forecast)	328,085	-	328,085	\$ -	\$ 0.2328	\$ -	\$ 76,376	\$ 76,376
31	September (Forecast)	420,997	-	420,997	\$ -	\$ 0.2377	\$ -	\$ 100,085	\$ 100,085
32	Total October, 2020 to September, 2021	<u>10,652,731</u>	<u>3,000,000</u>	<u>7,652,731</u>			<u>\$ 736,349</u>	<u>\$ 1,825,166</u>	<u>\$ 2,561,515</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 26, 2019 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			<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	October 1, 2019 to September 30, 2020	\$0.22028	\$8.6067
5			
6	ii. Twelve Month Amortization of <u>\$ (165,817)</u> (Deferral Balance, Tab 1, Page 1, Col. 7, Line 6)		
7	Projected Deferral Account Balance 10,134,250 (Volume in Litres, Tab 1, Page 1, Col. 2, Line 22)	<u>(0.01636)</u>	(\$0.6392)
8			
9	Tested Reference Price	\$0.2039	\$7.9667
10			
11	(a)		
12	Existing Propane Reference Price	<u>0.2078</u>	<u>\$8.1191</u>
13			
14			
15			
16	Decrease in Propane Reference Price to be Flowed Through in Customers' Rates	<u>(\$0.0039)</u>	(\$0.1524)
17			
18	(b) Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 5.02%		<u>(0.0076)</u>
19			
20	Total Propane Cost Flowthrough (c)		<u>(\$0.160)</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 5.02% is based on the 3-year average of 2016, 2017, and 2018 data. Unaccounted For Gas relates to the entire Revelstoke system including the propane tank farm / plant and the distribution system.

	Litres	Percentage of Sales
Sales	8,608,698	
Company Use	3,931	0.05%
Propane Used for Vaporizer	107,891	1.25%
Unaccounted For	320,060	3.72%
Total Fuel / UAF Requirement	<u>431,881</u>	<u>5.02%</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, 2019	(\$0.6392)
Propane Cost Under (Over) Recovery (including amount at Line 18) for Oct 1, 2019 to Sep 30, 2020 period	<u>0.4792</u>
Total Propane Cost Flow Through	<u>(\$0.160)</u>

Slight differences due to rounding.

FORTISBC ENERGY INC. - REVELSTOKE
PROPANE COST DEFERRAL ACCOUNT
WITH TESTED REFERENCE PRICE OCTOBER 1, 2019
(AUGUST 26, 2019 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 1
Page 4

Line No.	Particulars (1)	Volumes In Litre (2)	Average Price Per Litre (3)	Tested Reference Price (4)	Amount Deferred Per Litre (5)=(3)-(4)	Amount Deferred (6)=(2)*(5)	Pre-tax Deferral Balance (7)	After-tax Deferral Balance (8)
1	<u>Forecast Volumes and Forecast Prices</u>							
2	October, 2019 (Forecast)	730,796	\$0.2029	\$0.2039	(\$0.0010)	(\$731)	(\$166,548)	(\$121,580)
3	November (Forecast)	1,101,977	\$0.2260	\$0.2039	\$0.0221	\$24,354	(\$142,194)	(\$103,801)
4	December (Forecast)	1,441,588	\$0.2253	\$0.2039	\$0.0214	\$30,850	(\$111,344)	(\$81,281)
5	January, 2020 (Forecast)	1,560,678	\$0.2262	\$0.2039	\$0.0223	\$34,803	(\$76,541)	(\$55,875)
6	February (Forecast)	1,373,877	\$0.2269	\$0.2039	\$0.0230	\$31,599	(\$44,942)	(\$32,808)
7	March (Forecast)	1,231,031	\$0.2248	\$0.2039	\$0.0209	\$25,729	(\$19,213)	(\$14,025)
8	April (Forecast)	792,061	\$0.2069	\$0.2039	\$0.0030	\$2,376	(\$16,837)	(\$12,291)
9	May (Forecast)	478,823	\$0.2052	\$0.2039	\$0.0013	\$622	(\$16,215)	(\$11,837)
10	June (Forecast)	395,210	\$0.2050	\$0.2039	\$0.0011	\$435	(\$15,780)	(\$11,519)
11	July (Forecast)	314,800	\$0.2119	\$0.2039	\$0.0080	\$2,518	(\$13,262)	(\$9,681)
12	August (Forecast)	312,534	\$0.2187	\$0.2039	\$0.0148	\$4,626	(\$8,636)	(\$6,304)
13	September (Forecast)	400,875	\$0.2254	\$0.2039	\$0.0215	\$8,619	(\$17)	(\$12)
14	Total October, 2019 to September, 2020	<u>10,134,250</u>				<u>\$165,800</u>		
15								
16								
17	October, 2020 (Forecast)	768,813	\$0.2317	\$0.2039	\$0.0278	\$21,373	\$21,356	\$15,590
18	November (Forecast)	1,159,295	\$0.2421	\$0.2039	\$0.0382	\$44,285	\$65,641	\$47,918
19	December (Forecast)	1,515,980	\$0.2453	\$0.2039	\$0.0414	\$62,762	\$128,403	\$93,734
20	January, 2021 (Forecast)	1,640,228	\$0.2503	\$0.2039	\$0.0464	\$76,107	\$204,510	\$149,292
21	February (Forecast)	1,444,049	\$0.2493	\$0.2039	\$0.0454	\$65,560	\$270,070	\$197,151
22	March (Forecast)	1,293,897	\$0.2416	\$0.2039	\$0.0377	\$48,780	\$318,850	\$232,761
23	April (Forecast)	832,656	\$0.2298	\$0.2039	\$0.0259	\$21,566	\$340,416	\$248,504
24	May (Forecast)	503,126	\$0.2231	\$0.2039	\$0.0192	\$9,660	\$350,076	\$255,556
25	June (Forecast)	415,136	\$0.2218	\$0.2039	\$0.0179	\$7,431	\$357,507	\$260,980
26	July (Forecast)	330,468	\$0.2281	\$0.2039	\$0.0242	\$7,997	\$365,504	\$266,818
27	August (Forecast)	328,085	\$0.2328	\$0.2039	\$0.0289	\$9,482	\$374,986	\$273,740
28	September (Forecast)	420,997	\$0.2377	\$0.2039	\$0.0338	\$14,230	\$389,216	\$284,128
29	Total October, 2020 to September, 2021	<u>10,652,731</u>				<u>\$389,233</u>		



September #, 2019

Letter L-##-##

Mr. Doug Slater
Director, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

Dear Mr. Slater:

Re: FortisBC Energy Inc. – Revelstoke
2019 Third Quarter Gas Cost Report

On September 4, 2019, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its 2019 Third Quarter Gas Cost Report for Revelstoke (Report), which includes details regarding the Propane Cost Deferral Account and the related propane reference price.

The BCUC notes that the propane reference price for Revelstoke was last changed effective July 1, 2019, when it was decreased by \$0.0487 per litre from \$0.2565 per litre to \$0.2078 per litre via Order G-129-19.

The BCUC 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 BCUC acknowledges receipt of the Report and accepts FEI's recommendation that the propane reference price for Revelstoke remain unchanged at \$0.2078 per litre effective October 1, 2019.

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

Yours truly,

Patrick Wruck