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October 24, 2019

B.C. Sustainable Energy Association
c/o William J. Andrews, Barrister & Solicitor
1958 Parkside Lane
North Vancouver, B.C.
V7G 1X5

Attention: Mr. William J. Andrews

Dear Mr. Andrews:

Re: FortisBC Energy Inc. (FEI)
Project No. 1599033
Revelstoke Propane Portfolio Amalgamation Application (the Application)
Response to the B.C. Sustainable Energy Association and Sierra Club of British Columbia (BCSEA) Information Request (IR) No. 1

On July 18, 2019, FEI filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-201-19 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCSEA IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Doug Slater

Attachments

cc (email only): Commission Secretary
Registered Parties

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1.0 Topic: Remedy requested

Reference: Application, Exhibit B-1

1.1 Please confirm, or otherwise explain, that “Option 1 (Equal Natural Gas and Propane Cost Recovery)” is the proposal for which FEI seeks Commission approval in this Application.

Response:

Confirmed. Please also refer to the response to BCUC IR 1.2.3.

1.2 Please confirm, or otherwise explain, that sections 1, 2, 3.1, 4, 5 and 6 of the Application are based on Option 1 only, and sections 3.2, 3.3 and 3.4 are based on Option 1 and 2, as set out in the following table:

Based on Option 1 only	Based on Option 1 and 2
1. Introduction and Approvals Sought	
2. Commodity Rate Stability is in the Public Interest	
3.1 Changes to Accounting Treatment of Propane Supply Costs	
	3.2 Changes to Commodity Rate Setting for Revelstoke Customers
	3.3 Midstream (Storage and Transport) Rate Impact to FEI's Natural Gas Customers
	3.4 Comparison of Options
4. Forecast Load Growth and Impacts on the Revelstoke Distribution System	
5. Total Bill Impacts to FEI and Revelstoke Customers	
6. Approvals Sought	

Response:

During 2015 and 2016, FEI investigated various capital solutions to connect Revelstoke to the natural gas system to provide rate and volatility relief to Revelstoke customers. FEI ultimately determined that these capital alternatives were either not technically feasible or uneconomic and then began considering other alternatives to achieve these objectives. Specifically, FEI

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1 considered amalgamating propane costs as an innovative, non-capital alternative which
2 achieved the objectives but with a lower rate impact to all customers as compared to capital
3 solutions (please refer to the response to BCUC IR 1.8.3). Accordingly, FEI determined that full
4 commodity portfolio amalgamation (Option 1) is the preferred option and has prepared this
5 Application focused on that alternative.

6 Option 2 was included in the Application to demonstrate the range of alternatives FEI
7 considered between fully amalgamated rates which are set to recover the cost of the blended
8 portfolio (Option 1) and amalgamated rates that are set to recover the cost of propane over time
9 (Option 2). As discussed in Section 3 of the Application, Option 2 (5-Year Rolling Average-
10 Indexed Propane Cost Recovery) only addresses the rate volatility objective.

11 Accordingly, FEI does not believe it is possible to clearly distinguish which sections of the
12 Application are specific to Option 1 and/or Option 2 since the entire Application was prepared
13 based on the preferred alternative, Option 1.

14 Finally, as discussed in response to BCSEA IR 1.4.19, if Option 1 is not approved by the BCUC
15 as presented in the Application, FEI will review the BCUC's decision and, depending on the
16 decision, may propose Option 2 or investigate other mechanisms in the future for BCUC
17 approval.

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2.0 Need and justification

Reference: Application, Exhibit B-1, p.1; Order C-11-90; Order G-72-90; Letter L-39-12

“When the piped propane system was first introduced to Revelstoke in 1991, it was because Revelstoke was located at too great a distance from the natural gas distribution system and its forecast load was insufficient to make connection economic.”

The Commission’s August 16, 1990 Order C-11-90, Certificate of Public Convenience and Necessity to BC Gas Inc. to construct a propane gas distribution system to supply the City of Revelstoke and the surrounding areas recites in part:

“WHEREAS BC Gas has been awarded financial contributions from the Provincial Government related to this Project...” [underline added]

2.1 Does FEI agree that BC Gas’s Revelstoke piped propane system was first introduced it was supported by financial contributions from the Provincial Government?

Response:

FEI confirms that it received financial contributions for both the Revelstoke system and its natural gas extensions as part of the Power and Gas Extension Program.

2.2 Does it remain the case that Revelstoke is located at too great a distance from the natural gas distribution system and its forecast load is insufficient to make connection economic?

Response:

Confirmed.

2.3 For greater certainty, please confirm, or otherwise explain, that none of the options for piped natural gas delivery service in Revelstoke – the pipeline extension, “CNG virtual pipeline,” or “LNG virtual pipeline” – would pass FEI’s system extension test.

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1 **Response:**

2 Based on FEI's most recent cost estimates and business case analysis from 2016, connecting
3 Revelstoke with natural gas via either a physical pipeline or a virtual LNG pipeline would not
4 have passed the system extension test. FEI notes that a CNG virtual pipeline was also
5 investigated in 2015, but was considered not technically feasible at that time as that solution
6 was unable to meet the on-site 9 day back-up fuel supply requirement.

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11 "Although FEI's customers in Revelstoke are charged the same delivery rate as those in
12 other regions across BC (except Fort Nelson), they are charged a different cost for
13 energy relative to FEI's natural gas customers." [underline added, footnote omitted]

14 2.4 Please provide a reference for the Commission decision or order approving FEI's
15 customers in Revelstoke being charged the same delivery rate as FEI's natural
16 gas customers (except Fort Nelson). If the document is not available on the
17 Commission's website, please provide a copy.

18
19 **Response:**

20 Refer to Attachment 2.4 for a copy of the BCUC endorsed tariff sheets, dated October 4, 1990,
21 of 'Schedule 1 – Residential Service', BC Gas Inc. – Inland Division, Gas Tariff B.C.E.C. No. 2,
22 Ninth Revision of Sheet No. 58.1. Also a copy of 'Schedule 2 – General Service', BC Gas Inc. –
23 Inland Division, Gas Tariff B.C.E.C. No. 2, Thirty-seventh Revision of Sheet No. 61. The copies
24 of the tariff sheets refer to BCUC Order G-72-90.

25 From the outset of service in 1990, customers in Revelstoke consuming propane have paid the
26 same rates as natural gas customers, plus a rider specific to Revelstoke and surrounding area.

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30 2.5 How does the cost of service for FEI's customers in Revelstoke compare with the
31 cost of service for FEI's customers in other regions across BC (except Fort
32 Nelson)?
33

34 **Response:**

35 A separate cost of service requirement by municipal area is not calculated by FEI. FEI is unable
36 to provide a comparison of Revelstoke relative to other FEI regions. Please also refer to the
37 response to BCOAPO IR 1.2.1.

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2.6 Please confirm, or otherwise explain, that FEI's Revelstoke customers are charged a different cost for their propane commodity than other FEI customers are charged for their natural gas commodity due to the principle of cost causality: propane and natural gas are different commodities and their prices are different.

Response:

FEI's Revelstoke customers have historically been charged a rate rider to reflect the higher cost of propane. While the rate rider may have originally reflected cost causation related to the type of fuel consumed, the regulatory landscape has changed significantly since 1991 towards rate amalgamation or postage stamping; please refer to the response to BCUC IR 1.9.6 for a discussion of various rate principles and amalgamations. Accordingly, FEI believes that location (i.e. the geographic circumstances in Revelstoke requiring the use of propane as the lowest cost energy source) is no longer a valid cost causation issue and that postage stamp ratemaking should apply.

"Commodity prices for propane have historically been more volatile and higher than natural gas prices on an energy equivalent basis."

The Commission's October 4, 1990 Order G-72-90, approving gas tariff rate schedules and the Revelstoke Propane Cost Deferral Account recites in part:

"WHEREAS the use of a deferral account will allow customers to have a measure of rate stability during a period of fluctuating propane prices..."
[underline added]

2.7 Would FEI agree that when the Revelstoke piped propane system was proposed and approved in the early 1990s it was well known that commodity prices for propane were higher and more volatile than natural gas commodity prices?

Response:

FEI confirms that propane prices in 1990 were higher than natural gas. FEI has reviewed available historical data from 2008; that data demonstrates that since that time propane prices have generally been higher than natural gas and more volatile.

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1 Please also refer to the responses to BCOAPO IRs 1.1.1 and 1.1.3.

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5 2.8 Does FEI have any reason to anticipate that in the future commodity prices for
6 propane will become less volatile and lower, relative to commodity prices for
7 natural gas?

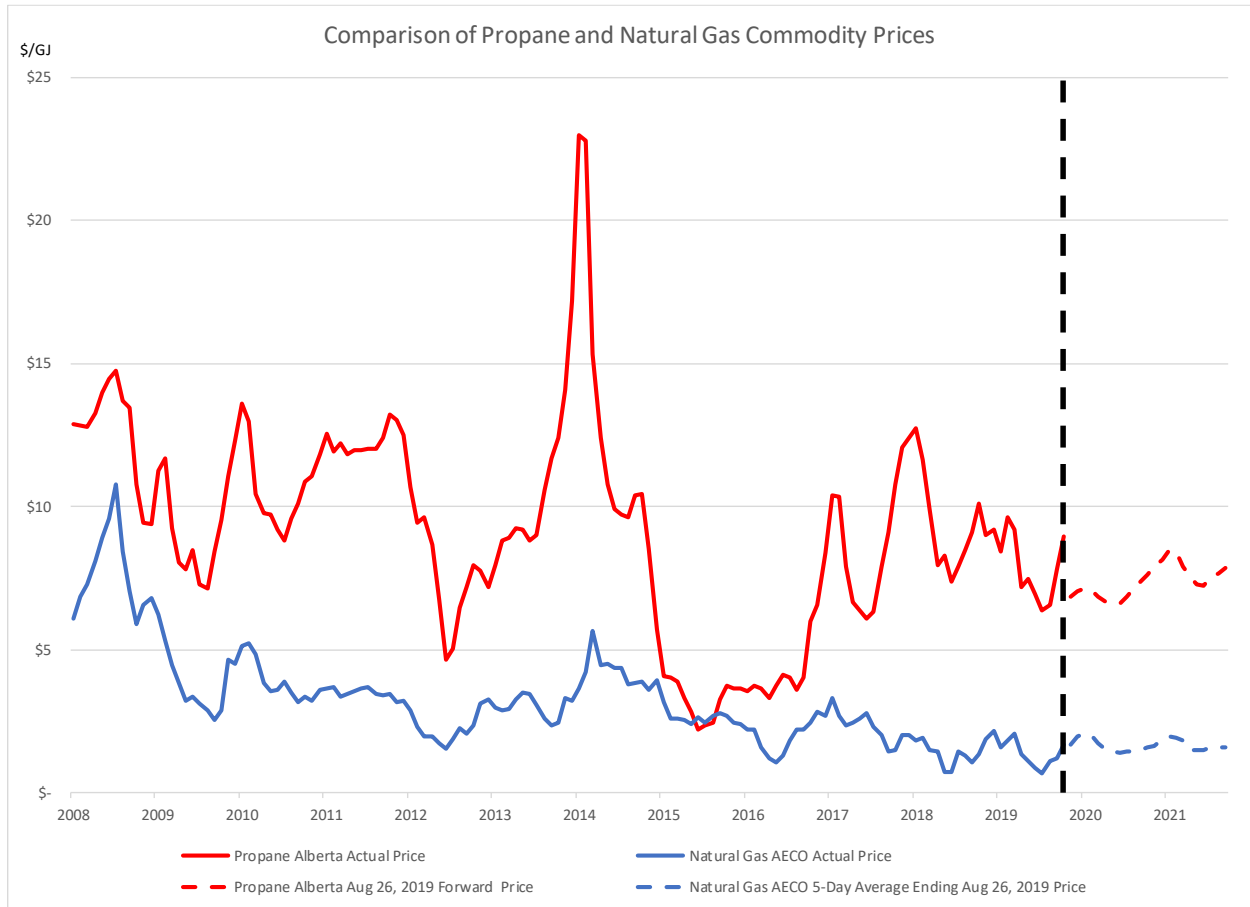
8

9 **Response:**

10 Based on the historical relationship between propane and natural gas prices (please refer to
11 Figure 2-1 in the Application), FEI believes that in the near future it is unlikely that propane
12 prices will become less volatile than natural gas prices, and unlikely they will fall and remain
13 below natural gas prices for any extended period. The response to BCOAPO IR 1.1.1 also
14 provided the standard deviations and coefficients of variation for the propane and natural gas
15 prices underpinning Figure 2-1 in the Application.

16 FEI has prepared the chart, provided below, which shows the historical actual propane and
17 natural gas prices reflected in Figure 2-1 in the Application as well as the January to October
18 2019 actual prices. The chart has also been extended to reflect the forecast propane and
19 natural gas prices based on the forward prices utilized in the FEI 2019 Third Quarter Gas Costs
20 Reports for Revelstoke, dated September 4, 2019, and for Mainland and Vancouver Island,
21 dated September 4, 2019, respectively. The forecast propane prices are based on the August
22 26, 2019 forward prices and the forecast natural gas prices are based on the five-day average
23 forward prices ending August 26, 2019 (comprising August 20, 21, 22, 23, and 26, 2019).

Comparison of Historical Actual and Forecast Forward Propane and Natural Gas Commodity Prices



2.8.1 If so, please provide the supporting evidence.

Response:

Please refer to the response to BCSEA IR 1.2.8.

2.8.2 If not, is the proposal that the cross-subsidy of FEI Revelstoke propane customers would continue indefinitely?

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Response:

The FEI proposal is for a permanent change, not a temporary one, and the proposal is the most cost effective solution at this time. However, FEI will continue to investigate other alternatives.

2.9 Would FEI agree that, historically, FEI's propane commodity charges for Revelstoke customers been approved by the Commission even though commodity prices for propane have been more volatile and higher than natural gas prices on an energy equivalent basis?

Response:

FEI agrees that the BCUC has historically approved FEI's propane commodity charges for Revelstoke customers.

2.9.1 If so, does this mean that, historically, FEI's propane commodity charge for Revelstoke customers have been just and reasonable?

Response:

Any utility's approved rates are, by definition, "just and reasonable and not unduly discriminatory". Each and every rate application filed by a utility requires a re-assessment of existing approved rates in light of the evidence before the BCUC. Rates are routinely changed..

2.9.2 If not, why not?

Response:

Please refer to the response to BCSEA IR 1.2.9.

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1
2 “As a result, Revelstoke propane customers have had less predictable and higher
3 energy costs relative to FEI’s natural gas customers.”

4 2.10 Would FEI agree that Revelstoke piped propane customers have had lower rates
5 than they would have had in a counterfactual scenario in which their rates
6 covered the cost of extension of the natural gas distribution system to
7 Revelstoke?
8

9 **Response:**

10 Please refer to the response to CEC IR 1.1.1 where FEI confirms that since 1990, the least cost
11 method for providing energy service in Revelstoke has been via propane. Therefore, FEI can
12 confirm that costs have been lower than they would have been in a hypothetical scenario where
13 Revelstoke was served by natural gas, assuming that all of the costs of a natural gas extension
14 were borne by Revelstoke customers in their rates (i.e., no contributions were made from
15 government or other parties).

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20 “To address this disparity, FEI is applying to amalgamate its propane supply portfolio
21 costs with its natural gas supply portfolio costs (the Application).”

22 2.11 Would FEI agree that under the cost causality principle there is no disparity
23 where both FEI’s Revelstoke propane customers and FEI’s natural gas
24 customers are charged the cost of the commodity they receive from the utility?
25

26 **Response:**

27 FEI believes that, despite the fact that Revelstoke is served with a different commodity, the
28 service provided to Revelstoke customers is indistinguishable from that provided to FEI’s natural
29 gas customers. On that basis, FEI believes that Revelstoke customers should pay the same
30 price as FEI’s natural gas customers for the energy service they receive, regardless of the
31 commodity delivered.

32 Please also refer to the response to BCSEA IR 1.2.6.
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1 “In this Application, FEI is proposing to amalgamate the Revelstoke propane supply
2 costs with the FEI midstream natural gas supply resource costs in the Midstream Cost
3 Reconciliation Account (MCRA) and to implement a revised propane gas cost rate
4 setting mechanism.”

5 2.12 Do the Revelstoke propane supply costs currently go to the Commodity Cost
6 Regulatory Account (CCRA), as distinct from the Midstream Cost Reconciliation
7 Account (MCRA)?
8

9 **Response:**

10 No, currently propane supply costs are not captured in either the Commodity Cost
11 Reconciliation Account (CCRA) or the Midstream Cost Reconciliation Account (MCRA).

12 As stated on Page 7 of the Application “The cost of the propane supply portfolio is currently
13 captured in the Propane Cost Deferral Account (PCDA) and is accounted for separately from
14 FEI’s natural gas supply portfolio cost.”
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18 2.13 Is it still the case that the commodity cost recovery rate is subject to quarterly
19 flow through adjustment while, under normal circumstances, the midstream cost
20 recovery rates are adjusted on an annual basis with a January 1 effective date?
21 [Reference: FortisBC Energy Utilities Common Rates, Amalgamation And Rate
22 Design Application, April 11, 2012, pp.29-30]
23

24 **Response:**

25 Confirmed.
26
27

28
29 2.14 For clarity, is it the case that, while the Revelstoke propane supply costs
30 currently go to the CCRA and the Revelstoke propane cost recovery rate is
31 reviewed and potentially adjusted quarterly, the Revelstoke propane cost
32 recovery rate is separate from the natural gas cost recovery rate?
33

34 **Response:**

35 Please refer to the response to BCSEA IR 1.2.12 where FEI confirms that the propane costs are
36 not captured in the CCRA.

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1 The Revelstoke propane cost recovery rates are reviewed quarterly, and subject to quarterly
2 flow through adjustment. Revelstoke propane cost recovery rates are currently reviewed
3 separately from the FEI natural gas recovery rates.

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7 2.15 For clarity, is it the case that the proposal to put the Revelstoke propane supply
8 cost into the MCRA, instead of the CCRA, is incidental to the substantive
9 proposal that Revelstoke customers would pay the same gas cost recovery rate
10 as FEI's natural gas customers (except Fort Nelson)?
11

12 **Response:**

13 Revelstoke currently uses the Propane Cost Deferral Account (PCDA) to capture variances
14 between the forecast cost of propane and the actual cost of propane. FEI's proposal to
15 amalgamate the propane supply portfolio costs with the natural gas portfolio costs includes
16 elimination of the PCDA by transferring the closing balance of the PCDA into the MCRA and
17 using the MCRA to capture all future propane variances as well as the natural gas variances
18 currently captured in the MCRA.

19 FEI's proposed use of the MCRA is an important component of its overall proposal within the
20 Application. As discussed in the response to BCUC IR 1.11.1, FEI has not developed a
21 methodology within this proposal to utilize the CCRA.

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27 "The proposed rate setting mechanism will provide Revelstoke customers with propane
28 rate stability that matches the stability of FEI's natural gas customer rates, and can
29 provide propane commodity rate relief to Revelstoke customers."

30 2.16 Please confirm, or otherwise explain, that the proposed rate setting mechanism
31 involves a cross-subsidy from other FEI non-bypass natural gas customers to
32 FEI Revelstoke propane customers.
33

34 **Response:**

35 Confirmed. Please refer to the response to BCUC IR 1.9.4 for a discussion of how a degree of
36 cross-subsidization already exists and is accepted within FEI's natural gas service territory.

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2.17 Does FEI say “can” rather than “would” provide propane commodity rate relief to Revelstoke customers because of the possibility that propane costs could fall below natural gas costs at some point in the future?

Response:

FEI confirms that under the proposed rate setting mechanism (Option 1), Revelstoke propane customers would pay the same gas cost recovery rates as FEI’s natural gas customers. FEI also believes that in the near future it is unlikely that propane prices will fall and remain below natural gas prices for any extended period. To the extent that propane prices are above natural gas prices, Revelstoke customers will benefit from rate relief.

However, FEI notes that as shown in Figure 2-1 in the Application, the Alberta propane prices for the months of June through August of 2015 were lower than the AECO natural gas prices. This demonstrates that it is possible that propane prices could be lower than natural gas prices, but whether propane rates would be lower than natural gas rates would depend on a number of other factors. Regardless, under FEI’s proposal, Revelstoke customers will still be benefiting from the rate stability they would not otherwise enjoy.

2.17.1 If so, would FEI agree that there is no reasonable likelihood of propane costs falling below and staying below natural gas costs in the foreseeable future?

Response:

FEI generally agrees with this statement.

2.17.2 If not, please explain. Does FEI’s proposal involve any realistic risk to Revelstoke propane customers?

Response:

FEI’s believes its proposal involves very little, if any, risk to Revelstoke propane customers.

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5 “By capturing the small quantities of propane purchased for Revelstoke’s requirements
6 within the MCRA, alongside FEI’s midstream natural gas supply resource costs, the cost
7 fluctuations associated with the market price of propane will be neutralized. This results
8 from combining a relatively small quantity of propane portfolio costs that is historically
9 and typically more volatile, with a significantly more substantial quantity of natural gas
10 midstream costs that is historically more stable than propane costs.” [underline added]

11 2.18 Would adjusting the Revelstoke propane cost recovery rate annually instead of
12 quarterly achieve reduced volatility?
13

14 **Response:**

15 Adjusting Revelstoke propane cost recovery rates annually instead of quarterly would reduce
16 the frequency of rate changes for Revelstoke customers; however, it would not provide any
17 relief with respect to the size of the period-to-period rate changes. Rather, it is quite likely that it
18 would exacerbate the size of the imbalance carried in the PCDA and the magnitude of the rate
19 changes currently experienced by Revelstoke customers.

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24 “Under the amalgamated cost portfolio, FEI proposes to set the same gas cost recovery
25 rates for both FEI’s natural gas customers and Revelstoke’s propane customers.²
26 ²Under FEI’s proposal, the cost of propane per GJ rate shown on the bill of FEI’s
27 Revelstoke customers will be equal to the sum of Cost of Gas per GJ and Storage and
28 Transport cost per GJ that are shown on the bill of FEI’s Mainland and Vancouver Island
29 natural gas customers.”

30 2.19 Would FEI agree that cross-subsidizing propane costs for Revelstoke customers
31 gives the wrong price signal and is contrary to the BC energy objective to reduce
32 GHG emissions from the Province?
33

34 **Response:**

35 FEI does not agree that its proposal in the Application provides the wrong price signal and is
36 inherently contrary to reducing GHG emissions in the province. Rather, the Application provides
37 added incentive to convert from higher-carbon heating oil to propane, lowering GHG emissions.
38 Please refer to the response to BCUC IR 1.2.7.2.

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FEI also notes that BC's energy objectives focus on multiple measures that include lowering GHG emissions, economic development and the development of remote and Indigenous communities. The Application mitigates higher propane rates and rate volatility experienced by FEI's Revelstoke customers while also supporting the multiple objectives contained in BC's energy objectives. Please refer to the response to BCUC IR 1.13.6.

"Propane customers will continue to pay higher carbon tax rates than natural gas customers, in alignment with BC's energy objectives."

2.20 Please elaborate on the legal basis for Revelstoke propane customers continuing to pay higher carbon tax rates than natural gas customers despite paying a gas cost recovery rate based on the total cost of natural gas and propane. Has FEI confirmed with provincial authorities that if the proposal is allowed the carbon tax for Revelstoke and other FEI customers (excluding Fort Nelson) would not be based on the GHG-emissions intensity of the combined natural gas and propane portfolio on which the gas cost recovery rate is based?

Response:

The provincial government sets the carbon tax rate based on the GHG emission intensity of the fuel, regardless of the price of the commodity. Furthermore, the carbon tax applies to the purchase or use of fuel. Under FEI's proposal Revelstoke customers will continue to use propane supplied via FEI's Revelstoke propane distribution system, and will continue to pay for the higher carbon tax rate for propane. Please refer to the response to BCUC IR 1.13.4.1 for further discussion.

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1 **3.0 Topic: Cross-subsidization**

2 **Reference: Application, Exhibit B-1, p.3**

3 FEI states that the Application is a solution to the effect of the propane commodity price
4 and volatility on FEI's customers in Revelstoke and benefits FEI's Revelstoke propane
5 customers.

6 3.1 In FEI's view, is cross-subsidization the only solution to high and volatile
7 Revelstoke propane commodity prices?

8
9 **Response:**

10 No, but it is the most cost effective solution at this time. FEI had previously explored other
11 capital solutions such as a physical pipeline and a virtual CNG or LNG pipeline that are also
12 capable of addressing high energy costs and volatility experienced by Revelstoke propane
13 customers. Please also refer to the response to BCUC IR 1.8.3.

14

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1 **4.0 Topic: Propane cost recovery rate volatility**

2 **Reference: Application, Exhibit B-1, p.5; Guidelines for Setting Gas Cost Recovery**
3 **Rates (<https://www.bcuc.com/resources/guidelines.html>)**

4 In section 2.1 of the Application, FEI focuses on the proposal's impact on Revelstoke
5 propane cost recovery rate stability and not the proposed Revelstoke propane
6 commodity price cuts of 45% to 56% paid for by natural gas customers (except Fort
7 Nelson).

8 4.1 Does FEI agree that the relative volatility of the cost recovery rate for propane
9 compared to natural gas is a different problem and amenable to different
10 solutions than the relative size of the cost recovery rate for propane compared to
11 natural gas?

12
13 **Response:**

14 FEI acknowledges that price volatility and the price differential between propane and natural gas
15 can be considered distinct issues. However, as noted in the Application, the preferred option
16 proposed by FEI mitigates propane rate volatility while also providing rate relief to Revelstoke
17 customers without significantly impacting midstream rates for FEI's natural gas customers.
18 Please refer to the response to BCUC IR 1.2.1.

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22 4.2 Please confirm, or otherwise explain, that the setting of gas cost recovery rates is
23 conducted under the Guidelines for Setting Gas Cost Recovery Rates
24 established by Commission Letter L-05-01 and revised by Letter L-40-11 on
25 FEI's recommendation.

26
27 **Response:**

28 Confirmed.

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31
32 4.3 Do the Guidelines for Setting Gas Cost Recovery Rates apply directly to the
33 Revelstoke propane cost recovery rate, or is it the statement in the Guidelines
34 that they "also generally apply for other natural gas and propane utilities" that
35 causes the Revelstoke propane cost recovery rate to be dealt with in accordance
36 with the Guidelines?
37

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Response:

FEI's understanding is that the guidelines for setting gas cost recovery rates and managing the gas cost deferral accounts, as set out in BCUC Letters L-5-01 and L-40-11, were developed with specific reference to FEI's gas cost recovery rates for natural gas and its natural gas deferral accounts. However, FEI agrees with the BCUC position that these guidelines will also generally apply for other natural gas and propane utilities and, in fact, gas cost recovery rates for Fort Nelson and Revelstoke follow these BCUC guidelines.

4.4 Please confirm, or otherwise explain, that a key provision of the Guidelines is that the FEI Commodity Cost Reconciliation Account (CCRA) rate change trigger mechanism will be the ± 5 percent trigger ratio plus a minimum rate change threshold of $\pm \$0.50/\text{GJ}$. [Letter L-40-11]

Response:

Confirmed.

4.5 Please confirm, or otherwise explain, that FEI reports quarterly to the Commission on the Revelstoke propane cost recovery rate, future propane prices, and the projected balance in the Revelstoke Propane Cost Deferral Account, along with FEI's recommendation whether to change the rate and if so by how much.

Response:

Confirmed.

4.6 Please confirm, or otherwise explain, that the Guidelines themselves do not mandate strict adherence to the rate change trigger mechanism but "should be applied in a flexible manner, considering the full circumstances prevailing at the time when a quarterly report is under review."

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1 **Response:**

2 Confirmed.

3
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5
6 4.7 Please confirm, or otherwise explain, that in determining whether to recommend
7 an increase, decrease, or no change in the Revelstoke propane cost recovery
8 rate FEI routinely applies the parameters of the Guidelines rate change trigger
9 mechanism (\pm 5 percent trigger ratio plus a minimum rate change threshold of \pm
10 \$0.50/GJ).

11
12 **Response:**

13 Confirmed.

14
15
16
17 4.8 Has FEI ever chosen not to recommend a change in the Revelstoke propane
18 cost recovery rate when the Guidelines parameters for the rate change trigger
19 mechanism have been met? If so, please provide the details. If not, why not?

20
21 **Response:**

22 Yes, FEI lists the following quarterly reviews wherein FEI recommended Revelstoke rates
23 remain unchanged when the trigger mechanism indicated a rate change, and the BCUC
24 accepted FEI's recommendation.

- 25 1. 2010 Third Quarter Gas Cost Report for Revelstoke, dated September 3, 2010, and
26 BCUC Letter L-71-10.
- 27 2. 2011 First Quarter Gas Cost Report for Revelstoke, dated March 3, 2011, and BCUC
28 Letter L-15-11.
- 29 3. 2012 Second Quarter Gas Cost Report for Revelstoke, dated June 7, 2012, and BCUC
30 Letter L-33-12.

31
32 Copies of these filings, containing full details of the circumstances, and the BCUC Orders are
33 provided in Attachment 4.8.

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4.9 Would FEI agree that, in retrospect, applying broader parameters for the rate change trigger mechanism for the Revelstoke propane cost recovery rate would have resulted in fewer and smaller rate changes during 2006 to 2018? Would this also be the case going forward?

Response:

FEI does not agree. Of course retroactive rate setting based on having the historical actual incurred commodity costs would allow rates to be set taking into account offsetting shorter term commodity price increases and decreases but even retroactive rate setting would be hard pressed to avoid the longer term commodity price escalations or reductions.

Applying broader parameters for the rate change trigger mechanism would generally result in less frequent rate changes; however, the resultant rate changes would tend to be larger as the over or under recovery amounts would be allowed to grow larger due to the broader parameters.

Assuming the Revelstoke Propane Cost Deferral Account (PCDA) was still being used to capture variances, the positive or negative balances in the PCDA could become relatively large which not only relates directly to the resultant rate changes tending to be larger but also could lead to some intergenerational inequity.

4.10 Is FEI concerned that less-frequent changes to the Revelstoke propane cost recovery rate could increase the positive or negative balance in the Revelstoke Propane Cost Deferral Account?

Response:

Yes. Please refer to the response to BCSEA IR 1.4.9.

4.11 What guidelines or approach does FEI take regarding the maximum acceptable positive or negative balance in the Revelstoke Propane Cost Deferral Account?

Response:

As discussed in the response to BCSEA IR 1.4.3, FEI supports the BCUC position that the guidelines for setting gas cost recovery rates and managing the gas cost deferral accounts, as

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1 set out in BCUC Letters L-5-01 and L-40-11, generally apply for other natural gas and propane
2 utilities.

3 FEI currently utilizes these guidelines in its review and resetting of Revelstoke propane cost
4 recovery rates; these guidelines lead to maintaining acceptable thresholds for the positive or
5 negative balances in the Revelstoke Propane Cost Deferral Account.

6
7
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9 4.12 Are the Guidelines parameters for the gas rate change trigger mechanism
10 calibrated in relation to the size of a positive or negative balance of the natural
11 gas component of the CCRA?
12

13 **Response:**

14 The BCUC guidelines for setting gas cost recovery rates and managing the gas cost deferral
15 accounts, as set out in BCUC Letters L-5-01, L-40-11, and L-15-16 are utilized in the quarterly
16 review of FEI's commodity cost recovery charge and CCRA balances. Between these three
17 regulatory processes, the guidelines, and their alternative parameters, have been thoroughly
18 examined and various other methods of addressing rate volatility have been thoroughly
19 explored. The result is a set of guidelines that continues to function well for managing gas cost
20 recovery rates and deferral balances for utilities of various sizes.

21 For added clarity, the rate setting and trigger mechanisms are what helps to maintain
22 acceptable thresholds for the positive or negative balances in the CCRA. Primarily the trigger
23 ratio (related to when the over or under recovery of costs at the current cost recovery rates falls
24 outside of the 95 percent to 105 percent deadband) is the component of the mechanism that
25 monitors rates to ensure the forecast positive or negative balances in the CCRA at the end of
26 the prospective period being reviewed do not become unreasonably large. Because this trigger
27 mechanism is based on a percentage, it is already inherently 'calibrated'.

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32 4.13 Would it be feasible for FEI to identify broader parameters for the rate change
33 trigger mechanism for the Revelstoke propane cost recovery rate that take into
34 account the size of the positive or negative balance in the Revelstoke Propane
35 Cost Deferral Account? Would this achieve reduced volatility without cross-
36 subsidization?
37

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1 **Response:**

2 Please refer to the response to BCSEA IR 1.4.9.

3
4

5
6 4.14 With reference to pdf p.112 of the Annual Review for 2019 Delivery Rates
7 application, please confirm that the Revelstoke Propane Cost Deferral Account is
8 a Forecasting Variance Account, not a Rate Smoothing Account.

9
10 **Response:**

11 Confirmed that the Revelstoke Propane Cost Deferral Account (PCDA) is classified as a
12 Forecasting Variance Account, although deferral accounts can serve more than one purpose.
13 The current rate setting methodology for Revelstoke propane rates, in conjunction with the
14 PCDA, does provide some level of rate stability through amortizing imbalances over a 12 month
15 period as well as capturing the variances between the actual and the forecast cost of propane.

16
17

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19 4.15 Order G-72-90 indicates that the Revelstoke Propane Cost Deferral Account will
20 “allow customers to have a measure of rate stability during a period of fluctuating
21 propane prices.” Does that remain one of the purposes of the RPCDA?

22
23 **Response:**

24 Please refer to the response to BCSEA IR 1.4.14 where FEI confirms that the PCDA does
25 provide some rate stability. Regardless, Figure 2-2 from the Application illustrates that, due to
26 propane cost fluctuations, Revelstoke customers’ annual bills continue to be volatile in
27 comparison to those of FEI’s natural gas customers.

28
29

30
31 4.16 Order G-94-97 approved a 5-year amortization of the Revelstoke Propane Cost
32 Deferral Account. What is the current amortization period of the RPCDA?

33
34 **Response:**

35
36 Imbalances captured in the Propane Cost Deferral Account (PCDA) are currently amortized in

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1 future rates over a one-year period. FEI has reviewed its historical records and believes that
2 imbalances captured in the PCDA have generally been amortized over a one year period since
3 2001 through Order G-64-01.

4
5
6 4.17 Would FEI agree that volatility in the Revelstoke propane cost recovery rate
7 could be reduced by operating the Revelstoke Propane Cost Deferral Account on
8 a rate-smoothing basis (acknowledging that this would not reduce the average
9 size of the Revelstoke propane cost recovery charge)?

10
11 **Response:**

12 FEI is unclear as to the interpretation of “operating the Revelstoke Propane Cost Deferral
13 Account on a rate-smoothing basis”. However, FEI’s response to BCSEA IR 1.4.9 discusses
14 how applying broader parameters for the rate change trigger mechanism would generally result
15 in less frequent rate changes but that the resultant rate changes would tend to be larger as the
16 over or under recovery amounts captured in the deferral account would be allowed to grow
17 larger due to the broader parameters.

18 FEI does not support the utilization of broader parameters for the rate change trigger
19 mechanism in conjunction with the existing Revelstoke PCDA.

20
21
22
23 4.18 Did FEI consider operating the Revelstoke Propane Cost Deferral Account on a
24 rate-smoothing basis as a potential alternative to Option 1 and Option 2? Was
25 rate smoothing rejected because it does not reduce the average size of the
26 Revelstoke propane cost recovery charge?

27
28 **Response:**

29 Rate smoothing of propane costs to Revelstoke customers was not the sole objective of this
30 Application. FEI proposed Option 1 because it represents an innovative, least cost, and non-
31 capital solution to virtually connecting Revelstoke customers to the natural gas system. It
32 minimizes the potential impact to natural gas ratepayers while also alleviating the geographic
33 disadvantage faced by Revelstoke customers whose energy costs currently reflect this
34 disadvantage via the use of propane. In accordance with common rate setting principles, the
35 Application treats Revelstoke customers in the same manner as other gas customers whose
36 rates are set without regard to their geographic conditions. FEI believes that customers in its
37 service territory that receive gas service should be charged the same rates for that service.

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4.19 If the Commission did not approve a cross-subsidy to reduce the Revelstoke propane cost recovery charge, would FEI support operating the Revelstoke Propane Cost Deferral Account on a rate-smoothing basis to reduce volatility?

Response:

If the preferred Option 1 is not approved by the BCUC, FEI will consider the BCUC’s decision in this Application and depending on the outcome, FEI may investigate other mechanisms or opportunities that would align with the BCUC’s decision and also address the objectives of providing rate stability and rate relief for Revelstoke’s propane customers. Should new mechanisms or opportunities arise in the future, FEI would file an application for approval. FEI notes that Option 2 only addresses the commodity rate volatility of propane for Revelstoke but does not provide rate relief to Revelstoke customers as illustrated in the response to BCSEA IR 1.8.1.

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1 **5.0 Topic: Residential Bill Comparison**

2 **Reference: Application, Exhibit B-1, Figure 2-2**

3 Figure 2-2 shows “Comparison of Total Annual Residential Bill – Revelstoke Propane
4 and FEI Natural Gas Customer (Average Annual Consumption of 50 GJs per Year)”

5 5.1 Please confirm that Figure 2-2 indicates annual changes to the Revelstoke
6 propane cost recovery rate while the rate is reviewed and may or may not be
7 adjusted on a quarterly basis.
8

9 **Response:**

10 The total annual residential bill, as shown in Figure 2-2, is based on the monthly effective tariff
11 rate of Revelstoke Propane and FEI Natural Gas multiplied by Revelstoke’s average annual
12 consumption of 50 GJ.

13 Under normal circumstances, the delivery margin related charges of the bill are adjusted once a
14 year; the cost of gas recovery related charges are reviewed and may be adjusted on a quarterly
15 basis pursuant to the BCUC guidelines.

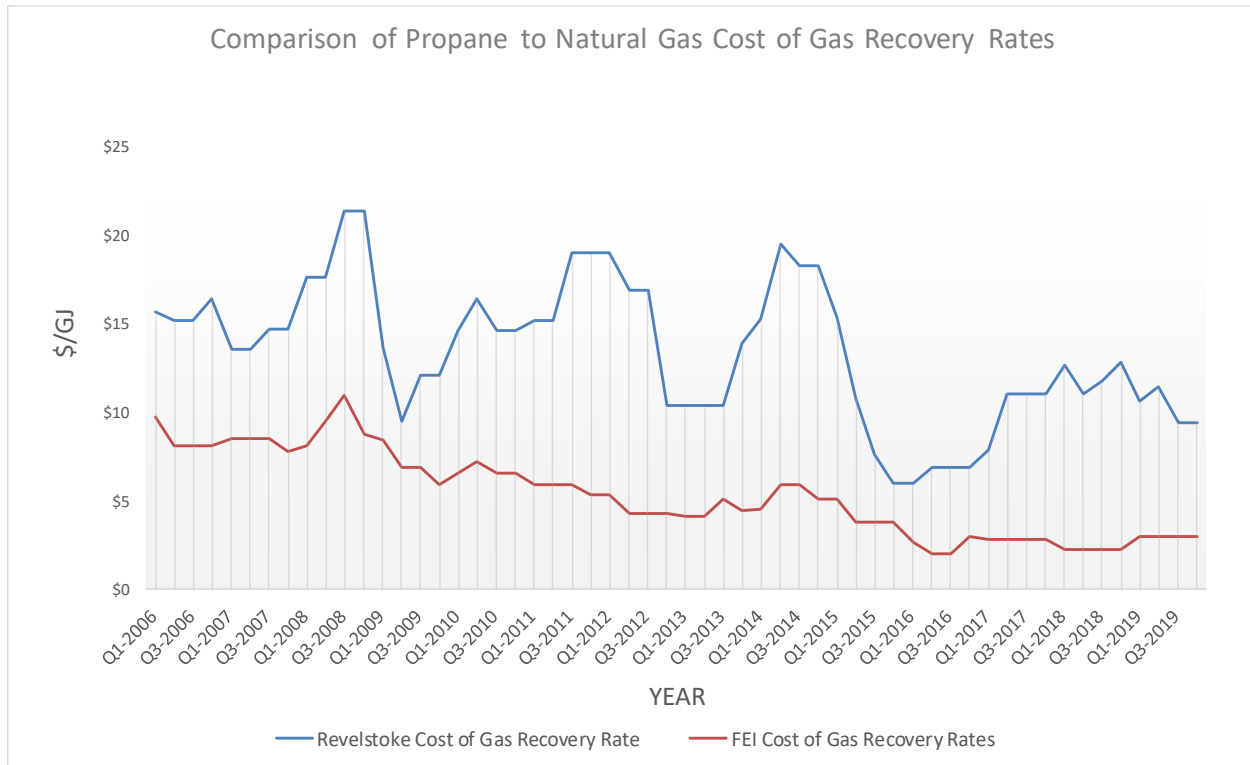
16
17

18
19 5.2 Please provide a graph and table showing the Revelstoke propane cost recovery
20 rate on a quarterly basis from 2006 to current.
21

22 **Response:**

23 Please refer to the Excel file provided in Attachment 5.2 for the data showing the Revelstoke
24 Cost of Gas Recovery Rate for residential customers on a quarterly basis from 2006 to current
25 with the associated graph shown below. FEI also included the FEI’s Mainland Commodity
26 Related Charge over the same period for comparison. It can be seen that the trend of
27 Revelstoke’s Cost of Gas Recovery Rates are historically higher than FEI’s natural gas
28 Commodity Related Charge, regardless if it is viewed quarterly or annually.

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5.3 While the market price of propane varies seasonally, does the Revelstoke propane cost recovery rate vary seasonally?

Response:

The Revelstoke propane cost recovery rate can vary quarterly, but is not set based on the season.

The current FEI rate setting mechanisms for propane, as well as for natural gas, are based on the 12-month prospective forward prices and are designed to remove seasonal variations in the forward prices.

Variances between the forecast cost of propane and the actual cost of propane are captured in the PCDA and are then recovered from or refunded to customers via future propane cost recovery rates. Rates are subject to quarterly review and, if required, rate changes typically become effective at the beginning of the following quarter. Variances captured in the PCDA during the previous quarter(s) can be a material component of a rate change and can be affected by various supply and demand factors.

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5.4 Is the Revelstoke propane cost recovery rate the same (\$/GJ) for residential, small commercial and large commercial rate schedules?

Response:

No. The Revelstoke propane cost recovery rate for the small commercial and large commercial rate schedules is the same; however, the Revelstoke propane cost recovery rate for the residential rate schedule is different.

In footnote 4 on page 4, FEI states the following regarding Figure 2-2:

“A typical residential natural gas customer in the FEI Mainland and Vancouver Island service area uses on average 90 GJs and a typical residential propane customer in Revelstoke uses on average 50 GJs. The annual average use rate of 50 GJs is used for both FEI and Revelstoke for the purpose of comparison.”

5.5 Please provide a version of Figure 2-2 showing a comparison of Total Residential Bill for Revelstoke Propane Customers and FEI Natural Gas Customers based on their average annual consumption of 50 GJs and 90 GJs respectively.

Response:

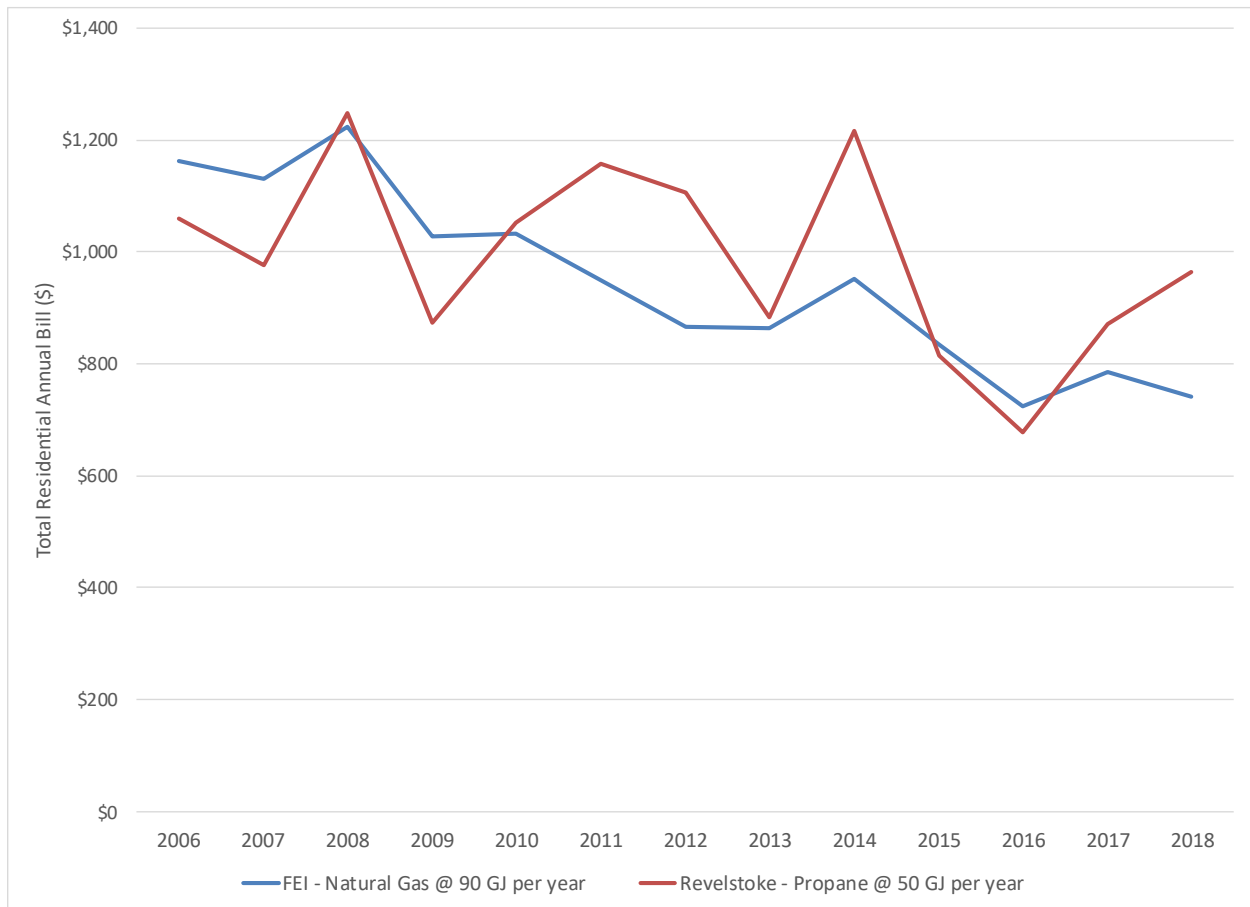
Please see the requested version of Figure 2-2 below showing the comparison of the total residential bill for Revelstoke propane customers and for FEI natural gas customers based on their average annual consumption of 50 GJs and 90 GJs, respectively.

FEI notes that the purpose of Figure 2-2 in the Application is to demonstrate the benefits to Revelstoke propane customers if they are on similar rates as FEI's natural gas customers (the difference between the red and blue lines in Figure 2-2). It is not to highlight the difference in total bill between an average Revelstoke residential customer consuming 50 GJ per year against an average FEI's Mainland residential customer consuming 90 GJ per year. The comparison as requested is not a valid comparison as it does not isolate the impact of higher rates and rate volatility experience by Revelstoke propane customers regardless of consumption level. In other words, this invalid comparison conflates the impacts related to rates and the impacts related to different consumption levels. As such, it does not clearly show the

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potential benefits to Revelstoke propane customers that could have resulted historically from being on similar rates as FEI's natural gas customers.

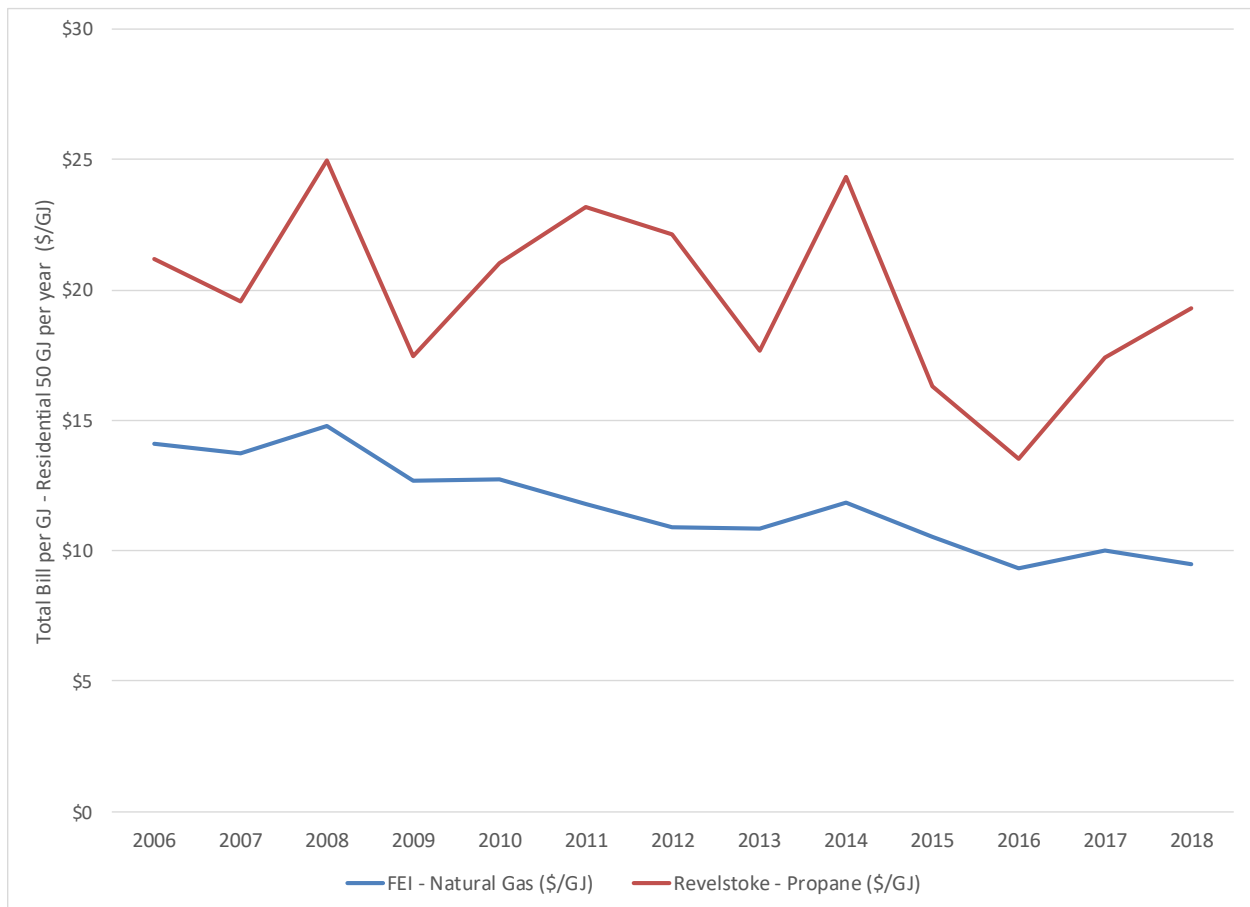
It is appropriate to compare Revelstoke customers to similarly situated FEI customers by using a common 50 GJs as the basis for comparison. To that end, Figure 2-2 of the Application shows that residential customers in Revelstoke experience consistently higher total annual energy bills as compared to the energy bills for similar consumption levels of natural gas in FEI's other service areas.



5.6 Considering the revised version of Figure 2-2 requested in the previous information request, would FEI agree that taking average consumption into account, over the 2006 to 2018 period, in some years the average residential bill for Revelstoke customers is higher than that of FEI's natural gas customers, and in some years the reverse is true?

1 **Response:**

2 While the revised comparison produced in response to BCSEA 1.5.5 does show that the annual
 3 bill (excluding carbon tax) for Revelstoke customers can be higher in some years than FEI's
 4 natural gas users, the comparison is invalid because it uses a different volume of energy with
 5 which to make the comparison. On an energy volume equivalent basis¹ Revelstoke customers
 6 have always paid more than FEI's natural gas customers. FEI has included a revised Figure 2-
 7 2 below to compare the total cost per GJ as opposed to compare the total annual bill between a
 8 Revelstoke propane residential customer and a FEI's natural gas residential customer both
 9 consuming an average 50 GJ per year.



10
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 12
 13
 14 **5.7** Why is the average annual residential consumption of FEI Revelstoke propane
 15 customers (at 50 GJs) so much lower than that of FEI Natural Gas Customers (at

¹ Total cost per GJ

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1 90 GJs)? Is it because the propane cost recovery rate is higher and more volatile
2 than the natural gas cost recovery rate?

3
4 **Response:**

5 Please refer to the response to BCUC IR 1.5.2.1.

6

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6.0 Topic: BC energy objectives

Reference: Application, Exhibit B-1, p.5

FEI argues that by “stabilizing” Revelstoke propane rates the proposal would encourage economic development and carbon-reducing fuel switching in the Revelstoke area.

6.1 Please provide any evidence that FEI would rely on to show that cross-subsidization of propane costs for FEI’s Revelstoke customers would be a cost-effective way to reduce provincial GHG emissions.

Response:

The purpose of the Application is to mitigate the rate volatility and rate disparity experienced by FEI’s Revelstoke customers. As such, the Application proposes an innovative, non-capital solution to achieve this objective with a small impact to FEI’s natural gas customers. A secondary benefit of achieving these key objectives is the increased incentive for Revelstoke energy users to switch from higher carbon heating oil to propane and therefore, reducing provincial GHG emissions. As discussed in the response to BCUC IR 1.2.7.2, such conversions could result in GHG emissions reductions of approximately 100 metric tonnes of CO₂e per year.

6.2 Please confirm, or otherwise explain, that the Application does not contain any plan of action by which users of heating oil would be converted to propane in Revelstoke.

Response:

This Application does not seek approval of incremental costs to support the conversion of heating oil customers to propane; however, such customers are eligible to apply to FEI’s Connect to Gas program in order to receive rebates for converting their energy end-uses away from heating oil.

6.3 Does FEI agree that cross-subsidizing propane costs in Revelstoke would undermine the competitiveness of lower-carbon heating energy sources such as the district energy system operated by Revelstoke Community Energy Corporation?

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Response:

FEI acknowledges the proposed amalgamation in the Application could impact the competitiveness of the biomass district energy system operated by Revelstoke Community Energy Corporation (RCEC). However, FEI notes that RCEC is also one of FEI's largest commercial customers in Revelstoke for peaking and back-up purposes under Rate Schedule (RS) 3. As shown in Table 5-1 of the Application, an average RS 3 Large Commercial customer consuming an average of 6,650 GJ per year could potentially save \$48,256 per year. FEI believes the potential savings will benefit RCEC's operational costs, which could potentially benefit RCEC's customers.

FEI also notes that the proposed amalgamation could also reduce costs for Downie Timber Ltd., which provides wood residue as fuel supply to RCEC².

6.4 Does FEI agree that cutting the Revelstoke propane cost recovery rate by roughly half (45% to 56%) would be expected to cause increased propane consumption and GHG emissions, contrary to the BC energy objective to reduce GHG emissions from the province? Please provide a quantitative estimate using FEI's current price elasticity of consumption estimates.

Response:

Please refer to the response to BCUC IR 1.6.1.

6.5 Would FEI agree that in theory cross-subsidization from customers in one area to customers in another area creates no net boost in economic development across the combined areas? Please provide any evidence FEI has that cross-subsidization of the Revelstoke propane rates by natural gas customers would produce net positive economic development in the combined areas.

Response:

FEI has not examined how the proposed common commodity rate structure across its service territory impacts net economic development. However, FEI believes that where there is a small

² <http://revelstokecommunityenergy.ca/sustainability.html>

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1 increase to natural gas customer rates and a large decrease to propane customer rates, it will
2 positively impact economic activity in Revelstoke without creating a difference elsewhere. In
3 addition, FEI submits that its Revelstoke customers have historically experienced economic
4 disparity versus FEI's natural gas customers due to Revelstoke's more volatile and higher cost
5 of energy recovery rates. The Application helps mitigate this disparity and could support
6 economic development and the creation and retention of jobs in Revelstoke. Please also refer
7 to the response to BCUC IR 1.2.10 for further discussion on this economic benefit for
8 Revelstoke.

9

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7.0 Topic: Two options identified

Reference: Application, Exhibit B-1, p.8

“FEI considered two options for calculating the propane gas cost recovery rates for Revelstoke customers: 1) equal gas cost recovery and 2) a five-year rolling average of the price difference between propane and natural gas.”

7.1 Please provide a table showing the amount of the proposed annual cross-subsidy from FEI natural gas customers to Revelstoke propane customers under each of the two options that FEI examined. Please show RS 1, 2, 3 and total. Please show the results for the business as usual load forecast, the forecast with conversion of oil or other fuel types to propane by residences within 30 meters of an existing main, and a forecast in which commercial propane usage doubles.

Response:

Please see the table below for the requested comparison. FEI notes that Option 2 does not provide rate relief to Revelstoke’s propane customers over time; therefore, it is shown as not applicable (n/a) in the table below³. FEI has also included the average midstream rate impact to FEI’s natural gas customers as a result of the rate relief provided to Revelstoke propane customers in order to provide a more comprehensive comparison of the different scenarios requested.

	BAU Load Forecast		BAU + 1,063 residential conversion within 30 m of main (Upper Bound Scenario of the Application)		BAU + 1,063 residential conversion within 30 m of main + Commercial demand doubles	
	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
Revelstoke Customers						
Rate Schedule 1 (\$000s)	546	n/a	905	n/a	919	n/a
Rate Schedule 2 (\$000s)	531	n/a	536	n/a	1,088	n/a
Rate Schedule 3 (\$000s)	425	n/a	428	n/a	869	n/a
Total Benefit to Revelstoke Customers (\$000s)	1,502	-	1,869	-	2,877	-
Revelstoke Propane Demand - TJ	241	241	298	298	451	451
FEI MCRA Demand (Natural Gas) - TJ	138,207	138,207	138,207	138,207	138,207	138,207
Average Midstream rate Impact to FEI NG Customer (\$/GJ)	0.011	n/a	0.014	n/a	0.021	n/a
Average Annual Bill Impact @ 90 GJ per year (\$)	0.98	n/a	1.22	n/a	1.87	n/a

The table above illustrates that the impact to FEI’s natural gas customers will remain small at less than \$2 per year even under the hypothetical scenario where 1,063 residential dwellings within 30 metres of FEI’s existing mains convert to propane and the demand from commercial customers in Revelstoke doubles as suggested by this information request. FEI notes that, as discussed in the response to BCUC IR 1.7.4, FEI is not expecting additional conversions from commercial customers to result from FEI’s proposal.

³ Please refer to the response to BCSEA IR 1.8.1

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7.2 Did FEI consider using a rate rider on natural gas customer bills and a credit on Revelstoke propane customer bills as a mechanism to transparently express the cross-subsidy?

Response:

FEI believes it is inappropriate and inconsistent with the concept of postage stamp rates to highlight cost and benefit disparities associated with the different geographic regions across FEI's service territory, including Revelstoke, on customer bills. Therefore, FEI did not consider altering the presentation of its customer bills. Finally, FEI notes that, if the proposed cost treatment is approved, the calculation of the propane gas cost recovery rates is transparent and included in FEI's quarterly gas cost report filed with the BCUC for review and approval.

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8.0 Topic: Option 2

Reference: Application, Exhibit B-1, 3.2.2 Option 2 – Five-Year Rolling Price Difference between Propane and Natural Gas; Figure 3-1: Comparison of Propane to Natural Gas Price Ratio [[

Table 3-3, lines 1 and 2

“FEI notes that this rate setting mechanism [Option 2] does not provide rate relief to Revelstoke customers as, over the long term, the negative and positive variances between the current price difference of propane versus natural gas and the price difference set by the five-year rolling average indexed multiplier will tend to counterbalance each other.” [underline added, footnote omitted]

8.1 With reference to Table 3-3, please confirm, or otherwise explain, that Option 2 involves an initial cross-subsidy of \$1.994 million because the current five-year rolling average of the difference between propane and natural gas costs is substantially lower than the current difference between propane and natural gas costs.

Response:

Not confirmed.

FEI interprets that this information request is referring to \$1.094 million on line 3 of Table 3-3 of the Application, not \$1.994 million. FEI notes that Option 2 was included in the Application to demonstrate the range of alternatives FEI considered between fully amalgamated rates which are set to recover the cost of the blended portfolio via postage stamp gas cost recovery rates (Option 1) and amalgamated rates that seek to generally recover the cost of propane from Revelstoke customers over time (Option 2).

The \$1.094 million shown in Table 3-3 does not represent a cross subsidization from FEI's natural gas customers, but is instead a timing difference of when propane costs will be recovered from Revelstoke customers. This amount from Table 3-3 will essentially true-up and eliminate over time. FEI has endeavored to illustrate this in the table below using historical propane prices from Alberta (Line 2) and historical natural gas price from AECO (Line 3) over the last 10 years. FEI notes the numbers used in the table below are for illustrative purpose only.

In the illustrative example shown in the table below, the 5-year rolling average-indexed rates on line 18 are calculated based on the 5-year rolling average ratios of propane to natural gas price as shown on line 8. The actual propane cost for Revelstoke on line 20 for 2012 (or year 1) is \$1.837 million based on the actual propane price shown on line 3, while the propane cost recovery from Revelstoke for the same year is \$1.356 million on line 21 based on the 5-year rolling average-indexed rate.

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1 This results in a deficiency variance of \$0.481 million in 2012 as shown on line 22 which will be
2 captured in the Midstream Cost Reconciliation Account (MCRA). However, as shown on line 24
3 to line 26, this annual variance will eventually true-up over time with a small residual variance
4 balance.

5 As discussed in Section 3.2.2 of the Application, the small residual variance is a result of using
6 a 5-year rolling average ratio between commodity prices. Under Option 2, the small residual
7 variance would be recovered through the midstream rates from all FEI customers, including
8 Revelstoke customers. The impact due to this residual variance is small, for example, at
9 approximately 0.24 percent or equivalently \$0.46 per year in credit in year 5 (or 2016) for an
10 average consumption of 90 GJ in 2016. FEI notes this small residual variance can be positive
11 or negative; as shown in the example, two of the three years are a credit back to FEI's natural
12 gas customers.

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1

Line	Particular	Reference	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1	Year						1	2	3	4	5	6	7
2	Propane - Alberta (\$/GJ)		12.651	9.358	10.671	12.311	7.623	10.657	12.390	3.292	4.567	8.875	9.315
3	Natural Gas - AECO (\$/GJ)		7.704	3.922	3.913	3.484	2.277	2.996	4.186	2.622	1.984	2.301	1.452
4													
5	Propane - 5-Yr Rolling Average (\$/GJ)		-	-	-	-	10.523	10.124	10.731	9.255	7.706	7.956	7.688
6	Natural Gas - 5-Yr Rolling Average (\$/GJ)		-	-	-	-	4.260	3.319	3.371	3.113	2.813	2.818	2.509
7													
8	5-Yr Rolling Average Ratio (Propane to NG)	Line 5 / Line 6					2.470	3.051	3.183	2.973	2.739	2.824	3.064
9													
10	Revelstoke Propane Demand - TJ	For illustration only					241	241	241	241	241	241	241
11	FEI Natural Gas Demand - TJ	For illustration only					<u>138,206</u>	<u>138,206</u>	<u>138,206</u>	<u>138,206</u>	<u>138,206</u>	<u>138,206</u>	<u>138,206</u>
12	Total Demand - TJ	Line 10 + Line 11					<u>138,447</u>	<u>138,447</u>	<u>138,447</u>	<u>138,447</u>	<u>138,447</u>	<u>138,447</u>	<u>138,447</u>
13													
14	Revelstoke Propane Costs (\$000s)	Line 2 x Line 10					1,837	2,568	2,986	793	1,101	2,139	2,245
15	Natural Gas Costs (\$000s)	Line 3 x Line 11					<u>314,747</u>	<u>414,133</u>	<u>578,530</u>	<u>362,361</u>	<u>274,202</u>	<u>318,005</u>	<u>200,676</u>
16	Total Propane & NG Costs (\$000s)	Line 14 + Line 15					<u>316,584</u>	<u>416,702</u>	<u>581,516</u>	<u>363,154</u>	<u>275,303</u>	<u>320,144</u>	<u>202,921</u>
17													
18	Revelstoke 5-Yr Rolling Average-Indexed Rate	Line 3 x Line 8					5.625	9.142	13.324	7.794	5.435	6.497	4.449
19													
20	Revelstoke Actual Propane Costs	Line 14					1,837	2,568	2,986	793	1,101	2,139	2,245
21	Revelstoke Recovery under 5-Yr Rolling Avg Rate	Line 18 x Line 10					<u>1,356</u>	<u>2,203</u>	<u>3,211</u>	<u>1,878</u>	<u>1,310</u>	<u>1,566</u>	<u>1,072</u>
22	Annual Variance captured in MCRA	Line 20 - Line 21					481	365	(225)	(1,085)	(209)	573	1,173
23													
24	5-Yr Cumulative Propane Actual Costs	Sum of Line 20 Over 5-Yr Period									9,285	9,587	9,264
25	5-Yr Cumulative Propane Recovery	Sum of Line 21 Over 5-Yr Period									<u>9,958</u>	<u>10,168</u>	<u>9,037</u>
26	5-Yr Cumulative Variance in MCRA; Surplus/(Deficiency)	Sum of Line 22 Over 5-Yr Period									673	581	(227)
27													
28	% Impact to NG Customers (Over 5 Years)	Line 26 / Line 16									(0.24%)	(0.18%)	0.11%

2

3

4

5

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1 8.2 Given the evident variability in the ratio of propane prices to natural gas prices,
2 what is the rationale for using that ratio (with or without a five-year average) to
3 stabilize the propane cost recovery rate?
4

5 **Response:**

6 FEI's rationale for using the ratio between propane and natural gas prices to establish the
7 propane cost recovery rates under Option 2 is to provide a rate setting mechanism wherein the
8 frequency of the Revelstoke propane cost recovery rate changes would be linked to the
9 frequency of the natural gas cost recovery rate changes, while the magnitude of the rate
10 changes would be linked to the ratio of the propane versus the natural gas prices.

11 Over the long term there would essentially be no rate relief provided to Revelstoke customers
12 as this approach will true-up actual propane costs over time without the use of additional
13 deferral accounts as demonstrated in the response to BCSEA IR 1.8.1.

14
15
16
17 8.3 Would FEI agree that it would be more transparent and consistent with cost
18 causation to stabilize the Revelstoke propane cost recovery rate by simply
19 smoothing the rate rather than tying the rate to the price of a different commodity
20 (natural gas)?
21

22 **Response:**

23 FEI notes that Option 2 does have the effect of smoothing the rate. FEI considers that Option 2
24 (5-year rolling average-indexed for propane cost recovery) is transparent as the calculation of
25 the ratio is based on prices of propane and natural gas which are publicly available. FEI has
26 demonstrated that there is no rate relief in Option 2 as illustrated in the response to BCSEA IR
27 1.8.1. FEI has included a discussion of rate making principles in response to BCUC IR 1.9.6.
28 FEI notes that the Option 1 – equal cost recovery is the proposed option as it addresses both
29 objectives of providing rate stability and rate relief (please refer to the responses to BCSEA IR
30 1.1.2 and 1.4.19 for the purpose of including Option 2 in the Application).

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9.0 Topic: Rationale

Reference: Application, Exhibit B-1, p.14

“Fully amalgamating the propane and natural gas portfolio costs on an equal basis (as proposed in Option 1) ensures that FEI customers in Revelstoke do not experience differing cost of energy recovery rates due to their location within FEI’s service territory. This supports equality of investment and job creation across the province.”

9.1 Would FEI agree that Revelstoke propane customers experience differing cost of energy recovery rates from those applicable to FEI’s non-bypass natural gas customers due to the cost causation principle?

Response:

Please refer to the response to BCSEA IR 1.2.6.

9.2 Is it FEI’s view that “equality of investment and job creation across the province” requires natural gas distribution customers to subsidize energy delivery in all areas of the province not served by the natural gas pipeline distribution system?

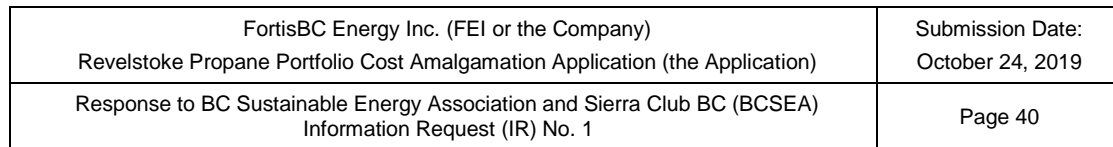
Response:

FEI believes that it is just and reasonable for customers within its amalgamated service territory that receive the same or similar service to pay the same rates in accordance with the accepted principle of common rates across geographic locations within FEI’s service territory.

9.2.1 If so, how much would this cost?

Response:

Since Revelstoke commodity and Fort Nelson are the only two geographic areas not currently under common rates, there is very little cost to FEI ratepayers from this approach.



5 **Response:**

7
8

3 **Response:**

7 FEI is currently exploring the potential to serve two off-system locations in BC including whether
8 and how these locations could be served with natural gas, LNG, CNG or propane. At this time
9 the business, service and regulatory mechanisms have not been determined.

21
22

27 **Response:**

30
3132
33

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“With the exception of Revelstoke and Fort Nelson, FEI’s customers already pay the same cost of energy recovery rates no matter where they are located within the service area.”

9.5 Is it FEI’s intention to propose amalgamated cost of energy recovery rates for FEI Fort Nelson customers? If so, please provide details. If not, what distinguishes Fort Nelson and Revelstoke in this respect?

Response:

Order G-48-19 in the 2019 and 2020 Revenue Requirements and Rates Application for the Fort Nelson Service Area directed FEI as follows:

... the Panel directs FEI to include in the next RRA for FEFN, a discussion of the potential for postage stamping rates in FEFN along with the rest of FEI, including the following information:

- The forecast rate impact of moving to postage stamp rates for each of FEFN’s rate schedules for 2021 and 2022 (or the applicable test period, if different from the two years referenced);
- FEI’s assessment of the pros and cons of moving to postage stamp rates in the near future;
- FEI’s assessment of the likelihood of the occurrence of factors and circumstances that could result in a reduced or increased rate impact in the near future;
- Proposed mechanisms to reduce or mitigate negative rate impacts to an acceptable level; and
- A proposed time period to implement postage stamp rates.

FEI’s next revenue requirement for Fort Nelson will be for the year 2021, to be filed in 2020. At that time FEI will set out a time line to implement postage stamping for Fort Nelson.

“FEI’s Revelstoke propane customers are different from FEI’s natural gas customers because they use a different fuel type. However, geographical location itself is the key cause for this difference in fuel type. As such, applying equal cost of energy recovery rates to FEI’s Revelstoke propane customers represents an improvement to the current

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1 situation in line with the accepted principle of common rates across geographical
2 locations within FEI's service territory."

3 9.6 Would FEI agree that the key cause for the difference in fuel type between
4 Revelstoke and the natural gas distribution system is that it is not economic to
5 extend the natural gas distribution system to Revelstoke?
6

7 **Response:**

8 FEI agrees that the key cause for the difference in fuel type between Revelstoke and FEI's
9 natural gas service areas is that it is currently uneconomic to extend the natural gas distribution
10 system to Revelstoke. This is a direct result of the geographic location of Revelstoke. Please
11 also refer to the response to BCUC IR 1.8.3.

12
13
14
15 9.7 Is FEI asserting that a postage stamp rates principle applies to the propane and
16 natural gas commodity costs for the FEI propane distribution system in
17 Revelstoke and the FEI natural gas distribution system respectively? If so, please
18 provide regulatory or policy support for this proposition.
19

20 **Response:**

21 FEI is not asserting that there is a postage stamp principle that requires the same commodity
22 costs for FEI's propane distribution system in Revelstoke and for FEI's natural gas customers,
23 but rather that postage stamping of rates may be the outcome after balancing rate design
24 principles. Please refer to the response to BCUC IR 1.9.6.

25
26
27
28
29 "Further, neither of the options preclude future review of potential options to upgrade the
30 Revelstoke propane system to natural gas, which may include consideration of
31 alternatives such as a natural gas pipeline, liquefied natural gas (LNG) supply, or
32 compressed natural gas (CNG) supply in consideration of both the economic and non-
33 financial benefits at the time."

34 9.8 Please confirm, or otherwise explain, that as of 2016 the estimated costs of
35 potential options to upgrade the Revelstoke propane system to natural gas by
36 natural gas pipeline extension, LNG virtual pipeline and CNG virtual pipeline
37 were approximately \$85-million, \$25-million and \$54-million, respectively.

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1

2 **Response:**

3 FEI's presentation to interveners on April 22, 2016 confirms the \$25 million amount for a LNG
4 virtual pipeline and \$54 million for a CNG virtual pipeline; however, the natural gas pipeline
5 extension in the same presentation is shown as \$280 million. It is possible that BCSEA has a
6 different version of the presentation.

7 Regardless, please refer to the response to BCUC IR 1.8.3 for FEI's latest estimated costs from
8 2015 and 2016, inflated to 2019 dollars, to connect Revelstoke to FEI's natural gas system via a
9 physical pipeline or a virtual LNG pipeline. FEI also notes that the CNG virtual pipeline was
10 deemed not feasible as it was unable to meet the on-site storage requirement of 9 days supply
11 and is therefore not included in the response to BCUC IR 1.8.3.

12

13

14

15 9.9 Does FEI have any current plans to review options to provide natural gas service
16 in Revelstoke?

17

18 **Response:**

19 Please refer to the response to BCUC IR 1.13.1.

20

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10.0 Topic: Forecast load growth

Reference: Application, Exhibit B-1, Section 4, Forecast Load Growth and Impacts on the Revelstoke Distribution System

10.1 Please confirm, or otherwise explain, that FEI's analysis of the load growth implications of the proposed substantial reduction in Revelstoke propane commodity prices addresses only increased load due to conversions from existing other fuel types to piped propane does not address increased load due to new piped propane customers (not conversions) and increased consumption by existing piped propane customers?

Response:

Not confirmed.

As shown in Figure 4-1 of the Application, the conversion customers under the Upper Bound scenario are incremental to the current forecast, which includes new piped propane customers that are not conversions. Please also note that Figure 4-2 of the Application shows load growth under the current forecast which included new piped propane customers as well as existing customers. As discussed in the response to BCUC IR 1.6.1, FEI believes the use rate of existing customers will remain relatively stable. The Upper Bound scenario was used to illustrate the incremental increase in load that could potentially occur if all 1,063 identified residential dwellings within 30 metres of FEI's existing main converted to propane immediately.

10.2 Is it FEI's view that reducing the propane commodity price for Revelstoke to the level of the natural gas commodity price would have no positive impact on piped propane consumption other than conversions?

Response:

FEI believes individual existing customers might increase or decrease their consumption over time for various factors outside of FEI's control, but on an average basis, FEI believes the use rates for existing customers will remain relatively stable. Please refer to the response to BCUC IR 1.6.1.

10.3 What is FEI's business-as-usual load forecast for the Revelstoke propane distribution system?

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1

2 **Response:**

3 Please refer to the current forecast shown in Figure 4-2 of the Application.

4

5

6

7 10.4 Would FEI agree that the district energy system operated by the Revelstoke
8 Community Energy Corporation has substantially lower GHG emissions than
9 equivalent heating by piped propane?

10

11 **Response:**

12 Confirmed. However, FEI notes that, as explained in the response to BCUC IR 1.2.7.2, FEI's
13 proposal could result in GHG emissions reductions of approximately 100 metric tonnes CO₂e
14 per year by adding to the incentive for residential heating oil customers to convert to propane;
15 and so FEI's proposal also has GHG emission benefits.

16

17

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11.0 Topic: Bill impacts to Revelstoke customers

Reference: Application, Exhibit B-1, Section 5, Total Bill Impacts to FEI and Revelstoke Customers

11.1 Please provide a table showing the revenue/cost of service ratio for FEI Revelstoke customers compared to FEI Mainland and Vancouver Island Service Area customers, before and after the proposed Option 1 and Option 2.

Response:

Please refer to the response to BCOAPO IR 1.2.1.

11.2 Please extend Table 5-1 by adding a column for Total Annual Bill Impact and rows for Total Revelstoke Customers (Propane) and Total FEI Mainland and Vancouver Island (Natural Gas).

Response:

Please see table below for the revised Table 5-1 of the Application to include the Total of Annual Bill Impacts and Total Customers from Rate Schedule (RS) 1 to 7 for both FEI and Revelstoke:

Rate Schedule	Average UPC (GJ)	Average Annual Bill Impact (\$)	Average Annual Bill Impact (%)	Number of Customers (2018 Actual, RS1 to 7 only)	Total of Annual Bill Impacts (\$000s)
Revelstoke Customers (Propane)					
Rate Schedule 1 - Residential Service	50	\$ (407)	(45%)	1,503	\$ (546)
Rate Schedule 2 - Small Commerical	300	\$ (2,116)	(49%)	257	\$ (531)
Rate Schedule 3 - Large Commerical	6,650	\$ (48,259)	(56%)	9	\$ (425)
TOTAL				1,769	\$ (1,502)
FEI's Mainland and Vancouver Island (Natural Gas)					
Rate Schedule 1 - Residential Service	90	\$ 0.98	0.12%	918,928	\$ 923
Rate Schedule 2 - Small Commerical	340	\$ 4.00	0.16%	87,026	\$ 346
Rate Schedule 3 - Large Commerical	3,770	\$ 33.72	0.15%	5,912	\$ 209
Rate Schedule 4 - Seasonal Firm Gas Service	8,500	\$ 68.00	0.19%	18	\$ 1
Rate Schedule 5 - General Firm Service	11,900	\$ 97.73	0.16%	281	\$ 24
Rate Schedule 6 - Natural Gas Vehicle Service	5,020	\$ 20.07	0.08%	8	\$ 0
Rate Schedule 7 - General Interruptible Service	52,670	\$ 421.36	0.20%	12	\$ 3
TOTAL				1,012,185	\$ 1,505
Variance					\$ 4

FEI notes that the total of annual bill impacts between Revelstoke and FEI natural gas customers is not equal. The small variance (approximately 0.2 percent) is because the

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midstream rates for RS 4 and RS 7 are set to equal the midstream rate of RS 5. The midstream rates for these two rate schedules are not set based on an allocation of load factor because they are both interruptible service⁴. The recovery of midstream rates from RS 4 and RS 7 are a small credit to the MCRA and ultimately benefit all FEI core customers (RS 1 to 7), including Revelstoke's customers, through the midstream rates.

11.2.1 If the reductions in Total Annual Bill Impact for Revelstoke Customers by rate schedule and total do not match the increases in Total Annual Bill Impact for Mainland and Vancouver Island, please explain why.

Response:

Please refer to the response to BCSEA IR 1.11.2.

11.3 Please confirm, or otherwise explain, that under FEI's proposal a Revelstoke customer's bill would provide no indication that the propane commodity cost is subsidized by other FEI non-bypass customers.

Response:

Confirmed. Please refer to the response to BCSEA IR 1.7.2.

11.4 What is FEI's forecast of the total annual cost of the proposed cross-subsidy over next ten years under Option 1, and Option 2?

Response:

Please see the table below for the forecast total annual cost to FEI's non-bypass customers as a result of the proposed Option 1 based on current forward forecasts. FEI notes that 10 years

⁴ RS 4 is seasonal firm during off-peak period (April 1 to October 31) and interruptible service during peak period (November 1 to March 31).

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1 of forecasts for Alberta propane are not readily available; as such, FEI used forecasts from GLJ
2 Petroleum Consultants (GLJ)⁵, dated Oct 1, 2019 for the table below.

3 As discussed in response to BCSEA IR 1.8.1, there are no propane costs being transferred to
4 natural gas customers in Option 2 so Option 2 is not shown below.

Line	Particular	Reference	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1	Escalation		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
2												
3	Revelstoke Demand Forecast (TJ)	Appendix B of Application	241	246	252	257	262	267	272	278	283	288
4												
5	Propane Price - Avg. Conway & Mont Belvieu (\$/GJ)	GLJ Forecast (Oct 19, 2019)	8.957	9.148	9.381	9.729	10.076	10.424	10.696	10.910	11.128	11.351
6												
7	Natural Gas - AECO (\$/GJ)	GLJ Forecast (Oct 19, 2019)	1.549	2.038	2.275	2.417	2.606	2.663	2.720	2.777	2.824	2.881
8	FEI Effective Midstream Rate, incl rider 6 (\$/GJ)	Appendix A @ 2% Escalation	1.193	1.217	1.242	1.266	1.292	1.318	1.344	1.371	1.398	1.426
9	FEI Commodity Related Charges (\$/GJ)	Line 7 + Line 8	2.742	3.255	3.516	3.683	3.898	3.981	4.064	4.148	4.223	4.307
10												
11	Total Propane Cost (\$000s)	Line 5 x Line 3	2,160	2,255	2,362	2,501	2,644	2,788	2,914	3,030	3,147	3,270
12	Propane Cost - Pay by Revelstoke (\$000s)	Line 9 x Line 3	658	802	885	947	1,023	1,065	1,107	1,152	1,194	1,241
13	Portion by FEI's non-bypass (RS 1 to 7) (\$000s)	Line 11 + Line 12	1,502	1,452	1,476	1,554	1,621	1,723	1,807	1,878	1,953	2,029

5
6 FEI notes that as shown in the table above, the result under the highest propane cost forecast
7 from GLJ over the next 10 years is approximately \$3.270 million (line 11 in 2029), which is less
8 than the 2014 historical peak of \$3.904 million as shown in Table 3-4 of the Application. Under
9 the 2014 historical peak, the midstream rate impact to FEI's natural gas customers is minimal at
10 approximately \$0.022 per GJ, which is equivalent to just less than two dollars for an average
11 residential customer with consumption of 90 GJ per year. The forecasts from GLJ suggests the
12 impact to FEI's natural gas customers will remain small over the next 10 years.

13
14

15

16 11.5 Please provide a graph and a table showing the difference between the
17 Revelstoke propane cost recovery price and the natural gas cost recovery price
18 in \$/GJ and the size of the cross-subsidy in \$/year between Mainland and
19 Vancouver Island customers and Revelstoke customers under proposed Option
20 1.

21

22 **Response:**

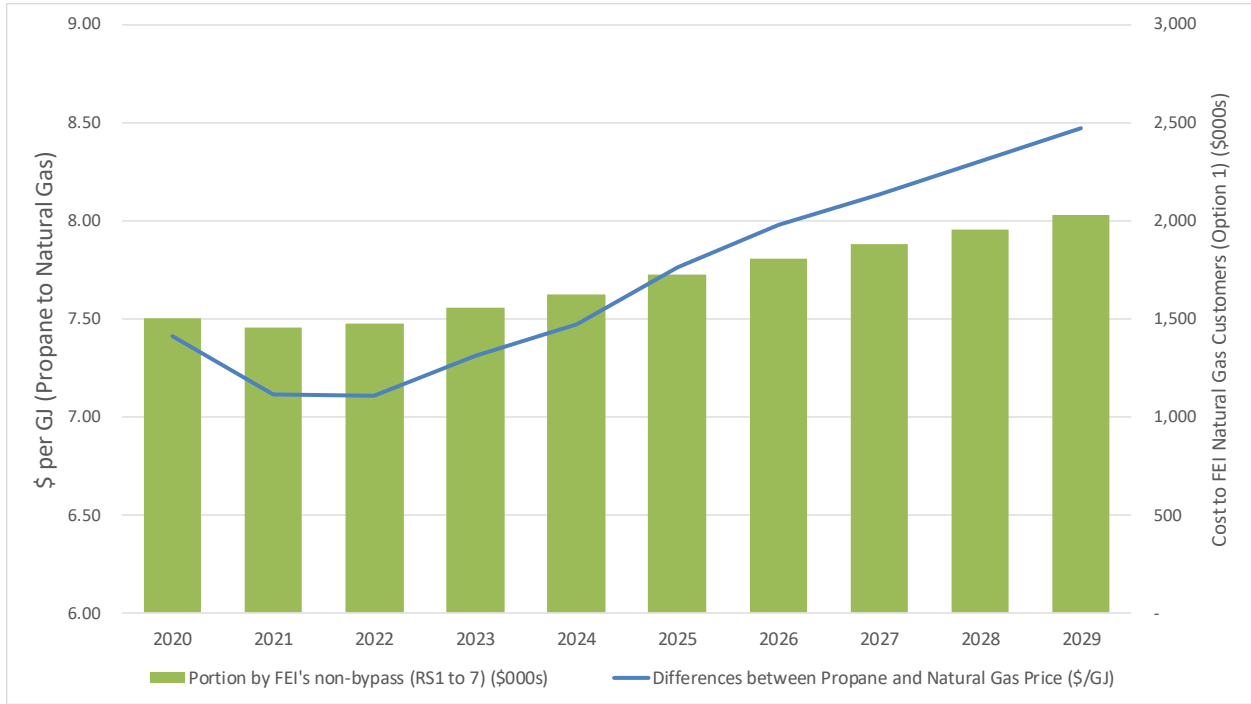
23 Please see the requested table and graph below based on the forecast of propane and natural
24 gas prices as discussed in response to BCSEA IR 1.11.4.

Differences between Propane and Natural Gas Price (\$/GJ)	7.41	7.11	7.11	7.31	7.47	7.76	7.98	8.13	8.30	8.47
Portion by FEI's non-bypass (RS1 to 7) (\$000s)	1,502	1,452	1,476	1,554	1,621	1,723	1,807	1,878	1,953	2,029

25

⁵ <https://www.gljpc.com/>

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2

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1 **12.0 Topic: Capital upgrades**

2 **Reference: Exhibit B-1, 4.2 Required Distribution System Upgrades**

3 FEI describes Revelstoke system upgrades required to support the growth within the 20-
4 year forecast horizon under the Upper Bound scenario. FEI says:

5 “The capital upgrades will have to be implemented immediately in the first year
6 after the proposed amalgamation of propane and natural gas costs begins as the
7 Upper Bound scenario assumes all additional conversions occur in the first year
8 after the proposed amalgamation becomes effective. The total capital cost for the
9 upgrade is estimated to be \$2.798 million in 2019 dollars.” [pp.17-18]

10 12.1 Are the capital upgrades necessary exclusively because of the proposed
11 commodity rate amalgamation? If the Application is denied, could the capital
12 upgrades be deferred and/or scaled back? If so, what would be the financial
13 savings?

14
15 **Response:**

16 Please refer to the responses to BCUC IR 1.8.5 and CEC IR 1.10.3.

17

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13.0 Topic: Regulatory context

Reference: Order C-11-90; Order G-72-90; Letter No. L-42-97; Exhibit A2-2, June 1, 2012, FEU Response to BCUC 7.2.4 in Common Rates, Amalgamation and Rate Design Application; FEI 2016 Rate Design Application; Order G-94-97; Application, Exhibit B-1-1, Appendix A5, “Clean Growth Pathway to 2050”

The Commission’s August 16, 1990 Order C-11-90, Certificate of Public Convenience and Necessity to BC Gas Inc. to construct a propane gas distribution system to supply the City of Revelstoke and the surrounding areas recites in part:

“WHEREAS BC Gas has been awarded financial contributions from the Provincial Government related to this Project...” [underline added]

The Commission’s October 4, 1990 Order G-72-90, approving gas tariff rate schedules and an accounting Deferral Account for the supply of piped propane vapour in Revelstoke recites in part:

“WHEREAS the use of a deferral account will allow customers to have a measure of rate stability during a period of fluctuating propane prices...” [underline added]

The Commission’s September 5, 1996 Order G-89-96, regarding a Revelstoke rates application and “Complaints into Increased Propane Rates at Revelstoke, B.C.,” gave interim approval of the rates in question and initiated an inquiry into BC Gas’s contracting for propane supply and into how propane supply costs are recovered in rates.

While not specific to FEI’s Revelstoke piped propane system, the Commission’s September 5, 1996 Utility System Extension Guidelines, Order G-80-96, endorse a general principle that the costs of system extensions be allocated to those customers who cause them, and express disapproval of cross-subsidization between customers. The Commission states:

“1. The Commission recommends that evaluation of system extensions be based on a discounted cash flow evaluation method that includes, to the extent feasible, all incremental costs and benefits associated with a particular system extension over a time period long enough to consider the full impact of the extension. The Commission also recommends that, as a general principle, the costs of system extensions be allocated to those customers who cause them. [p.31, underline added.]

“The Commission concludes that aggregation of proposed system extensions could lead to instances of cross-subsidization between customers. Therefore, the Commission recommends that Utilities analyze system extensions on a

FortisBC Energy Inc. (FEI or the Company) Revelstoke Propane Portfolio Cost Amalgamation Application (the Application)	Submission Date: October 24, 2019
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disaggregated basis. However, as noted above, there may be situations, typically involving routine, short extensions, where the benefits of aggregation exceed the costs and, therefore, the Commission will consider utility proposals for dealing with this issue. The Commission recommends that these proposals be based on the incremental cost of extending the system and adding new customers.” [p.16, underline added]

The Commission’s August 7, 1997 Letter No. L-42-97 to Mayor G.S. Battersby, The City of Revelstoke, states that BC Gas’s proposal to recover from Revelstoke customers the balance in the Revelstoke Propane Cost Deferral Account is consistent with the regulatory principle of commodity cost recovery from applicable customers. The Commission states in part:

“...In the absence of other workable options to recover the propane cost deferral account, the Commission considers the proposal of BC Gas to recover the Propane Cost Deferral Account in Revelstoke’s customer rates is consistent with the regulatory principle of commodity cost recovery from applicable customers. The alternatives available to BC Gas and its customers may be limited to the length of the recovery period.” [underline added]

The Commission’s August 27, 1997 Order G-94-97 approved an application by BC Gas to increase propane rates to the Revelstoke grid customers, and approved a 5-year amortization of the Revelstoke Propane Cost Deferral Account, noting that this was preferred over a 3-year amortization period by the City of Revelstoke. The Commission also cited “the principle of non-cross subsidies” in denying BC Gas’s request to transfer a \$104,010 credit from the Gas Cost Reconciliation Account into the Revelstoke Propane Cost Deferral Account:

“1. Consistent with the principle of non-cross subsidies embodied in the Commission’s October 10, 1996 Decision and Order No. G-100-96, the Commission denies BC Gas’s request to transfer a \$104,010 credit from the Gas Cost Reconciliation Account into the Revelstoke Propane Cost Deferral Account.” [underline added]

The Commission’s reference to an “October 10, 1996 Decision and Order No. G-100-96” is unclear, as such a document is not disclosed in a search of the Commission’s website. However, it is noted that the subject line in the Commission’s August 7, 1997 Letter No. L-42-97 to the Mayor of Revelstoke, quote from above, does state: “Re: BC Gas Utility Ltd., BCUC Order No. G-100-96 Revelstoke Propane Cost Deferral Account.” [underline added]

References to a Revelstoke Propane Cost Deferral Account appear in Commission orders between November 3, 1994 (Order G-79-94) and September 12, 2019 (Letter L-45-19).

FortisBC Energy Inc. (FEI or the Company) Revelstoke Propane Portfolio Cost Amalgamation Application (the Application)	Submission Date: October 24, 2019
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1 In 2011 and 2012, the FortisBC Energy Utilities applied to the Commission for approval
2 of common rates and amalgamation regarding the Vancouver Island, Whistler, and
3 Lower Mainland, Inland and Columbia service areas. FEU did not propose any change
4 to the Revelstoke propane cost recovery rate being independent of the gas cost
5 recovery rate applicable to the FEU's natural gas customers.

6 In 2016, FEI filed a Rate Design Application with the Commission. The application did
7 not mention a problem with the design of the rates for Revelstoke piped propane
8 customers, or propose cross-subsidization of the Revelstoke propane commodity cost.

9 In 2019, FortisBC filed an Application for Approval of a Multi-Year Rate Plan for the
10 years 2020 through 2024. The application included a "Clean Growth Pathway to 2050"
11 document which outlines numerous initiatives by which FortisBC will "help British
12 Columbia move to a low-carbon, renewable energy future." There is no mention in the
13 document of the Revelstoke propane commodity cost or of the idea that cross-
14 subsidizing the Revelstoke propane commodity cost would contribute to the BC energy
15 objectives.

16 13.1 Would FEI agree that it has been known since the Revelstoke piped propane
17 system was initially constructed with funding from the BC Government that
18 extension of the natural gas system to Revelstoke was not economic, and that
19 propane commodity prices are higher and more volatile than natural gas
20 commodity prices?
21

22 **Response:**

23 In 1990 when the Revelstoke piped propane was constructed, FEI knew that an extension of the
24 natural gas system was uneconomic and that propane prices were typically higher than natural
25 gas prices. However, FEI had anticipated that at some point in the future, sufficient economic
26 growth and development could occur in the corridor from the north Okanagan to Revelstoke that
27 would justify a natural gas extension (without an additional contribution from any party). Since
28 that time (1990), the economic growth in Revelstoke and in the aforementioned corridor has not
29 occurred to a degree that would enable an economic physical pipeline connection. FEI
30 undertook the 2015/2016 analysis referenced in the response to BCUC IR 1.8.3 to determine if
31 an alternate solution such as a virtual pipeline would solve the volatility and higher prices that
32 Revelstoke customers pay for energy, but the results continued to remain uneconomic. FEI has
33 brought forward this Application as a solution to the volatility and higher prices of energy that
34 Revelstoke customers bear, with little cost to all other natural gas ratepayers.

35

36

37

38

FortisBC Energy Inc. (FEI or the Company) Revelstoke Propane Portfolio Cost Amalgamation Application (the Application)	Submission Date: October 24, 2019
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13.2 Would FEI agree that in the past the Commission has denied requests for reduced propane cost recovery rates for Revelstoke customers because this would involve cross-subsidization?

Response:

FEI agrees that in 1996 the BCUC denied reducing Revelstoke commodity recovery rates related to the Propane Deferral Account and the cost of propane because it would result in a cross subsidization that would be inconsistent with the regulatory principle of commodity cost recovery from applicable customers.

This last inquiry into commodity pricing for Revelstoke occurred 23 years ago in 1996 and since then, there have been significant changes in provincial government energy policy, and other changes (described below) that have occurred in BC that makes it appropriate to revisit how Revelstoke energy costs should be recovered.

In the Inquiry Report dated October 7, 1996, which was appended to BCUC Order G-100-96, stated the following in Section 7.0 Recommendations⁶:

1. Approve the BC Gas Application to recover the full amount of the propane price increase with an immediate increase in the amount of the Revelstoke propane rider.
2. Approve as permanent the interim increase granted BC Gas effective October 1, 1996, which recover 70% of the increased propane costs in one year with the balance placed in a deferral account for recovery in the second year.
3. Reduce further the amount of the interim increase and leave recovery of the deferral account for later direction following further consultation and consideration of alternative recovery options.
4. Direct BC Gas to roll in the acquisition costs of propane with that of natural gas.

The Commissioner who authored the inquiry report recommended Option 3, stating the following⁷:

After consideration of evidence from the Inquiry, my recommendation is to follow option three. The Commission could vary Order G-89-96 by reducing the amount to be recovered in rates this year from 70% to 60%, effective October 1, 1996. This would reduce the bill impact for residential service to 15%, that is \$86 per year for the average customer. The increase for large commercial service would be reduced to 19%. Added to these increases would be any increases from rate design changes if approved by the Commission. The balance of the propane

⁶ BCUC Order G-100-96, October 10, 1996; Appendix 1 "Inquiry Report", pp. 17, 18.

⁷ Ibid, pg. 18.

FortisBC Energy Inc. (FEI or the Company) Revelstoke Propane Portfolio Cost Amalgamation Application (the Application)	Submission Date: October 24, 2019
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1 supply costs should be placed in a deferral account for recovery at a time and
2 under conditions yet to be determined.

3
4 In its concluding paragraph in the Inquiry Report the following was stated by the Commissioner⁸:

5 BC Gas should ... seek methods of leveling out the impact on customer rates of
6 volatile pricing in energy supply markets. Longer term contracts, rolled-in costs,
7 or a broader customer base are all options to be examined. The public expects
8 actions by utilities, regulation by the Commission and provincial government
9 policy to ensure, wherever possible, access by the public to stable, long-term
10 competitive and affordable energy resources.

11
12 Two of the significant impediments identified by the Commission in the Inquiry Report⁹ are no
13 longer relevant because Vancouver Island gas customers (formerly FEVI) no longer have their
14 rates set by a reference price based on home heating oil or electricity and these customers
15 have been amalgamated with FEI. Customers in Whistler were converted in 2010 from propane
16 to natural gas and also have been amalgamated into FEI with postage-stamp rates for delivery,
17 commodity and midstream costs. FEI believes that the concept of postage stamp rates for the
18 provision of gas service (whether propane or natural gas) and of not differentiating rates on the
19 basis of location has now been well established, and that now is the time to reconsider these
20 earlier decisions.

21 Further, this inquiry occurred before a number of provincial energy policies and objectives came
22 into existence and it is now appropriate for the BCUC to consider provincial energy policy along
23 with rate design principles and whether FEI's proposal should be approved. Please also refer to
24 the response to BCUC IR 1.9.6.

25
26
27
28 13.3 Please explain why FEI did not address the Revelstoke propane cost recovery
29 rate in its 2016 Rate Design Application.
30

⁸ Ibid., pg. 19.

⁹ Ibid. pg. 18; Commission staff indicated the following problems from a rolled-in price:

- Similar isolated areas dependent on piped propane such as Whistler and Port Alice in the Centra Gas service area,
- Vancouver Island natural gas customers pay higher prices than in Revelstoke as rates are set at home heating oil equivalents until the high costs of extending the natural gas pipeline are recovered, and
- Consideration given to isolated areas paying higher prices for diesel generated electricity.

FortisBC Energy Inc. (FEI or the Company) Revelstoke Propane Portfolio Cost Amalgamation Application (the Application)	Submission Date: October 24, 2019
Response to BC Sustainable Energy Association and Sierra Club BC (BCSEA) Information Request (IR) No. 1	Page 56

1 **Response:**

2 During the development of the 2016 Rate Design Application (RDA), FEI was investigating the
3 potential to connect Revelstoke to FEI's natural gas system via a physical or a virtual CNG/LNG
4 pipeline. FEI ultimately determined that these options were uneconomic at the same time as it
5 was finalizing the RDA for filing in December 2016. Additionally, FEI had not yet considered
6 other alternatives including non-capital solutions to connect Revelstoke to the natural gas
7 system as proposed in this Application. For these reasons, FEI did not address Revelstoke
8 propane cost recovery in its 2016 RDA.

9

10

11

12 13.4 Please explain why FortisBC's "Clean Growth Pathway to 2050" does not
13 mention FEI's argument that cross-subsidization of the Revelstoke propane
14 commodity cost would promote BC energy objectives.

15

16 **Response:**

17 The Clean Growth Pathway to 2050 (the Pathway) represents FortisBC's submission to the
18 Government of BC under the public engagement process for CleanBC. The Pathway outlines
19 four key strategies to align with provincial goals for significantly reducing economy-wide GHG
20 emissions while supporting economic growth and maintaining energy affordability and customer
21 choice but was not intended to provide a detailed description of each action that may be
22 undertaken by FortisBC that may have result in promoting BC energy objectives. The purpose
23 of this Application is to mitigate price volatility and price disparity between propane and natural
24 gas for FEI's Revelstoke customers. As explained in the response to BCUC IR 1.8.3, the
25 changes proposed in the Application represent an innovative, least-cost, and non-capital option
26 for overcoming the geographic disadvantage faced by FEI's Revelstoke customers.

Attachment 2.4

SCHEDULE 1RESIDENTIAL SERVICEMONTHLY RATE:

Option A: Where the customer's primary space heating equipment utilized on the premises was purchased and installed with the assistance of a promotional incentive provided by the Company:

Basic Charge \$3.52 per month plus \$1.24 times the amount of the promotional incentive divided by \$100.

First	10.5 gigajoules	@ \$4.751 per gigajoule
Excess Over	10.5 gigajoules	@ \$4.241 per gigajoule

Effective September 30, 1990, Option A is closed to customers who have not availed themselves of the promotional incentive prior to that date.

Option B: Where the customer's primary space heating equipment utilized on the premises was not purchased and installed with the assistance of a promotional incentive provided by the Company:

Basic Charge		\$3.52 per month
First	10.5 gigajoules	@ \$4.751 per gigajoule
Excess Over	10.5 gigajoules	@ \$4.241 per gigajoule

Rider 1: For all customers located in the City of Revelstoke and surrounding areas, the following surcharge shall be added to Schedule 1 rates:

All gigajoules	@ \$1.570 per gigajoule
----------------	-------------------------

Rider 2: Rate reduction applicable to Options A and B to December 31, 1990.

All gigajoules	@ (\$0.057) per gigajoule
----------------	---------------------------

Issued SEP 19 1990
By D. Masuhara

D. M. MASUHARA
VICE PRESIDENT
LEGAL AND REGULATORY AFFAIRS

BC GAS INC.
1066 West Hastings Street
Vancouver, B.C. V6E 3G3

Accepted for Filing OCT - 4 1990
G-72-90

SECRETARY
BRITISH COLUMBIA UTILITIES COMMISSION

EFFECTIVE

OCT - 4 1990

SCHEDULE 2GENERAL SERVICEAVAILABLE:

In all territory served by the Company under the Tariff of which this Schedule is a part, provided adequate capacity exists in the Company's system.

APPLICABLE:

To firm gas supplied at One (1) point of delivery and through One (1) meter for use in approved appliances in commercial, institutional or small industrial operations.

MONTHLY RATE:

Rate 2.1: Applicable to Buyers who have consumed less than 6,000 gigajoules in the twelve months ended with the most recent October billing.

Basic Charge		\$12.91 per month
First	6.0 gigajoules	@ \$ 5.409 per gigajoule
Next	99.5 gigajoules	@ \$ 4.749 per gigajoule
Excess Over	105.5 gigajoules	@ \$ 4.149 per gigajoule

Rate 2.2: Applicable to Buyers who have consumed a quantity of gas equal to or greater than 6,000 gigajoules in the twelve months ended with the most recent October billing.

Basic Charge		\$12.91 per month
First	6.0 gigajoules	@ \$ 5.152 per gigajoule
Next	99.5 gigajoules	@ \$ 4.492 per gigajoule
Excess Over	105.5 gigajoules	@ \$ 3.892 per gigajoule

Rider 1: For all Buyers located in the City of Revelstoke and surrounding areas, the following surcharges shall be added to Schedule 2.1 rates:

First	105.5 gigajoules	@ \$ 0.47 per gigajoule
Excess Over	105.5 gigajoules	@ \$ 0.57 per gigajoule

Rider 2: For all Buyers located in the City of Revelstoke and surrounding areas, the following surcharges shall be added to Schedule 2.2 rates:

First	105.5 gigajoules	@ \$ 0.727 per gigajoule
Excess Over	105.5 gigajoules	@ \$ 0.827 per gigajoule

N

Issued SEP 19 1990
By D. Masuhara

Accepted for Filing OCT - 4 1990
G-72-90

D. M. MASUHARA
VICE PRESIDENT
LEGAL AND REGULATORY AFFAIRS

SECRETARY
BRITISH COLUMBIA UTILITIES COMMISSION

EFFECTIVE

BC GAS INC.
1066 West Hastings Street
Vancouver, B.C. V6E 3G3

OCT - 4 1990

Attachment 4.8

Tom A. Loski
Chief Regulatory Officer

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Regulatory Affairs Correspondence
Email: regulatory.affairs@terasengas.com

September 3, 2010

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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. – Revelstoke Service Area
2010 Third Quarter Gas Cost Report**

Terasen Gas Inc. ("Terasen Gas" or the "Company") hereby submits to the British Columbia Utilities Commission (the "Commission") the 2010 Third Quarter Gas Cost Report for the Revelstoke Service Area ("Revelstoke"). The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the forward prices as at August 24, 2010.

Terasen Gas, consistent with previous quarterly gas cost filings, has calculated the forecast cost of propane utilizing three sets of forward prices. One forecast is based on an average of 50% NYMEX West Texas Intermediate ("WTI") Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, a second forecast is based on the NYMEX WTI Light Sweet Crude Oil futures, and a third forecast is based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. The results based on each of these three forecasts are attached under Tab 1, Tab 2, and Tab 3, respectively.

As shown at Tab 1, Page 1, based on the August 24, 2010 forward prices, using an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at September 30, 2010 is \$102,942 surplus (pre-tax), and the forecast balance at September 30, 2011 is \$122,149 surplus (pre-tax). The rate change trigger mechanism is calculated to be 104.8%.

As shown at Tab 2, Page 1, based on the August 24, 2010 forward prices, using NYMEX WTI Light Sweet Crude Oil futures, and based on the current rates, the projected deferral account balance at September 30, 2010 is \$112,191 surplus (pre-tax), and the forecast balance at September 30, 2011 is \$71,834 surplus (pre-tax). The rate change trigger mechanism is calculated to be 102.8%.

As shown at Tab 3, Page 1, based on the August 24, 2010 forward prices, using NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral

account balance at September 30, 2010 is \$93,693 surplus (pre-tax), and the forecast balance at September 30, 2011 is \$172,276 surplus (pre-tax). The rate change trigger mechanism is calculated to be 107.0%.

Although the forecast based fully on the NYMEX Mt. Belvieu Propane Swap prices produces a rate change trigger ratio which falls outside the 95% to 105% deadband range, the other two forecasts based either fully on the NYMEX WTI Light Sweet Crude Oil futures or on an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices provide rate change trigger ratios which fall within the acceptable deadband range, indicating that a rate change is not required.

Terasen Gas notes that while the Revelstoke Propane Cost Deferral Account balance is currently in a modest surplus position, under each of the three forecasts presented the deferral account is projected to remain relatively unchanged over the next quarter. Further, the Company acknowledges the commodity futures markets, in particular crude oil futures, continue to experience a large degree of price volatility. Terasen Gas proposes no change be made to the propane reference price at this time.

For information purposes, Terasen Gas provides at Tab 4, Page 1, a summary of the three sets of forward prices as at August 24, 2010. One set is based on the NYMEX WTI Light Sweet Crude Oil futures, a second set based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, and a third set based on an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices.

Provided in Tab 5 are the details of the forecast gas costs for Revelstoke. Terasen Gas requests the information contained in Tab 5 be treated as CONFIDENTIAL.

CONFIDENTIALITY

Consistent with past practice and previous discussions and positions on the confidentiality of selected filings (and further emphasized in Terasen Gas' January 31, 1994 submission to the Commission) Terasen Gas is requesting that this information be filed on a confidential basis pursuant to 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. Terasen Gas believes this will ensure that market sensitive information is protected, and Terasen Gas' ability to obtain favourable commercial terms for future gas contracting is not impaired.

In this regard, Terasen Gas 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.

In summary, Terasen Gas proposes that the propane reference price for use in the Revelstoke Propane Cost Deferral Account and customer rates remain unchanged at

September 3, 2010
British Columbia Utilities Commission
TGI – Revelstoke Service Area 2010 Third Quarter Gas Cost Report
Page 3



October 1, 2010. Terasen Gas will continue to monitor the forward prices and will report these results in the 2010 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 Brian Noel at 604-592-7467.

All of which is respectfully submitted.

Yours very truly,

TERASEN GAS INC.

Original signed:

Tom A. Loski

Attachments

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING SEPTEMBER 30, 2011

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)

(AUGUST 24, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 30, 2010						(\$42,896)
2	July (Projected)	663,985	\$0.2611	\$0.3466	(\$0.0856)	(\$56,812)	(\$99,708)
3	August (Projected)	214,221	\$0.3270	\$0.3342	(\$0.0072)	(\$1,538)	(\$101,246)
4	September (Projected)	293,555	\$0.3284	\$0.3342	(\$0.0058)	(\$1,696)	(\$102,942)
5	Current Quarter Total	<u>1,171,760</u>				<u>(\$60,046)</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	October 2010 (Forecast)	673,730	\$0.3327	\$0.3342	(\$0.0015)	(\$1,011)	(\$103,953)
9	November (Forecast)	922,697	\$0.3231	\$0.3342	(\$0.0111)	(\$10,242)	(\$114,195)
10	December (Forecast)	1,241,786	\$0.3415	\$0.3342	\$0.0073	\$9,065	(\$105,130)
11	January 2011 (Forecast)	1,227,848	\$0.3535	\$0.3342	\$0.0193	\$23,697	(\$81,433)
12	February (Forecast)	959,183	\$0.3391	\$0.3342	\$0.0049	\$4,700	(\$76,733)
13	March (Forecast)	933,150	\$0.3241	\$0.3342	(\$0.0101)	(\$9,425)	(\$86,158)
14	April (Forecast)	523,647	\$0.3260	\$0.3342	(\$0.0082)	(\$4,294)	(\$90,452)
15	May (Forecast)	408,458	\$0.3129	\$0.3342	(\$0.0213)	(\$8,700)	(\$99,152)
16	June (Forecast)	251,115	\$0.3053	\$0.3342	(\$0.0289)	(\$7,257)	(\$106,409)
17	July (Forecast)	253,939	\$0.3016	\$0.3342	(\$0.0326)	(\$8,278)	(\$114,687)
18	August (Forecast)	221,696	\$0.3120	\$0.3342	(\$0.0222)	(\$4,922)	(\$119,609)
19	September (Forecast)	<u>302,346</u>	\$0.3258	\$0.3342	(\$0.0084)	<u>(\$2,540)</u>	(\$122,149)
20	Total October 2010 to September 2011	<u>7,919,594</u>				<u>(\$19,207)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]			=	\$2,646,728		
25	September 30, 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)			=	\$2,524,586	104.8%	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING SEPTEMBER 30, 2012

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)

(AUGUST 24, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(-4)	(6)=(2)*(5)	(7)
1	September 2011 Balance (Forecast)						(\$122,149)
2	October (Forecast)	689,669	\$0.3350	\$0.3342	\$0.0008	\$552	(\$121,597)
3	November (Forecast)	943,926	\$0.3472	\$0.3342	\$0.0130	\$12,271	(\$109,326)
4	December (Forecast)	1,268,596	\$0.3606	\$0.3342	\$0.0264	\$33,491	(\$75,835)
5	January 2012 (Forecast)	1,264,090	\$0.3678	\$0.3342	\$0.0336	\$42,473	(\$33,362)
6	February (Forecast)	987,555	\$0.3594	\$0.3342	\$0.0252	\$24,886	(\$8,476)
7	March (Forecast)	961,944	\$0.3467	\$0.3342	\$0.0125	\$12,024	\$3,548
8	April (Forecast)	541,268	\$0.3329	\$0.3342	(\$0.0013)	(\$704)	\$2,844
9	May (Forecast)	422,436	\$0.3202	\$0.3342	(\$0.0140)	(\$5,914)	(\$3,070)
10	June (Forecast)	261,189	\$0.3118	\$0.3342	(\$0.0224)	(\$5,851)	(\$8,921)
11	July (Forecast)	263,593	\$0.3069	\$0.3342	(\$0.0273)	(\$7,196)	(\$16,117)
12	August (Forecast)	230,077	\$0.3175	\$0.3342	(\$0.0167)	(\$3,842)	(\$19,959)
13	September (Forecast)	312,826	\$0.3309	\$0.3342	(\$0.0033)	(\$1,032)	(\$20,991)
14	Total October 2011 to September 2012	<u>8,147,169</u>				<u>\$101,158</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING SEPTEMBER 30, 2011

Tab 1

Page 3

(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October 2010 (Forecast)	673,730	-	673,730	\$ -	\$ 0.3327	\$ -	\$ 224,149	\$ 224,149
2	November (Forecast)	922,697	560,000	362,697	\$ 0.3125	\$ 0.3395	\$ 174,995	\$ 123,152	\$ 298,147
3	December (Forecast)	1,241,786	560,000	681,786	\$ 0.3125	\$ 0.3653	\$ 174,995	\$ 249,057	\$ 424,052
4	January 2011 (Forecast)	1,227,848	560,000	667,848	\$ 0.3135	\$ 0.3870	\$ 175,555	\$ 258,483	\$ 434,038
5	February (Forecast)	959,183	560,000	399,183	\$ 0.3135	\$ 0.3751	\$ 175,555	\$ 149,719	\$ 325,274
6	March (Forecast)	933,150	560,000	373,150	\$ 0.3135	\$ 0.3399	\$ 175,555	\$ 126,843	\$ 302,398
7	April (Forecast)	523,647	-	523,647	\$ -	\$ 0.3260	\$ -	\$ 170,721	\$ 170,721
8	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3129	\$ -	\$ 127,823	\$ 127,823
9	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3053	\$ -	\$ 76,670	\$ 76,670
10	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3016	\$ -	\$ 76,591	\$ 76,591
11	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3120	\$ -	\$ 69,169	\$ 69,169
12	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3258	\$ -	\$ 98,495	\$ 98,495
13	Total October 2010 to September 2011	7,919,594	2,800,000	5,119,594			\$ 876,655	\$ 1,750,873	\$ 2,627,528
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.3318
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 12.964
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING SEPTEMBER 30, 2011

Tab 1
Page 4

AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICE!

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Line 15, Col.9)		
4	October 1 2010 to September 30 2011	\$0.3318	\$12.964
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0130)	(\$0.508)
7			
8			
9			
10	Tested Reference Price	\$0.3188	\$12.456
11			
12	Existing Propane Reference Price	<u>\$0.3342</u>	<u>\$13.058</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0154)	(\$0.602)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	(0.0008)	(\$0.031)
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>(\$0.0162)</u>	<u>(\$0.633)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% is based on 2007, 2008, and 2009 data.		
27		<u>Litres</u>	<u>%</u>
28	Sales:	23,472,939	
29			
30	Less: Company Use	5,871	0.03%
31	Propane Used for Vaporizer	308,561	1.31%
32	Unaccounted For	<u>847,918</u>	<u>3.61%</u>
33	Total	<u>1,162,350</u>	<u>4.95%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at Sep 30,2010	(\$0.0130)	(\$0.508)
37	Total Propane Cost Oct 1 2010 to Sep 30 2011	<u>(\$0.0032)</u>	<u>(\$0.125)</u>
38	Total Propane Cost Flowthrough	<u>(\$0.0162)</u>	<u>(\$0.633)</u>

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING SEPTEMBER 30, 2011

WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2010

(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 5

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 30, 2010						(\$42,896)
2	July (Projected)	663,985	\$0.2611	\$0.3466	(\$0.0856)	(\$56,812)	(\$99,708)
3	August (Projected)	214,221	\$0.3270	\$0.3342	(\$0.0072)	(\$1,538)	(\$101,246)
4	September (Projected)	293,555	\$0.3284	\$0.3342	(\$0.0058)	(\$1,696)	(\$102,942)
5	Current Quarter Total	<u>1,171,760</u>				<u>(\$60,046)</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>			<u>TESTED Reference Price</u>			
11	October 2010 (Forecast)	673,730	\$0.3327	\$0.3188	\$0.0139	\$9,365	(\$93,577)
12	November (Forecast)	922,697	\$0.3231	\$0.3188	\$0.0043	\$3,968	(\$89,609)
13	December (Forecast)	1,241,786	\$0.3415	\$0.3188	\$0.0227	\$28,189	(\$61,420)
14	January 2011 (Forecast)	1,227,848	\$0.3535	\$0.3188	\$0.0347	\$42,606	(\$18,814)
15	February (Forecast)	959,183	\$0.3391	\$0.3188	\$0.0203	\$19,471	\$657
16	March (Forecast)	933,150	\$0.3241	\$0.3188	\$0.0053	\$4,946	\$5,603
17	April (Forecast)	523,647	\$0.3260	\$0.3188	\$0.0072	\$3,770	\$9,373
18	May (Forecast)	408,458	\$0.3129	\$0.3188	(\$0.0059)	(\$2,410)	\$6,963
19	June (Forecast)	251,115	\$0.3053	\$0.3188	(\$0.0135)	(\$3,390)	\$3,573
20	July (Forecast)	253,939	\$0.3016	\$0.3188	(\$0.0172)	(\$4,368)	(\$795)
21	August (Forecast)	221,696	\$0.3120	\$0.3188	(\$0.0068)	(\$1,508)	(\$2,303)
22	September (Forecast)	302,346	\$0.3258	\$0.3188	\$0.0070	\$2,116	(\$187)
23	Total October 2010 to September 2011	<u>7,919,594</u>				<u>\$102,755</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING SEPTEMBER 30, 2012

WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2010

(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

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Line No.	Particulars	Volumes In Litre	Average Price Per Litre	TESTED Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)*-(4)	(6)=(2)*(5)	(7)
1	September 2011 Balance (Forecast)						(\$187)
2	October (Forecast)	689,669	\$0.3350	\$0.3188	\$0.0162	\$11,173	\$10,986
3	November (Forecast)	943,926	\$0.3472	\$0.3188	\$0.0284	\$26,807	\$37,793
4	December (Forecast)	1,268,596	\$0.3606	\$0.3188	\$0.0418	\$53,027	\$90,820
5	January 2012 (Forecast)	1,264,090	\$0.3678	\$0.3188	\$0.0490	\$61,940	\$152,760
6	February (Forecast)	987,555	\$0.3594	\$0.3188	\$0.0406	\$40,095	\$192,855
7	March (Forecast)	961,944	\$0.3467	\$0.3188	\$0.0279	\$26,838	\$219,693
8	April (Forecast)	541,268	\$0.3329	\$0.3188	\$0.0141	\$7,632	\$227,325
9	May (Forecast)	422,436	\$0.3202	\$0.3188	\$0.0014	\$591	\$227,916
10	June (Forecast)	261,189	\$0.3118	\$0.3188	(\$0.0070)	(\$1,828)	\$226,088
11	July (Forecast)	263,593	\$0.3069	\$0.3188	(\$0.0119)	(\$3,137)	\$222,951
12	August (Forecast)	230,077	\$0.3175	\$0.3188	(\$0.0013)	(\$299)	\$222,652
13	September (Forecast)	312,826	\$0.3309	\$0.3188	\$0.0121	\$3,785	\$226,437
14	Total October 2011 to September 2012	<u>8,147,169</u>				<u>\$226,624</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
OCTOBER 1, 2010 TESTED PROPANE COST DECREASE
TYPICAL ANNUAL CONSUMPTION

Tab 1
Page 7

(AUGUST 24, 2010 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$3.145	\$157.25		250.0	\$2.604	\$651.00		4,500.0	\$2.219	\$9,985.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$14.613	<u>\$730.65</u>		250.0	\$13.522	<u>\$3,380.50</u>		4,500.0	\$13.522	<u>\$60,849.00</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>\$1,029.98</u>		<u>250.0</u>		<u>\$4,329.58</u>		<u>4,500.0</u>		<u>\$72,424.74</u>	
12													
13													
14										5,946.0			
15	October 1, 2010 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$0.633)	<u>(\$31.65)</u>	(3.1%)		(\$0.633)	<u>(\$158.25)</u>	(3.7%)		(\$0.633)	<u>(\$2,848.50)</u>	(3.9%)
17	Typical Annual Bill after Propane Price Change			<u>\$998.33</u>				<u>\$4,171.33</u>				<u>\$69,576.24</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2011
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 30, 2010						(\$42,896)
2	July (Projected)	663,985	\$0.2611	\$0.3466	(\$0.0856)	(\$56,812)	(\$99,708)
3	August (Projected)	214,221	\$0.2931	\$0.3342	(\$0.0411)	(\$8,811)	(\$108,519)
4	September (Projected)	293,555	\$0.3217	\$0.3342	(\$0.0125)	(\$3,672)	(\$112,191)
5	Current Quarter Total	<u>1,171,760</u>				<u>(\$69,295)</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	October 2010 (Forecast)	673,730	\$0.3256	\$0.3342	(\$0.0086)	(\$5,794)	(\$117,985)
9	November (Forecast)	922,697	\$0.3229	\$0.3342	(\$0.0113)	(\$10,426)	(\$128,411)
10	December (Forecast)	1,241,786	\$0.3548	\$0.3342	\$0.0206	\$25,581	(\$102,830)
11	January 2011 (Forecast)	1,227,848	\$0.3661	\$0.3342	\$0.0319	\$39,168	(\$63,662)
12	February (Forecast)	959,183	\$0.3514	\$0.3342	\$0.0172	\$16,498	(\$47,164)
13	March (Forecast)	933,150	\$0.3277	\$0.3342	(\$0.0065)	(\$6,065)	(\$53,229)
14	April (Forecast)	523,647	\$0.3404	\$0.3342	\$0.0062	\$3,247	(\$49,982)
15	May (Forecast)	408,458	\$0.3292	\$0.3342	(\$0.0050)	(\$2,042)	(\$52,024)
16	June (Forecast)	251,115	\$0.3120	\$0.3342	(\$0.0222)	(\$5,575)	(\$57,599)
17	July (Forecast)	253,939	\$0.2965	\$0.3342	(\$0.0377)	(\$9,573)	(\$67,172)
18	August (Forecast)	221,696	\$0.3054	\$0.3342	(\$0.0288)	(\$6,385)	(\$73,557)
19	September (Forecast)	<u>302,346</u>	\$0.3399	\$0.3342	\$0.0057	<u>\$1,723</u>	(\$71,834)
20	Total October 2010 to September 2011	<u>7,919,594</u>				<u>\$40,357</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]				\$2,646,728		
25	September 30, 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)			=	\$2,574,750	102.8%	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2012
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	September 2011 Balance (Forecast)						(\$71,834)
2	October (Forecast)	689,669	\$0.3535	\$0.3342	\$0.0193	\$13,311	(\$58,523)
3	November (Forecast)	943,926	\$0.3571	\$0.3342	\$0.0229	\$21,616	(\$36,907)
4	December (Forecast)	1,268,596	\$0.3882	\$0.3342	\$0.0540	\$68,504	\$31,597
5	January 2012 (Forecast)	1,264,090	\$0.3978	\$0.3342	\$0.0636	\$80,396	\$111,993
6	February (Forecast)	987,555	\$0.3836	\$0.3342	\$0.0494	\$48,785	\$160,778
7	March (Forecast)	961,944	\$0.3575	\$0.3342	\$0.0233	\$22,413	\$183,191
8	April (Forecast)	541,268	\$0.3562	\$0.3342	\$0.0220	\$11,908	\$195,099
9	May (Forecast)	422,436	\$0.3440	\$0.3342	\$0.0098	\$4,140	\$199,239
10	June (Forecast)	261,189	\$0.3252	\$0.3342	(\$0.0090)	(\$2,351)	\$196,888
11	July (Forecast)	263,593	\$0.3082	\$0.3342	(\$0.0260)	(\$6,853)	\$190,035
12	August (Forecast)	230,077	\$0.3179	\$0.3342	(\$0.0163)	(\$3,750)	\$186,285
13	September (Forecast)	312,826	\$0.3531	\$0.3342	\$0.0189	\$5,912	\$192,197
14	Total October 2011 to September 2012	<u>8,147,169</u>				<u>\$264,031</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

Tab 2

PROPANE COST DEFERRAL ACCOUNT

Page 3

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING SEPTEMBER 30, 2011

(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October 2010 (Forecast)	673,730	-	673,730	\$ -	\$ 0.3256	\$ -	\$ 219,348	\$ 219,348
2	November (Forecast)	922,697	560,000	362,697	\$ 0.3125	\$ 0.3389	\$ 174,995	\$ 122,925	\$ 297,920
3	December (Forecast)	1,241,786	560,000	681,786	\$ 0.3125	\$ 0.3895	\$ 174,995	\$ 265,567	\$ 440,562
4	January 2011 (Forecast)	1,227,848	560,000	667,848	\$ 0.3135	\$ 0.4101	\$ 175,555	\$ 273,903	\$ 449,458
5	February (Forecast)	959,183	560,000	399,183	\$ 0.3135	\$ 0.4045	\$ 175,555	\$ 161,459	\$ 337,014
6	March (Forecast)	933,150	560,000	373,150	\$ 0.3135	\$ 0.3491	\$ 175,555	\$ 130,259	\$ 305,814
7	April (Forecast)	523,647	-	523,647	\$ -	\$ 0.3404	\$ -	\$ 178,242	\$ 178,242
8	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3292	\$ -	\$ 134,460	\$ 134,460
9	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3120	\$ -	\$ 78,344	\$ 78,344
10	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.2965	\$ -	\$ 75,302	\$ 75,302
11	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3054	\$ -	\$ 67,697	\$ 67,697
12	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3399	\$ -	\$ 102,779	\$ 102,779
13	Total October 2010 to September 2011	<u>7,919,594</u>	<u>2,800,000</u>	<u>5,119,594</u>			<u>\$ 876,655</u>	<u>\$ 1,810,286</u>	<u>\$ 2,686,941</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.3393</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 13.257</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING SEPTEMBER 30, 2011

Tab 2
Page 4

(AUGUST 24, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 2, Page 3, Line 15, Col.9)		
4	October 1 2010 to September 30 2011	\$0.3393	\$13.257
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0142)	(\$0.555)
7			
8			
9			
10	Tested Reference Price	\$0.3251	\$12.702
11			
12	Existing Propane Reference Price	<u>\$0.3342</u>	<u>\$13.058</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0091)	(\$0.356)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	(0.0005)	(\$0.020)
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>(\$0.0096)</u>	<u>(\$0.376)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% is based on 2007, 2008, and 2009 data.		
27		<u>Litres</u>	<u>%</u>
28	Sales	23,472,939	
29			
30	Less: Company Use	5,871	0.03%
31	Propane Used for Vaporizer	308,561	1.31%
32	Unaccounted For	<u>847,918</u>	<u>3.61%</u>
33	Total	<u>1,162,350</u>	<u>4.95%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2010	(\$0.0142)	(\$0.555)
37	Total Propane Cost - July 1, 2010 to June 30, 2011	<u>\$0.0046</u>	<u>\$0.179</u>
38	Total Propane Cost Flowthrough	<u>(\$0.0096)</u>	<u>(\$0.376)</u>

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2011
WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2010
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 5

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 30, 2010						(\$42,896)
2	July (Projected)	663,985	\$0.2611	\$0.3466	(\$0.0856)	(\$56,812)	(\$99,708)
3	August (Projected)	214,221	\$0.2931	\$0.3342	(\$0.0411)	(\$8,811)	(\$108,519)
4	September (Projected)	293,555	\$0.3217	\$0.3342	(\$0.0125)	(\$3,672)	(\$112,191)
5	Current Quarter Total	<u>1,171,760</u>				<u>(\$69,295)</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>			<u>TESTED Reference Price</u>			
11	October 2010 (Forecast)	673,730	\$0.3256	\$0.3251	\$0.0005	\$337	(\$111,854)
12	November (Forecast)	922,697	\$0.3229	\$0.3251	(\$0.0022)	(\$2,030)	(\$113,884)
13	December (Forecast)	1,241,786	\$0.3548	\$0.3251	\$0.0297	\$36,881	(\$77,003)
14	January 2011 (Forecast)	1,227,848	\$0.3661	\$0.3251	\$0.0410	\$50,342	(\$26,661)
15	February (Forecast)	959,183	\$0.3514	\$0.3251	\$0.0263	\$25,227	(\$1,434)
16	March (Forecast)	933,150	\$0.3277	\$0.3251	\$0.0026	\$2,426	\$992
17	April (Forecast)	523,647	\$0.3404	\$0.3251	\$0.0153	\$8,012	\$9,004
18	May (Forecast)	408,458	\$0.3292	\$0.3251	\$0.0041	\$1,675	\$10,679
19	June (Forecast)	251,115	\$0.3120	\$0.3251	(\$0.0131)	(\$3,290)	\$7,389
20	July (Forecast)	253,939	\$0.2965	\$0.3251	(\$0.0286)	(\$7,263)	\$126
21	August (Forecast)	221,696	\$0.3054	\$0.3251	(\$0.0197)	(\$4,367)	(\$4,241)
22	September (Forecast)	302,346	\$0.3399	\$0.3251	\$0.0148	\$4,475	\$234
23	Total October 2010 to September 2011	<u>7,919,594</u>				<u>\$112,425</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2012
WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2010
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	TESTED Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	September 2011 Balance (Forecast)						\$234
2	October (Forecast)	689,669	\$0.3535	\$0.3251	\$0.0284	\$19,587	\$19,821
3	November (Forecast)	943,926	\$0.3571	\$0.3251	\$0.0320	\$30,206	\$50,027
4	December (Forecast)	1,268,596	\$0.3882	\$0.3251	\$0.0631	\$80,048	\$130,075
5	January 2012 (Forecast)	1,264,090	\$0.3978	\$0.3251	\$0.0727	\$91,899	\$221,974
6	February (Forecast)	987,555	\$0.3836	\$0.3251	\$0.0585	\$57,772	\$279,746
7	March (Forecast)	961,944	\$0.3575	\$0.3251	\$0.0324	\$31,167	\$310,913
8	April (Forecast)	541,268	\$0.3562	\$0.3251	\$0.0311	\$16,833	\$327,746
9	May (Forecast)	422,436	\$0.3440	\$0.3251	\$0.0189	\$7,984	\$335,730
10	June (Forecast)	261,189	\$0.3252	\$0.3251	\$0.0001	\$26	\$335,756
11	July (Forecast)	263,593	\$0.3082	\$0.3251	(\$0.0169)	(\$4,455)	\$331,301
12	August (Forecast)	230,077	\$0.3179	\$0.3251	(\$0.0072)	(\$1,657)	\$329,644
13	September (Forecast)	312,826	\$0.3531	\$0.3251	\$0.0280	\$8,759	\$338,403
14	Total October 2011 to September 2012	<u>8,147,169</u>				<u>\$338,169</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
OCTOBER 1, 2010 TESTED PROPANE COST DECREASE
TYPICAL ANNUAL CONSUMPTION
(AUGUST 24, 2010 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2
Page 7

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$3.145	\$157.25		250.0	\$2.604	\$651.00		4,500.0	\$2.219	\$9,985.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$14.613	<u>\$730.65</u>		250.0	\$13.522	<u>\$3,380.50</u>		4,500.0	\$13.522	<u>\$60,849.00</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>\$1,029.98</u>		<u>250.0</u>		<u>\$4,329.58</u>		<u>4,500.0</u>		<u>\$72,424.74</u>	
12													
13													
14										5,946.0			
15	October 1, 2010 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$0.376)	<u>(\$18.80)</u>	(1.8%)		(\$0.376)	<u>(\$94.00)</u>	(2.2%)		(\$0.376)	<u>(\$1,692.00)</u>	(2.3%)
17	Typical Annual Bill after Propane Price Change			<u>\$1,011.18</u>				<u>\$4,235.58</u>				<u>\$70,732.74</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2011
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 30, 2010						(\$42,896)
2	July (Projected)	663,985	\$0.2611	\$0.3466	(\$0.0856)	(\$56,812)	(\$99,708)
3	August (Projected)	214,221	\$0.3610	\$0.3342	\$0.0268	\$5,735	(\$93,973)
4	September (Projected)	293,555	\$0.3352	\$0.3342	\$0.0010	\$280	(\$93,693)
5	Current Quarter Total	<u>1,171,760</u>				<u>(\$50,797)</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	October 2010 (Forecast)	673,730	\$0.3398	\$0.3342	\$0.0056	\$3,773	(\$89,920)
9	November (Forecast)	922,697	\$0.3234	\$0.3342	(\$0.0108)	(\$9,965)	(\$99,885)
10	December (Forecast)	1,241,786	\$0.3282	\$0.3342	(\$0.0060)	(\$7,451)	(\$107,336)
11	January 2011 (Forecast)	1,227,848	\$0.3409	\$0.3342	\$0.0067	\$8,227	(\$99,109)
12	February (Forecast)	959,183	\$0.3269	\$0.3342	(\$0.0073)	(\$7,002)	(\$106,111)
13	March (Forecast)	933,150	\$0.3204	\$0.3342	(\$0.0138)	(\$12,877)	(\$118,988)
14	April (Forecast)	523,647	\$0.3117	\$0.3342	(\$0.0225)	(\$11,782)	(\$130,770)
15	May (Forecast)	408,458	\$0.2967	\$0.3342	(\$0.0375)	(\$15,317)	(\$146,087)
16	June (Forecast)	251,115	\$0.2987	\$0.3342	(\$0.0355)	(\$8,915)	(\$155,002)
17	July (Forecast)	253,939	\$0.3067	\$0.3342	(\$0.0275)	(\$6,983)	(\$161,985)
18	August (Forecast)	221,696	\$0.3186	\$0.3342	(\$0.0156)	(\$3,458)	(\$165,443)
19	September (Forecast)	<u>302,346</u>	<u>\$0.3116</u>	<u>\$0.3342</u>	<u>(\$0.0226)</u>	<u>(\$6,833)</u>	<u>(\$172,276)</u>
20	Total October 2010 to September 2011	<u>7,919,594</u>				<u>(\$78,583)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]			=	\$2,646,728		
25	September 30, 2010 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)				\$2,474,422	=	107.0%

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2012
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-101-10)
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	September 2011 Balance (Forecast)						(\$172,276)
2	October (Forecast)	689,669	\$0.3165	\$0.3342	(\$0.0177)	(\$12,207)	(\$184,483)
3	November (Forecast)	943,926	\$0.3374	\$0.3342	\$0.0032	\$3,021	(\$181,462)
4	December (Forecast)	1,268,596	\$0.3329	\$0.3342	(\$0.0013)	(\$1,649)	(\$183,111)
5	January 2012 (Forecast)	1,264,090	\$0.3378	\$0.3342	\$0.0036	\$4,551	(\$178,560)
6	February (Forecast)	987,555	\$0.3352	\$0.3342	\$0.0010	\$988	(\$177,572)
7	March (Forecast)	961,944	\$0.3360	\$0.3342	\$0.0018	\$1,731	(\$175,841)
8	April (Forecast)	541,268	\$0.3097	\$0.3342	(\$0.0245)	(\$13,261)	(\$189,102)
9	May (Forecast)	422,436	\$0.2965	\$0.3342	(\$0.0377)	(\$15,926)	(\$205,028)
10	June (Forecast)	261,189	\$0.2984	\$0.3342	(\$0.0358)	(\$9,351)	(\$214,379)
11	July (Forecast)	263,593	\$0.3055	\$0.3342	(\$0.0287)	(\$7,565)	(\$221,944)
12	August (Forecast)	230,077	\$0.3171	\$0.3342	(\$0.0171)	(\$3,934)	(\$225,878)
13	September (Forecast)	312,826	\$0.3086	\$0.3342	(\$0.0256)	(\$8,008)	(\$233,886)
14	Total October 2011 to September 2012	<u>8,147,169</u>				<u>(\$61,610)</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA

Tab 3

PROPANE COST DEFERRAL ACCOUNT

Page 3

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING SEPTEMBER 30, 2011

(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	October 2010 (Forecast)	673,730	-	673,730	\$ -	\$ 0.3398	\$ -	\$ 228,949	\$ 228,949
2	November (Forecast)	922,697	560,000	362,697	\$ 0.3125	\$ 0.3402	\$ 174,995	\$ 123,380	\$ 298,375
3	December (Forecast)	1,241,786	560,000	681,786	\$ 0.3125	\$ 0.3411	\$ 174,995	\$ 232,546	\$ 407,541
4	January 2011 (Forecast)	1,227,848	560,000	667,848	\$ 0.3135	\$ 0.3639	\$ 175,555	\$ 243,063	\$ 418,618
5	February (Forecast)	959,183	560,000	399,183	\$ 0.3135	\$ 0.3457	\$ 175,555	\$ 137,979	\$ 313,534
6	March (Forecast)	933,150	560,000	373,150	\$ 0.3135	\$ 0.3308	\$ 175,555	\$ 123,428	\$ 298,983
7	April (Forecast)	523,647	-	523,647	\$ -	\$ 0.3117	\$ -	\$ 163,201	\$ 163,201
8	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.2967	\$ -	\$ 121,185	\$ 121,185
9	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.2987	\$ -	\$ 74,997	\$ 74,997
10	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3067	\$ -	\$ 77,879	\$ 77,879
11	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3186	\$ -	\$ 70,642	\$ 70,642
12	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3116	\$ -	\$ 94,211	\$ 94,211
13	Total October 2010 to September 2011	<u>7,919,594</u>	<u>2,800,000</u>	<u>5,119,594</u>			<u>\$ 876,655</u>	<u>\$ 1,691,460</u>	<u>\$ 2,568,115</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.3243</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 12.671</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING SEPTEMBER 30, 2011

Tab 3

Page 4

(AUGUST 24, 2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 3, Page 3, Line 15, Col.9)		
4	October 1 2010 to September 30 2011	\$0.3243	\$12.671
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0118)	(\$0.461)
7			
8			
9			
10	Tested Reference Price	\$0.3125	\$12.210
11			
12	Existing Propane Reference Price	\$0.3342	\$13.058
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.0217)	(\$0.848)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% ⁽¹⁾	(0.0011)	(\$0.043)
19			
20	Total Propane Cost Flowthrough ⁽²⁾	(\$0.0228)	(\$0.891)
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.95% is based on 2007, 2008, and 2009 data.		
27		<u>Litres</u>	<u>%</u>
28	Sales	23,472,939	
29			
30	Less: Company Use	5,871	0.03%
31	Propane Used for Vaporizer	308,561	1.31%
32	Unaccounted For	847,918	3.61%
33	Total	<u>1,162,350</u>	<u>4.95%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at June 30, 2010	(\$0.0118)	(\$0.461)
37	Total Propane Cost - July 1, 2010 to June 30, 2011	(\$0.0110)	(\$0.430)
38	Total Propane Cost Flowthrough	(\$0.0228)	(\$0.891)

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2011
WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2010
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 5

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June 30, 2010						(\$42,896)
2	July (Projected)	663,985	\$0.2611	\$0.3466	(\$0.0856)	(\$56,812)	(\$99,708)
3	August (Projected)	214,221	\$0.3610	\$0.3342	\$0.0268	\$5,735	(\$93,973)
4	September (Projected)	293,555	\$0.3352	\$0.3342	\$0.0010	\$280	(\$93,693)
5	Current Quarter Total	<u>1,171,760</u>				<u>(\$50,797)</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>			<u>TESTED Reference Price</u>			
11	October 2010 (Forecast)	673,730	\$0.3398	\$0.3125	\$0.0273	\$18,393	(\$75,300)
12	November (Forecast)	922,697	\$0.3234	\$0.3125	\$0.0109	\$10,057	(\$65,243)
13	December (Forecast)	1,241,786	\$0.3282	\$0.3125	\$0.0157	\$19,496	(\$45,747)
14	January 2011 (Forecast)	1,227,848	\$0.3409	\$0.3125	\$0.0284	\$34,871	(\$10,876)
15	February (Forecast)	959,183	\$0.3269	\$0.3125	\$0.0144	\$13,812	\$2,936
16	March (Forecast)	933,150	\$0.3204	\$0.3125	\$0.0079	\$7,372	\$10,308
17	April (Forecast)	523,647	\$0.3117	\$0.3125	(\$0.0008)	(\$419)	\$9,889
18	May (Forecast)	408,458	\$0.2967	\$0.3125	(\$0.0158)	(\$6,454)	\$3,435
19	June (Forecast)	251,115	\$0.2987	\$0.3125	(\$0.0138)	(\$3,465)	(\$30)
20	July (Forecast)	253,939	\$0.3067	\$0.3125	(\$0.0058)	(\$1,473)	(\$1,503)
21	August (Forecast)	221,696	\$0.3186	\$0.3125	\$0.0061	\$1,352	(\$151)
22	September (Forecast)	302,346	\$0.3116	\$0.3125	(\$0.0009)	(\$272)	(\$423)
23	Total October 2010 to September 2011	<u>7,919,594</u>				<u>\$93,270</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING SEPTEMBER 30, 2012
WITH TESTED REFERENCE PRICE EFFECTIVE OCTOBER 1, 2010
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	TESTED Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	September 2011 Balance (Forecast)						(\$423)
2	October (Forecast)	689,669	\$0.3165	\$0.3125	\$0.0040	\$2,759	\$2,336
3	November (Forecast)	943,926	\$0.3374	\$0.3125	\$0.0249	\$23,504	\$25,840
4	December (Forecast)	1,268,596	\$0.3329	\$0.3125	\$0.0204	\$25,879	\$51,719
5	January 2012 (Forecast)	1,264,090	\$0.3378	\$0.3125	\$0.0253	\$31,981	\$83,700
6	February (Forecast)	987,555	\$0.3352	\$0.3125	\$0.0227	\$22,418	\$106,118
7	March (Forecast)	961,944	\$0.3360	\$0.3125	\$0.0235	\$22,606	\$128,724
8	April (Forecast)	541,268	\$0.3097	\$0.3125	(\$0.0028)	(\$1,516)	\$127,208
9	May (Forecast)	422,436	\$0.2965	\$0.3125	(\$0.0160)	(\$6,759)	\$120,449
10	June (Forecast)	261,189	\$0.2984	\$0.3125	(\$0.0141)	(\$3,683)	\$116,766
11	July (Forecast)	263,593	\$0.3055	\$0.3125	(\$0.0070)	(\$1,845)	\$114,921
12	August (Forecast)	230,077	\$0.3171	\$0.3125	\$0.0046	\$1,058	\$115,979
13	September (Forecast)	312,826	\$0.3086	\$0.3125	(\$0.0039)	(\$1,220)	\$114,759
14	Total October 2011 to September 2012	<u>8,147,169</u>				<u>\$115,182</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
OCTOBER 1, 2010 TESTED PROPANE COST DECREASE
TYPICAL ANNUAL CONSUMPTION
(AUGUST 24,2010 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3
Page 7

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Decrease
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Delivery Margin Related Charges												
5	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
6	Delivery Margin Related Charge	50.0	\$3.145	\$157.25		250.0	\$2.604	\$651.00		4,500.0	\$2.219	\$9,985.50	
7													
8	Cost of Gas (Commodity Related Charges)												
9	Cost of Gas Recovery Related Charges	50.0	\$14.613	<u>\$730.65</u>		250.0	\$13.522	<u>\$3,380.50</u>		4,500.0	\$13.522	<u>\$60,849.00</u>	
10													
11	Typical Annual Bill at current rates (excluding any applicable PST, GST, or Carbon Tax)	<u>50.0</u>		<u>\$1,029.98</u>		<u>250.0</u>		<u>\$4,329.58</u>		<u>4,500.0</u>		<u>\$72,424.74</u>	
12													
13													
14										5,946.0			
15	October 1, 2010 Propane Cost Flowthrough												
16	Propane Price Decrease		(\$0.891)	<u>(\$44.55)</u>	(4.3%)		(\$0.891)	<u>(\$222.75)</u>	(5.1%)		(\$0.891)	<u>(\$4,009.50)</u>	(5.5%)
17	Typical Annual Bill after Propane Price Change			<u>\$985.43</u>				<u>\$4,106.83</u>				<u>\$68,415.24</u>	

TERASEN GAS INC. - REVELSTOKE SERVICE AREA
PROPANE FLOATING PRICES
Forward Prices: AUGUST 24, 2010

Tab 4
Page 1

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Oct-10	\$71.63	\$0.3256
Nov-10	\$72.36	\$0.3229
Dec-10	\$73.22	\$0.3548
Jan-11	\$73.97	\$0.3661
Feb-11	\$74.60	\$0.3514
Mar-11	\$75.15	\$0.3277
Apr-11	\$75.64	\$0.3404
May-11	\$76.10	\$0.3292
Jun-11	\$76.53	\$0.3120
Jul-11	\$76.93	\$0.2965
Aug-11	\$77.25	\$0.3054
Sep-11	\$77.56	\$0.3399
Oct-11	\$77.87	\$0.3535
Nov-11	\$78.20	\$0.3571
Dec-11	\$78.54	\$0.3882
Jan-12	\$78.73	\$0.3978
Feb-12	\$78.93	\$0.3836
Mar-12	\$79.14	\$0.3575
Apr-12	\$79.33	\$0.3562
May-12	\$79.53	\$0.3440
Jun-12	\$79.74	\$0.3252
Jul-12	\$79.92	\$0.3082
Aug-12	\$80.09	\$0.3179
Sep-12	\$80.26	\$0.3531

PROPANE SWAP PRICES		
Month	Propane Swap Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Oct-10	\$1.05	\$0.3398
Nov-10	\$1.06	\$0.3234
Dec-10	\$1.07	\$0.3282
Jan-11	\$1.07	\$0.3409
Feb-11	\$1.05	\$0.3269
Mar-11	\$1.00	\$0.3204
Apr-11	\$0.95	\$0.3117
May-11	\$0.94	\$0.2967
Jun-11	\$0.94	\$0.2987
Jul-11	\$0.94	\$0.3067
Aug-11	\$0.95	\$0.3186
Sep-11	\$0.95	\$0.3116
Oct-11	\$0.96	\$0.3165
Nov-11	\$0.97	\$0.3374
Dec-11	\$0.98	\$0.3329
Jan-12	\$0.94	\$0.3378
Feb-12	\$0.94	\$0.3352
Mar-12	\$0.94	\$0.3360
Apr-12	\$0.94	\$0.3097
May-12	\$0.94	\$0.2965
Jun-12	\$0.94	\$0.2984
Jul-12	\$0.94	\$0.3055
Aug-12	\$0.94	\$0.3171
Sep-12	\$0.94	\$0.3086

50% CRUDE OIL FUTURES & 50% PROPANE SWAP PRICES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Oct-10	\$0.3327
Nov-10	\$0.3231
Dec-10	\$0.3415
Jan-11	\$0.3535
Feb-11	\$0.3391
Mar-11	\$0.3241
Apr-11	\$0.3260
May-11	\$0.3129
Jun-11	\$0.3053
Jul-11	\$0.3016
Aug-11	\$0.3120
Sep-11	\$0.3258
Oct-11	\$0.3350
Nov-11	\$0.3472
Dec-11	\$0.3606
Jan-12	\$0.3678
Feb-12	\$0.3594
Mar-12	\$0.3467
Apr-12	\$0.3329
May-12	\$0.3202
Jun-12	\$0.3118
Jul-12	\$0.3069
Aug-12	\$0.3175
Sep-12	\$0.3309

Notes: US-Cdn exchange rates source - Barclays Bank dated August 24, 2010.



ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

LETTER NO. L-XX-10

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102
Log No. xxxx

DRAFT ORDER

Via E-MAIL

Regulatory.Affairs@terasengas.com

September xx, 2010

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Loski:

Re: Terasen Gas Inc.
Revelstoke Propane Service Area
2010 Third Quarter Gas Cost Report

Further to your September 3, 2010 filing of the 2010 Third Quarter Gas Cost Report (the "Report") for the Revelstoke Propane Service Area. The Commission acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Revelstoke Propane Service Area, as of October 1, 2010.

Yours truly,

Erica M. Hamilton
Commission Secretary



ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

LETTER L-71-10

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 32894

VIA EMAIL

regulatory.affairs@terasengas.com

September 9, 2010

Mr. Tom Loski
Chief Regulatory Officer
Terasen Gas Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Mr. Loski:

Re: Terasen Gas Inc.
Revelstoke Propane Service Area
2010 Third Quarter Gas Cost Report

Further to your September 3, 2010 filing of the 2010 Third Quarter Gas Cost Report (the Report) for the Revelstoke Propane Service Area. The Commission acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Revelstoke Propane Service Area, as of October 1, 2010.

Yours truly,

Erica M. Hamilton

MT/cms



CONFIDENTIAL

March 3, 2011

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. – Revelstoke Service Area
2011 First Quarter Gas Cost Report (the “First Quarter Report”)**

FortisBC Energy Inc. (formerly Terasen Gas Inc.) hereby submits to the British Columbia Utilities Commission (the “Commission”) the 2011 First Quarter Gas Cost Report for the Revelstoke Service Area (“Revelstoke”). The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the February 22, 2011 forward prices.

FortisBC Energy Inc. (“FEI” or the “Company”), consistent with previous quarterly gas cost filings, has calculated the forecast cost of propane utilizing three sets of forward prices. One forecast is based on an average of 50% NYMEX West Texas Intermediate (“WTI”) Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, a second forecast is based on the NYMEX WTI Light Sweet Crude Oil futures, and a third forecast is based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. The results based on each of these three forecasts are attached under Tab 1, Tab 2, and Tab 3, respectively.

As shown at Tab 1, Page 1, based on the February 22, 2011 forward prices, using an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at March 31, 2011 is \$4,187 deficit (pre-tax), and the forecast balance at March 31, 2012 is \$516,259 deficit (pre-tax). The rate change trigger mechanism is calculated to be 84.5%.

As shown at Tab 2, Page 1, based on the February 22, 2011 forward prices, using NYMEX WTI Light Sweet Crude Oil futures, and based on the current rates, the projected deferral account balance at March 31, 2011 is \$6,164 surplus (pre-tax), and the forecast balance at March 31, 2012 is \$585,270 deficit (pre-tax). The rate change trigger mechanism is calculated to be 82.8%.

As shown at Tab 3, Page 1, based on the February 22, 2011 forward prices, using NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at March 31, 2011 is \$14,539 deficit (pre-tax), and the forecast balance at March 31, 2012 is \$447,348 deficit (pre-tax). The rate change trigger mechanism is calculated to be 86.3%.

Diane Roy
Director, Regulatory Affairs Gas
FortisBC Energy Inc.

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Although all three forecast scenarios indicate an under recovery, based on current rates, over the next 12 month period which is outside the deadband range, all three scenarios also indicate that the projected deferral balance at March 31, 2011 is immaterial in nature (ranging between a small surplus to a small deficit under the three forecast scenarios). Further, with the current heating season coming to an end, the consumption volumes will be reduced which means the under recovery related to current rates is forecast to result in only a modest deficit growth in the deferral account over the next quarter.

Due to the large degree of price volatility currently being experienced in the crude oil futures markets, the Company proposes that no change be made to the Revelstoke rates at this time. The Revelstoke deferral account balances and rates will be subject to review within the 2011 Second Quarter Gas Cost Report which will be filed in early June. While the gas cost forecasts used within the First Quarter Report indicate that the Revelstoke rates will need to be increased at some point in the future, the Company suggests that it would be preferable to reset the gas cost recovery rates when the commodity markets are less volatile. Further, deferring the indicated increase in the Revelstoke rates until the next quarterly review may allow the crude oil futures prices to become less volatile. The rate impact of the forecast small deficit build in the deferral account during the next quarter (e.g. April 1 – June 30, 2011) equates to approximately only \$0.21/GJ.

The Company continues to support the gas cost revenue-to-cost ratio mechanism but believes that under the current circumstances, and in the interest of rate stability, it is not inappropriate to leave rates unchanged at this time. However, should the Commission decide a propane rate increase is required at this time, the Company suggests the increase be based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, the lower of the cost forecasts. Based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, as shown in Tab 3, an increase in the reference price to \$0.4043/litre (Tab 3, Page 4, Column 2, Line 10), from the existing \$0.3489/litre has been calculated. This corresponds to a rate increase of \$2.267/GJ, and equates to a burner tip increase of approximately \$113 per year or 10.7% for a typical residential customer with an average consumption of 50 GJ.

For information purposes, FEI provides at Tab 4, Page 1 a summary of the three sets of forward prices as at February 22, 2011. One set is based on the NYMEX WTI Light Sweet Crude Oil futures, a second set based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, and a third set based on an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices.

Provided in Tab 5 are the details of the forecast gas costs for Revelstoke. The Company requests the information contained in Tab 5 be treated as CONFIDENTIAL.

CONFIDENTIALITY

Consistent with past practice and previous discussions and positions on the confidentiality of selected filings (and further emphasized in the Company's January 31, 1994 submission to the Commission) FEI is requesting that this information be filed on a confidential basis pursuant to 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.

March 3, 2011
British Columbia Utilities Commission
FortisBC Energy Inc. – Revelstoke Service Area
2011 First Quarter Gas Cost Report
Page 3



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.

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 April 1, 2011. FEI will continue to monitor the forward prices and will report these results in the 2011 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 Brian Noel at 604-592-7467.

All of which is respectfully submitted.

Yours very truly,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING MARCH 31, 2012

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-189-10)

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 31, 2010						(\$35,794)
2	January (Projected)	2,611,484	\$0.3649	\$0.3489	\$0.0160	\$41,784	\$5,990
3	February (Projected)	959,183	\$0.3430	\$0.3489	(\$0.0059)	(\$5,684)	\$306
4	March (Projected)	933,150	\$0.3531	\$0.3489	\$0.0042	\$3,881	\$4,187
5	Current Quarter Total	<u>4,503,816</u>				<u>\$39,981</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	April 2011 (Forecast)	523,647	\$0.3919	\$0.3489	\$0.0430	\$22,517	\$26,704
9	May (Forecast)	408,458	\$0.3841	\$0.3489	\$0.0352	\$14,378	\$41,082
10	June (Forecast)	251,115	\$0.3765	\$0.3489	\$0.0276	\$6,931	\$48,013
11	July (Forecast)	253,939	\$0.3712	\$0.3489	\$0.0223	\$5,663	\$53,676
12	August (Forecast)	221,696	\$0.3801	\$0.3489	\$0.0312	\$6,917	\$60,593
13	September (Forecast)	302,346	\$0.3976	\$0.3489	\$0.0487	\$14,724	\$75,317
14	October (Forecast)	689,669	\$0.4060	\$0.3489	\$0.0571	\$39,380	\$114,697
15	November (Forecast)	943,926	\$0.4076	\$0.3489	\$0.0587	\$55,408	\$170,105
16	December (Forecast)	1,268,596	\$0.4276	\$0.3489	\$0.0787	\$99,839	\$269,944
17	January, 2012 (Forecast)	1,264,090	\$0.4357	\$0.3489	\$0.0868	\$109,723	\$379,667
18	February (Forecast)	987,555	\$0.4276	\$0.3489	\$0.0787	\$77,721	\$457,388
19	March (Forecast)	<u>961,944</u>	<u>\$0.4101</u>	<u>\$0.3489</u>	<u>\$0.0612</u>	<u>\$58,871</u>	<u>\$516,259</u>
20	Total April 2011 to March 2012	<u>8,076,982</u>				<u>\$512,072</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]			=	\$2,818,059		
25	March 31, 2011 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 5)				\$3,334,382	=	84.5%

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING MARCH 31, 2013

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-189-10)

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 2012 Balance (Forecast)						\$516,259
2	April (Forecast)	541,268	\$0.3979	\$0.3489	\$0.0490	\$26,522	\$542,781
3	May (Forecast)	422,436	\$0.3873	\$0.3489	\$0.0384	\$16,222	\$559,003
4	June (Forecast)	261,189	\$0.3778	\$0.3489	\$0.0289	\$7,548	\$566,551
5	July (Forecast)	263,593	\$0.3715	\$0.3489	\$0.0226	\$5,957	\$572,508
6	August (Forecast)	230,077	\$0.3786	\$0.3489	\$0.0297	\$6,833	\$579,341
7	September (Forecast)	312,826	\$0.3959	\$0.3489	\$0.0470	\$14,703	\$594,044
8	October (Forecast)	710,588	\$0.4038	\$0.3489	\$0.0549	\$39,011	\$633,055
9	November (Forecast)	972,040	\$0.4075	\$0.3489	\$0.0586	\$56,962	\$690,017
10	December (Forecast)	1,305,088	\$0.4273	\$0.3489	\$0.0784	\$102,319	\$792,336
11	January 2013 (Forecast)	1,300,332	\$0.4294	\$0.3489	\$0.0805	\$104,677	\$897,013
12	February (Forecast)	1,015,928	\$0.4249	\$0.3489	\$0.0760	\$77,211	\$974,224
13	March (Forecast)	990,738	\$0.4091	\$0.3489	\$0.0602	\$59,642	\$1,033,866
14	Total April 2012 to March 2013	8,326,101				\$517,607	

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

Tab 1

Page 3

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING MARCH 31, 2012

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	April 2011 (Forecast)	523,647	-	523,647	\$ -	\$ 0.3919	\$ -	\$ 205,237	\$ 205,237
2	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3841	\$ -	\$ 156,901	\$ 156,901
3	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3765	\$ -	\$ 94,540	\$ 94,540
4	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3712	\$ -	\$ 94,271	\$ 94,271
5	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3801	\$ -	\$ 84,257	\$ 84,257
6	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3976	\$ -	\$ 120,215	\$ 120,215
7	October (Forecast)	689,669	-	689,669	\$ -	\$ 0.4060	\$ -	\$ 280,006	\$ 280,006
8	November (Forecast)	943,926	560,000	383,926	\$ 0.3986	\$ 0.4206	\$ 223,237	\$ 161,482	\$ 384,719
9	December (Forecast)	1,268,596	560,000	708,596	\$ 0.3986	\$ 0.4505	\$ 223,237	\$ 319,256	\$ 542,493
10	January, 2012 (Forecast)	1,264,090	560,000	704,090	\$ 0.3986	\$ 0.4652	\$ 223,237	\$ 327,521	\$ 550,758
11	February (Forecast)	987,555	560,000	427,555	\$ 0.3986	\$ 0.4656	\$ 223,237	\$ 199,069	\$ 422,306
12	March (Forecast)	961,944	560,000	401,944	\$ 0.3986	\$ 0.4261	\$ 223,237	\$ 171,257	\$ 394,494
13	Total April 2011 to March 2012	8,076,982	2,800,000	5,276,982			\$ 1,116,185	\$ 2,214,011	\$ 3,330,196
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.4123
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 16.109
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD ENDING MARCH 31, 2012

Tab 1
Page 4

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Col.9, Line 15)		
4	April 1 2011 to March 31 2012	\$0.4123	\$16.109
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>0.0005</u>	<u>\$0.020</u>
7			
8			
9			
10	Proposed Reference Price	\$0.4128	\$16.129
11			
12	Existing Propane Reference Price	<u>\$0.3489</u>	<u>\$13.632</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0639	\$2.497
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.70% ⁽¹⁾	0.0030	\$0.117
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0669</u>	<u>\$2.614</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.70% is based on 2008, 2009, and 2010 data.		
27		<u>Litres</u>	<u>%</u>
28	Sales:	22,764,262	
29			
30	Less: Company Use	5,685	0.02%
31	Propane Used for Vaporizer	308,148	1.35%
32	Unaccounted For	<u>757,580</u>	<u>3.33%</u>
33	Total	<u>1,071,413</u>	<u>4.70%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at Mar 31, 2011	\$0.0005	\$0.020
37	Total Propane Cost Apr 1 2011 to Mar 31, 2012	<u>\$0.0664</u>	<u>\$2.594</u>
38	Total Propane Cost Flowthrough	<u>\$0.0669</u>	<u>\$2.614</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING MARCH 31, 2012

WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2011

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 5

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 31, 2010						(\$35,794)
2	January (Projected)	2,611,484	\$0.3649	\$0.3489	\$0.0160	\$41,784	\$5,990
3	February (Projected)	959,183	\$0.3430	\$0.3489	(\$0.0059)	(\$5,684)	\$306
4	March (Projected)	933,150	\$0.3531	\$0.3489	\$0.0042	\$3,881	\$4,187
5	Current Quarter Total	<u>4,503,816</u>				<u>\$39,981</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	April 2011 (Forecast)	523,647	\$0.3919	\$0.4128	(\$0.0209)	(\$10,944)	(\$6,757)
12	May (Forecast)	408,458	\$0.3841	\$0.4128	(\$0.0287)	(\$11,723)	(\$18,480)
13	June (Forecast)	251,115	\$0.3765	\$0.4128	(\$0.0363)	(\$9,115)	(\$27,595)
14	July (Forecast)	253,939	\$0.3712	\$0.4128	(\$0.0416)	(\$10,564)	(\$38,159)
15	August (Forecast)	221,696	\$0.3801	\$0.4128	(\$0.0327)	(\$7,249)	(\$45,408)
16	September (Forecast)	302,346	\$0.3976	\$0.4128	(\$0.0152)	(\$4,596)	(\$50,004)
17	October (Forecast)	689,669	\$0.4060	\$0.4128	(\$0.0068)	(\$4,690)	(\$54,694)
18	November (Forecast)	943,926	\$0.4076	\$0.4128	(\$0.0052)	(\$4,908)	(\$59,602)
19	December (Forecast)	1,268,596	\$0.4276	\$0.4128	\$0.0148	\$18,775	(\$40,827)
20	January, 2012 (Forecast)	1,264,090	\$0.4357	\$0.4128	\$0.0229	\$28,948	(\$11,879)
21	February (Forecast)	987,555	\$0.4276	\$0.4128	\$0.0148	\$14,616	\$2,737
22	March (Forecast)	961,944	\$0.4101	\$0.4128	(\$0.0027)	(\$2,597)	\$140
23	Total April 2011 to March 2012	<u>8,076,982</u>				<u>(\$4,047)</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FOR THE PERIOD ENDING MARCH 31, 2013

WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2011

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Proposed Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)*-(4)	(6)=(2)*(5)	(7)
1	March 2012 Balance (Forecast)						\$140
2	April (Forecast)	541,268	\$0.3979	\$0.4128	(\$0.0149)	(\$8,065)	(\$7,925)
3	May (Forecast)	422,436	\$0.3873	\$0.4128	(\$0.0255)	(\$10,772)	(\$18,697)
4	June (Forecast)	261,189	\$0.3778	\$0.4128	(\$0.0350)	(\$9,142)	(\$27,839)
5	July (Forecast)	263,593	\$0.3715	\$0.4128	(\$0.0413)	(\$10,886)	(\$38,725)
6	August (Forecast)	230,077	\$0.3786	\$0.4128	(\$0.0342)	(\$7,869)	(\$46,594)
7	September (Forecast)	312,826	\$0.3959	\$0.4128	(\$0.0169)	(\$5,287)	(\$51,881)
8	October (Forecast)	710,588	\$0.4038	\$0.4128	(\$0.0090)	(\$6,395)	(\$58,276)
9	November (Forecast)	972,040	\$0.4075	\$0.4128	(\$0.0053)	(\$5,152)	(\$63,428)
10	December (Forecast)	1,305,088	\$0.4273	\$0.4128	\$0.0145	\$18,924	(\$44,504)
11	January 2013 (Forecast)	1,300,332	\$0.4294	\$0.4128	\$0.0166	\$21,586	(\$22,918)
12	February (Forecast)	1,015,928	\$0.4249	\$0.4128	\$0.0121	\$12,293	(\$10,625)
13	March (Forecast)	990,738	\$0.4091	\$0.4128	(\$0.0037)	(\$3,666)	(\$14,291)
14	Total April 2012 to March 2013	<u>8,326,101</u>				<u>(\$14,431)</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

APRIL 1, 2011 PROPOSED PROPANE COST INCREASE

TYPICAL ANNUAL CONSUMPTION

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 7

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Existing:												
5													
6	Delivery Margin Related Charges												
7	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
8	Delivery Margin Related Charge	50.0	\$3.207	\$160.35		250.0	\$2.658	\$664.50		4,500.0	\$2.270	\$10,215.00	
9													
10	Cost of Gas (Commodity Related Charges)												
11	Cost of Gas Recovery Related Charges	50.0	\$15.214	<u>\$760.70</u>		250.0	\$14.123	<u>\$3,530.75</u>		4,500.0	\$14.123	<u>\$63,553.50</u>	
12													
13	Typical Annual Bill at Current Rates (excluding												
14	any applicable Taxes)	<u>50.0</u>		<u>\$1,063.13</u>		<u>250.0</u>		<u>\$4,493.33</u>		<u>4,500.0</u>		<u>\$75,358.74</u>	
15													
16													
17	Proposed Changes April 1, 2011:												
18													
19	Delivery Margin Related Charge		\$0.000	\$0.00	0.0%		\$0.000	\$0.00	0.0%		\$0.000	\$0.00	0.0%
20	Cost of Gas Recovery Related Charge		<u>\$2.614</u>	<u>\$130.70</u>	12.3%		<u>\$2.614</u>	<u>\$653.50</u>	14.5%		<u>\$2.614</u>	<u>\$11,763.00</u>	15.6%
21	Total Charges		<u>\$2.614</u>	<u>\$130.70</u>	12.3%		<u>\$2.614</u>	<u>\$653.50</u>	14.5%		<u>\$2.614</u>	<u>\$11,763.00</u>	15.6%
22													
23	Typical Annual Bill after Proposed Rates (excluding												
24	any applicable Taxes)			<u>\$1,193.83</u>	12.3%			<u>\$5,146.83</u>	14.5%			<u>\$87,121.74</u>	15.6%

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2012
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-189-10)
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 31, 2010						(\$35,794)
2	January (Projected)	2,611,484	\$0.3649	\$0.3489	\$0.0160	\$41,784	\$5,990
3	February (Projected)	959,183	\$0.3371	\$0.3489	(\$0.0118)	(\$11,334)	(\$5,344)
4	March (Projected)	933,150	\$0.3480	\$0.3489	(\$0.0009)	(\$820)	(\$6,164)
5	Current Quarter Total	<u>4,503,816</u>				<u>\$29,630</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	April 2011 (Forecast)	523,647	\$0.3935	\$0.3489	\$0.0446	\$23,355	\$17,191
9	May (Forecast)	408,458	\$0.3888	\$0.3489	\$0.0399	\$16,297	\$33,488
10	June (Forecast)	251,115	\$0.3698	\$0.3489	\$0.0209	\$5,248	\$38,736
11	July (Forecast)	253,939	\$0.3530	\$0.3489	\$0.0041	\$1,041	\$39,777
12	August (Forecast)	221,696	\$0.3631	\$0.3489	\$0.0142	\$3,148	\$42,925
13	September (Forecast)	302,346	\$0.4026	\$0.3489	\$0.0537	\$16,236	\$59,161
14	October (Forecast)	689,669	\$0.4132	\$0.3489	\$0.0643	\$44,346	\$103,507
15	November (Forecast)	943,926	\$0.4121	\$0.3489	\$0.0632	\$59,656	\$163,163
16	December (Forecast)	1,268,596	\$0.4450	\$0.3489	\$0.0961	\$121,912	\$285,075
17	January, 2012 (Forecast)	1,264,090	\$0.4583	\$0.3489	\$0.1094	\$138,291	\$423,366
18	February (Forecast)	987,555	\$0.4469	\$0.3489	\$0.0980	\$96,780	\$520,146
19	March (Forecast)	<u>961,944</u>	<u>\$0.4166</u>	<u>\$0.3489</u>	<u>\$0.0677</u>	<u>\$65,124</u>	<u>\$585,270</u>
20	Total April 2011 to March 2012	<u>8,076,982</u>				<u>\$591,434</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]				\$2,818,059		
25	March 31, 2011 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)			=	\$3,403,327	82.8%	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2013
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-189-10)
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 2012 Balance (Forecast)						\$585,270
2	April (Forecast)	541,268	\$0.4154	\$0.3489	\$0.0665	\$35,994	\$621,264
3	May (Forecast)	422,436	\$0.4056	\$0.3489	\$0.0567	\$23,952	\$645,216
4	June (Forecast)	261,189	\$0.3829	\$0.3489	\$0.0340	\$8,880	\$654,096
5	July (Forecast)	263,593	\$0.3633	\$0.3489	\$0.0144	\$3,796	\$657,892
6	August (Forecast)	230,077	\$0.3709	\$0.3489	\$0.0220	\$5,062	\$662,954
7	September (Forecast)	312,826	\$0.4097	\$0.3489	\$0.0608	\$19,020	\$681,974
8	October (Forecast)	710,588	\$0.4192	\$0.3489	\$0.0703	\$49,954	\$731,928
9	November (Forecast)	972,040	\$0.4155	\$0.3489	\$0.0666	\$64,738	\$796,666
10	December (Forecast)	1,305,088	\$0.4493	\$0.3489	\$0.1004	\$131,031	\$927,697
11	January 2013 (Forecast)	1,300,332	\$0.4623	\$0.3489	\$0.1134	\$147,458	\$1,075,155
12	February (Forecast)	1,015,928	\$0.4517	\$0.3489	\$0.1028	\$104,437	\$1,179,592
13	March (Forecast)	990,738	\$0.4197	\$0.3489	\$0.0708	\$70,144	\$1,249,736
14	Total April 2012 to March 2013	<u>8,326,101</u>				<u>\$664,466</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

Tab 2

PROPANE COST DEFERRAL ACCOUNT

Page 3

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING MARCH 31, 2012

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	April 2011 (Forecast)	523,647	-	523,647	\$ -	\$ 0.3935	\$ -	\$ 206,041	\$ 206,041
2	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3888	\$ -	\$ 158,801	\$ 158,801
3	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3698	\$ -	\$ 92,868	\$ 92,868
4	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3530	\$ -	\$ 89,650	\$ 89,650
5	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3631	\$ -	\$ 80,488	\$ 80,488
6	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.4026	\$ -	\$ 121,723	\$ 121,723
7	October (Forecast)	689,669	-	689,669	\$ -	\$ 0.4132	\$ -	\$ 284,978	\$ 284,978
8	November (Forecast)	943,926	560,000	383,926	\$ 0.3986	\$ 0.4318	\$ 223,237	\$ 165,778	\$ 389,015
9	December (Forecast)	1,268,596	560,000	708,596	\$ 0.3986	\$ 0.4816	\$ 223,237	\$ 341,236	\$ 564,473
10	January, 2012 (Forecast)	1,264,090	560,000	704,090	\$ 0.3986	\$ 0.5058	\$ 223,237	\$ 356,121	\$ 579,358
11	February (Forecast)	987,555	560,000	427,555	\$ 0.3986	\$ 0.5102	\$ 223,237	\$ 218,135	\$ 441,372
12	March (Forecast)	961,944	560,000	401,944	\$ 0.3986	\$ 0.4416	\$ 223,237	\$ 177,487	\$ 400,724
13	Total April 2011 to March 2012	8,076,982	2,800,000	5,276,982			\$ 1,116,185	\$ 2,293,307	\$ 3,409,492
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								\$ 0.4221
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								\$ 16.492
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD ENDING MARCH 31, 2012

Tab 2
Page 4

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Col.9, Line 15)		
4	April 1 2011 to March 31 2012	\$0.4221	\$16.492
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(0.0008)	(\$0.031)
7			
8			
9			
10	Proposed Reference Price	\$0.4213	\$16.461
11			
12	Existing Propane Reference Price	<u>\$0.3489</u>	<u>\$13.632</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0724	\$2.829
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.70% ⁽¹⁾		\$0.000
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0724</u>	<u>\$2.829</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.70% is based on 2008, 2009, and 2010 data.		
27		<u>Litres</u>	<u>%</u>
28	Sales	22,764,262	
29			
30	Less: Company Use	5,685	0.02%
31	Propane Used for Vaporizer	308,148	1.35%
32	Unaccounted For	<u>757,580</u>	<u>3.33%</u>
33	Total	<u>1,071,413</u>	<u>4.70%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at Mar 31, 2011	(\$0.0008)	(\$0.031)
37	Total Propane Cost Apr 1 2011 to Mar 31, 2012	<u>\$0.0732</u>	<u>\$2.860</u>
38	Total Propane Cost Flowthrough	<u>\$0.0724</u>	<u>\$2.829</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2012
WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2011
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 5

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 31, 2010						(\$35,794)
2	January (Projected)	2,611,484	\$0.3649	\$0.3489	\$0.0160	\$41,784	\$5,990
3	February (Projected)	959,183	\$0.3371	\$0.3489	(\$0.0118)	(\$11,334)	(\$5,344)
4	March (Projected)	933,150	\$0.3480	\$0.3489	(\$0.0009)	(\$820)	(\$6,164)
5	Current Quarter Total	<u>4,503,816</u>				<u>\$29,630</u>	
6							
7				Proposed			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	April 2011 (Forecast)	523,647	\$0.3935	\$0.4213	(\$0.0278)	(\$14,557)	(\$20,721)
12	May (Forecast)	408,458	\$0.3888	\$0.4213	(\$0.0325)	(\$13,275)	(\$33,996)
13	June (Forecast)	251,115	\$0.3698	\$0.4213	(\$0.0515)	(\$12,932)	(\$46,928)
14	July (Forecast)	253,939	\$0.3530	\$0.4213	(\$0.0683)	(\$17,344)	(\$64,272)
15	August (Forecast)	221,696	\$0.3631	\$0.4213	(\$0.0582)	(\$12,903)	(\$77,175)
16	September (Forecast)	302,346	\$0.4026	\$0.4213	(\$0.0187)	(\$5,654)	(\$82,829)
17	October (Forecast)	689,669	\$0.4132	\$0.4213	(\$0.0081)	(\$5,586)	(\$88,415)
18	November (Forecast)	943,926	\$0.4121	\$0.4213	(\$0.0092)	(\$8,684)	(\$97,099)
19	December (Forecast)	1,268,596	\$0.4450	\$0.4213	\$0.0237	\$30,066	(\$67,033)
20	January, 2012 (Forecast)	1,264,090	\$0.4583	\$0.4213	\$0.0370	\$46,771	(\$20,262)
21	February (Forecast)	987,555	\$0.4469	\$0.4213	\$0.0256	\$25,281	\$5,019
22	March (Forecast)	961,944	\$0.4166	\$0.4213	(\$0.0047)	(\$4,521)	\$498
23	Total April 2011 to March 2012	<u>8,076,982</u>				<u>\$6,662</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2013
WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2011
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Proposed Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 2012 Balance (Forecast)						\$498
2	April (Forecast)	541,268	\$0.4154	\$0.4213	(\$0.0059)	(\$3,193)	(\$2,695)
3	May (Forecast)	422,436	\$0.4056	\$0.4213	(\$0.0157)	(\$6,632)	(\$9,327)
4	June (Forecast)	261,189	\$0.3829	\$0.4213	(\$0.0384)	(\$10,030)	(\$19,357)
5	July (Forecast)	263,593	\$0.3633	\$0.4213	(\$0.0580)	(\$15,288)	(\$34,645)
6	August (Forecast)	230,077	\$0.3709	\$0.4213	(\$0.0504)	(\$11,596)	(\$46,241)
7	September (Forecast)	312,826	\$0.4097	\$0.4213	(\$0.0116)	(\$3,629)	(\$49,870)
8	October (Forecast)	710,588	\$0.4192	\$0.4213	(\$0.0021)	(\$1,492)	(\$51,362)
9	November (Forecast)	972,040	\$0.4155	\$0.4213	(\$0.0058)	(\$5,638)	(\$57,000)
10	December (Forecast)	1,305,088	\$0.4493	\$0.4213	\$0.0280	\$36,542	(\$20,458)
11	January 2013 (Forecast)	1,300,332	\$0.4623	\$0.4213	\$0.0410	\$53,314	\$32,856
12	February (Forecast)	1,015,928	\$0.4517	\$0.4213	\$0.0304	\$30,884	\$63,740
13	March (Forecast)	990,738	\$0.4197	\$0.4213	(\$0.0016)	(\$1,585)	\$62,155
14	Total April 2012 to March 2013	<u>8,326,101</u>				<u>\$61,657</u>	

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Existing:												
5													
6	Delivery Margin Related Charges												
7	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
8	Delivery Margin Related Charge	50.0	\$3.207	\$160.35		250.0	\$2.658	\$664.50		4,500.0	\$2.270	\$10,215.00	
9													
10	Cost of Gas (Commodity Related Charges)												
11	Cost of Gas Recovery Related Charges	50.0	\$15.214	\$760.70		250.0	\$14.123	\$3,530.75		4,500.0	\$14.123	\$63,553.50	
12													
13	Typical Annual Bill at current rates (excluding												
14	any applicable Taxes)	50.0		\$1,063.13		250.0		\$4,493.33		4,500.0		\$75,358.74	
15													
16													
17	Proposed Changes April 1, 2011:												
18													
19	Delivery Margin Related Charge		\$0.000	\$0.00	0.0%		\$0.000	\$0.00	0.0%		\$0.000	\$0.00	0.0%
20	Cost of Gas Recovery Related Charge		\$2.829	\$141.45	13.3%		\$2.829	\$707.25	15.7%		\$2.829	\$12,730.50	16.9%
21	Total Charges		\$2.829	\$141.45	13.3%		\$2.829	\$707.25	15.7%		\$2.829	\$12,730.50	16.9%
22													
23	Typical Annual Bill after Proposed Rates (excluding												
24	any applicable Taxes)			\$1,204.58	13.3%			\$5,200.58	15.7%			\$88,089.24	16.9%

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2012
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-189-10)
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 31, 2010						(\$35,794)
2	January (Projected)	2,611,484	\$0.3649	\$0.3489	\$0.0160	\$41,784	\$5,990
3	February (Projected)	959,183	\$0.3489	\$0.3489	(\$0.0000)	(\$34)	\$5,956
4	March (Projected)	933,150	\$0.3581	\$0.3489	\$0.0092	\$8,583	\$14,539
5	Current Quarter Total	<u>4,503,816</u>				<u>\$50,333</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	April 2011 (Forecast)	523,647	\$0.3904	\$0.3489	\$0.0415	\$21,731	\$36,270
9	May (Forecast)	408,458	\$0.3795	\$0.3489	\$0.0306	\$12,499	\$48,769
10	June (Forecast)	251,115	\$0.3831	\$0.3489	\$0.0342	\$8,588	\$57,357
11	July (Forecast)	253,939	\$0.3894	\$0.3489	\$0.0405	\$10,285	\$67,642
12	August (Forecast)	221,696	\$0.3971	\$0.3489	\$0.0482	\$10,686	\$78,328
13	September (Forecast)	302,346	\$0.3926	\$0.3489	\$0.0437	\$13,213	\$91,541
14	October (Forecast)	689,669	\$0.3988	\$0.3489	\$0.0499	\$34,415	\$125,956
15	November (Forecast)	943,926	\$0.4030	\$0.3489	\$0.0541	\$51,066	\$177,022
16	December (Forecast)	1,268,596	\$0.4103	\$0.3489	\$0.0614	\$77,892	\$254,914
17	January, 2012 (Forecast)	1,264,090	\$0.4131	\$0.3489	\$0.0642	\$81,155	\$336,069
18	February (Forecast)	987,555	\$0.4083	\$0.3489	\$0.0594	\$58,661	\$394,730
19	March (Forecast)	<u>961,944</u>	<u>\$0.4036</u>	<u>\$0.3489</u>	<u>\$0.0547</u>	<u>\$52,618</u>	<u>\$447,348</u>
20	Total April 2011 to March 2012	<u>8,076,982</u>				<u>\$432,809</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]			=	\$2,818,059		
25	March 31, 2011 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)				\$3,265,438	=	86.3%

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2013
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-189-10)
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 2012 Balance (Forecast)						\$447,348
2	April (Forecast)	541,268	\$0.3804	\$0.3489	\$0.0315	\$17,050	\$464,398
3	May (Forecast)	422,436	\$0.3690	\$0.3489	\$0.0201	\$8,491	\$472,889
4	June (Forecast)	261,189	\$0.3727	\$0.3489	\$0.0238	\$6,216	\$479,105
5	July (Forecast)	263,593	\$0.3797	\$0.3489	\$0.0308	\$8,119	\$487,224
6	August (Forecast)	230,077	\$0.3864	\$0.3489	\$0.0375	\$8,628	\$495,852
7	September (Forecast)	312,826	\$0.3820	\$0.3489	\$0.0331	\$10,355	\$506,207
8	October (Forecast)	710,588	\$0.3883	\$0.3489	\$0.0394	\$27,997	\$534,204
9	November (Forecast)	972,040	\$0.3995	\$0.3489	\$0.0506	\$49,185	\$583,389
10	December (Forecast)	1,305,088	\$0.4052	\$0.3489	\$0.0563	\$73,476	\$656,865
11	January 2013 (Forecast)	1,300,332	\$0.3965	\$0.3489	\$0.0476	\$61,896	\$718,761
12	February (Forecast)	1,015,928	\$0.3981	\$0.3489	\$0.0492	\$49,984	\$768,745
13	March (Forecast)	990,738	\$0.3985	\$0.3489	\$0.0496	\$49,141	\$817,886
14	Total April 2012 to March 2013	<u>8,326,101</u>				<u>\$370,538</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

Tab 3

PROPANE COST DEFERRAL ACCOUNT

Page 3

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING MARCH 31, 2012

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	April 2011 (Forecast)	523,647	-	523,647	\$ -	\$ 0.3904	\$ -	\$ 204,432	\$ 204,432
2	May (Forecast)	408,458	-	408,458	\$ -	\$ 0.3795	\$ -	\$ 155,000	\$ 155,000
3	June (Forecast)	251,115	-	251,115	\$ -	\$ 0.3831	\$ -	\$ 96,212	\$ 96,212
4	July (Forecast)	253,939	-	253,939	\$ -	\$ 0.3894	\$ -	\$ 98,893	\$ 98,893
5	August (Forecast)	221,696	-	221,696	\$ -	\$ 0.3971	\$ -	\$ 88,026	\$ 88,026
6	September (Forecast)	302,346	-	302,346	\$ -	\$ 0.3926	\$ -	\$ 118,707	\$ 118,707
7	October (Forecast)	689,669	-	689,669	\$ -	\$ 0.3988	\$ -	\$ 275,034	\$ 275,034
8	November (Forecast)	943,926	560,000	383,926	\$ 0.3986	\$ 0.4094	\$ 223,237	\$ 157,185	\$ 380,422
9	December (Forecast)	1,268,596	560,000	708,596	\$ 0.3986	\$ 0.4195	\$ 223,237	\$ 297,275	\$ 520,512
10	January, 2012 (Forecast)	1,264,090	560,000	704,090	\$ 0.3986	\$ 0.4245	\$ 223,237	\$ 298,921	\$ 522,158
11	February (Forecast)	987,555	560,000	427,555	\$ 0.3986	\$ 0.4210	\$ 223,237	\$ 180,003	\$ 403,240
12	March (Forecast)	961,944	560,000	401,944	\$ 0.3986	\$ 0.4106	\$ 223,237	\$ 165,026	\$ 388,263
13	Total April 2011 to March 2012	<u>8,076,982</u>	<u>2,800,000</u>	<u>5,276,982</u>			<u>\$ 1,116,185</u>	<u>\$ 2,134,714</u>	<u>\$ 3,250,899</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.4025</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 15.726</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST INCREASE FLOWTHROUGH
FOR THE PERIOD ENDING MARCH 31, 2012

Tab 3
Page 4

(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Col.9, Line 15)		
4	April 1 2011 to March 31 2012	\$0.4025	\$15.726
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>0.0018</u>	<u>\$0.070</u>
7			
8			
9			
10	Proposed Reference Price	\$0.4043	\$15.796
11			
12	Existing Propane Reference Price	<u>\$0.3489</u>	<u>\$13.632</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Increase in Propane Reference Price to be flowed through in customers' rates	\$0.0554	\$2.165
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.70% ⁽¹⁾	0.0026	\$0.102
19			
20	Total Propane Cost Flowthrough ⁽²⁾	<u>\$0.0580</u>	<u>\$2.267</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (1) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 4.70% is based on 2008, 2009, and 2010 data.		
27		<u>Litres</u>	<u>%</u>
28	Sales	22,764,262	
29			
30	Less: Company Use	5,685	0.02%
31	Propane Used for Vaporizer	308,148	1.35%
32	Unaccounted For	<u>757,580</u>	<u>3.33%</u>
33	Total	<u>1,071,413</u>	<u>4.70%</u>
34			
35	Note: (2)		
36	Projected Deferral Balance at Mar 31, 2011	\$0.0018	\$0.070
37	Total Propane Cost Apr 1 2011 to Mar 31, 2012	<u>\$0.0562</u>	<u>\$2.197</u>
38	Total Propane Cost Flowthrough	<u>\$0.0580</u>	<u>\$2.267</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2012
WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2011
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 5

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	December 31, 2010						(\$35,794)
2	January (Projected)	2,611,484	\$0.3649	\$0.3489	\$0.0160	\$41,784	\$5,990
3	February (Projected)	959,183	\$0.3489	\$0.3489	(\$0.0000)	(\$34)	\$5,956
4	March (Projected)	933,150	\$0.3581	\$0.3489	\$0.0092	\$8,583	\$14,539
5	Current Quarter Total	<u>4,503,816</u>				<u>\$50,333</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>			<u>Proposed Reference Price</u>			
11	April 2011 (Forecast)	523,647	\$0.3904	\$0.4043	(\$0.0139)	(\$7,279)	\$7,260
12	May (Forecast)	408,458	\$0.3795	\$0.4043	(\$0.0248)	(\$10,130)	(\$2,870)
13	June (Forecast)	251,115	\$0.3831	\$0.4043	(\$0.0212)	(\$5,324)	(\$8,194)
14	July (Forecast)	253,939	\$0.3894	\$0.4043	(\$0.0149)	(\$3,784)	(\$11,978)
15	August (Forecast)	221,696	\$0.3971	\$0.4043	(\$0.0072)	(\$1,596)	(\$13,574)
16	September (Forecast)	302,346	\$0.3926	\$0.4043	(\$0.0117)	(\$3,537)	(\$17,111)
17	October (Forecast)	689,669	\$0.3988	\$0.4043	(\$0.0055)	(\$3,793)	(\$20,904)
18	November (Forecast)	943,926	\$0.4030	\$0.4043	(\$0.0013)	(\$1,227)	(\$22,131)
19	December (Forecast)	1,268,596	\$0.4103	\$0.4043	\$0.0060	\$7,612	(\$14,519)
20	January, 2012 (Forecast)	1,264,090	\$0.4131	\$0.4043	\$0.0088	\$11,124	(\$3,395)
21	February (Forecast)	987,555	\$0.4083	\$0.4043	\$0.0040	\$3,950	\$555
22	March (Forecast)	961,944	\$0.4036	\$0.4043	(\$0.0007)	(\$673)	(\$118)
23	Total April 2011 to March 2012	<u>8,076,982</u>				<u>(\$14,657)</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING MARCH 31, 2013
WITH PROPOSED REFERENCE PRICE EFFECTIVE APRIL 1, 2011
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Proposed Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 2012 Balance (Forecast)						(\$118)
2	April (Forecast)	541,268	\$0.3804	\$0.4043	(\$0.0239)	(\$12,936)	(\$13,054)
3	May (Forecast)	422,436	\$0.3690	\$0.4043	(\$0.0353)	(\$14,912)	(\$27,966)
4	June (Forecast)	261,189	\$0.3727	\$0.4043	(\$0.0316)	(\$8,254)	(\$36,220)
5	July (Forecast)	263,593	\$0.3797	\$0.4043	(\$0.0246)	(\$6,484)	(\$42,704)
6	August (Forecast)	230,077	\$0.3864	\$0.4043	(\$0.0179)	(\$4,118)	(\$46,822)
7	September (Forecast)	312,826	\$0.3820	\$0.4043	(\$0.0223)	(\$6,976)	(\$53,798)
8	October (Forecast)	710,588	\$0.3883	\$0.4043	(\$0.0160)	(\$11,369)	(\$65,167)
9	November (Forecast)	972,040	\$0.3995	\$0.4043	(\$0.0048)	(\$4,666)	(\$69,833)
10	December (Forecast)	1,305,088	\$0.4052	\$0.4043	\$0.0009	\$1,175	(\$68,658)
11	January 2013 (Forecast)	1,300,332	\$0.3965	\$0.4043	(\$0.0078)	(\$10,143)	(\$78,801)
12	February (Forecast)	1,015,928	\$0.3981	\$0.4043	(\$0.0062)	(\$6,299)	(\$85,100)
13	March (Forecast)	990,738	\$0.3985	\$0.4043	(\$0.0058)	(\$5,746)	(\$90,846)
14	Total April 2012 to March 2013	<u>8,326,101</u>				<u>(\$90,728)</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
APRIL 1, 2011 PROPOSED PROPANE COST INCREASE
TYPICAL ANNUAL CONSUMPTION
(FEBRUARY 22, 2011 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3
Page 7

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/mo.)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Existing:												
5													
6	Delivery Margin Related Charges												
7	Basic Charge		\$11.84	\$142.08			\$24.84	\$298.08			\$132.52	\$1,590.24	
8	Delivery Margin Related Charge	50.0	\$3.207	\$160.35		250.0	\$2.658	\$664.50		4,500.0	\$2.270	\$10,215.00	
9													
10	Cost of Gas (Commodity Related Charges)												
11	Cost of Gas Recovery Related Charges	50.0	\$15.214	<u>\$760.70</u>		250.0	\$14.123	<u>\$3,530.75</u>		4,500.0	\$14.123	<u>\$63,553.50</u>	
12													
13	Typical Annual Bill at current rates (excluding												
14	any applicable Taxes)	<u>50.0</u>		<u>\$1,063.13</u>		<u>250.0</u>		<u>\$4,493.33</u>		<u>4,500.0</u>		<u>\$75,358.74</u>	
15													
16													
17	Proposed Changes April 1, 2011:												
18													
19	Delivery Margin Related Charge		\$0.000	\$0.00	0.0%		\$0.000	\$0.00	0.0%		\$0.000	\$0.00	0.0%
20	Cost of Gas Recovery Related Charge		<u>\$2.267</u>	<u>\$113.35</u>	10.7%		<u>\$2.267</u>	<u>\$566.75</u>	12.6%		<u>\$2.267</u>	<u>\$10,201.50</u>	13.5%
21	Total Charges		<u>\$2.267</u>	<u>\$113.35</u>	10.7%		<u>\$2.267</u>	<u>\$566.75</u>	12.6%		<u>\$2.267</u>	<u>\$10,201.50</u>	13.5%
22													
23	Typical Annual Bill after Proposed Rates (excluding												
24	any applicable Taxes)			<u>\$1,176.48</u>	10.7%			<u>\$5,060.08</u>	12.6%			<u>\$85,560.24</u>	13.5%

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE FLOATING PRICES
Forward Prices: FEBRUARY 22, 2011

Tab 4
Page 1

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Apr-11	\$95.42	\$0.3935
May-11	\$96.80	\$0.3888
Jun-11	\$97.65	\$0.3698
Jul-11	\$98.28	\$0.3530
Aug-11	\$98.66	\$0.3631
Sep-11	\$98.98	\$0.4026
Oct-11	\$99.26	\$0.4132
Nov-11	\$99.52	\$0.4121
Dec-11	\$99.74	\$0.4450
Jan-12	\$99.93	\$0.4583
Feb-12	\$100.02	\$0.4469
Mar-12	\$100.09	\$0.4166
Apr-12	\$100.11	\$0.4154
May-12	\$100.13	\$0.4056
Jun-12	\$100.16	\$0.3829
Jul-12	\$100.12	\$0.3633
Aug-12	\$100.08	\$0.3709
Sep-12	\$100.04	\$0.4097
Oct-12	\$100.01	\$0.4192
Nov-12	\$100.04	\$0.4155
Dec-12	\$100.09	\$0.4493
Jan-13	\$99.95	\$0.4623
Feb-13	\$99.85	\$0.4517
Mar-13	\$99.78	\$0.4197

PROPANE SWAP PRICES		
Month	Propane Swap Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Apr-11	\$1.32	\$0.3904
May-11	\$1.31	\$0.3795
Jun-11	\$1.31	\$0.3831
Jul-11	\$1.32	\$0.3894
Aug-11	\$1.32	\$0.3971
Sep-11	\$1.33	\$0.3926
Oct-11	\$1.34	\$0.3988
Nov-11	\$1.35	\$0.4030
Dec-11	\$1.35	\$0.4103
Jan-12	\$1.36	\$0.4131
Feb-12	\$1.35	\$0.4083
Mar-12	\$1.30	\$0.4036
Apr-12	\$1.26	\$0.3804
May-12	\$1.26	\$0.3690
Jun-12	\$1.26	\$0.3727
Jul-12	\$1.27	\$0.3797
Aug-12	\$1.27	\$0.3864
Sep-12	\$1.28	\$0.3820
Oct-12	\$1.29	\$0.3883
Nov-12	\$1.30	\$0.3995
Dec-12	\$1.30	\$0.4052
Jan-13	\$1.23	\$0.3965
Feb-13	\$1.23	\$0.3981
Mar-13	\$1.23	\$0.3985

50% CRUDE OIL FUTURES & 50% PROPANE SWAP PRICES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Apr-11	\$0.3919
May-11	\$0.3841
Jun-11	\$0.3765
Jul-11	\$0.3712
Aug-11	\$0.3801
Sep-11	\$0.3976
Oct-11	\$0.4060
Nov-11	\$0.4076
Dec-11	\$0.4276
Jan-12	\$0.4357
Feb-12	\$0.4276
Mar-12	\$0.4101
Apr-12	\$0.3979
May-12	\$0.3873
Jun-12	\$0.3778
Jul-12	\$0.3715
Aug-12	\$0.3786
Sep-12	\$0.3959
Oct-12	\$0.4038
Nov-12	\$0.4075
Dec-12	\$0.4273
Jan-13	\$0.4294
Feb-13	\$0.4249
Mar-13	\$0.4091

Notes: US-Cdn exchange rates source - Barclays Bank dated February 22, 2011.



ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
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LETTER NO. L-XX-11

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
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Log No. xxxx

DRAFT ORDER

VIA E-MAIL

March xx, 2011

gas.regulatory.affairs@fortisbc.com

Ms. Diane Roy
Director, Regulatory Affairs Gas
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Revelstoke Propane Service Area
2011 First Quarter Gas Cost Report

Further to your March 3, 2011 filing of the 2011 First Quarter Gas Cost Report (the Report) for the Revelstoke Propane Service Area. The Commission acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Revelstoke Propane Service Area, as of April 1, 2011.

Yours truly,

Erica M. Hamilton
Commission Secretary



LETTER L-15-11

ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

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Log No. 36082

VIA EMAIL

gas.regulatory.affairs@fortisbc.com

March 10, 2011

Ms. Diane Roy
Director, Regulatory Affairs Gas
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Revelstoke Propane Service Area
2011 First Quarter Gas Cost Report

Further to your March 3, 2011 filing of the 2011 First Quarter Gas Cost Report (the Report) for the Revelstoke Propane Service Area. The British Columbia Utilities Commission acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Revelstoke Propane Service Area, as of April 1, 2011.

Yours truly,

Erica M. Hamilton

CM/yl



Diane Roy
 Director, Regulatory Affairs - Gas
FortisBC Energy Inc.

16705 Fraser Highway
 Surrey, B.C. V4N 0E8
 Tel: (604) 576-7349
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Regulatory Affairs Correspondence
 Email: gas.regulatory.affairs@fortisbc.com

June 7, 2012

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

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: FortisBC Energy Inc. – Revelstoke Service Area
 2012 Second Quarter Gas Cost Report**

FortisBC Energy Inc. ("FEI" or the "Company") hereby submits to the British Columbia Utilities Commission (the "Commission") the 2012 Second Quarter Gas Cost Report for the Revelstoke Service Area. The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the May 18, 2012 forward prices.

The Company, consistent with previous quarterly gas cost filings, has calculated the forecast cost of propane utilizing three sets of forward prices. One forecast is based on an average of 50% NYMEX West Texas Intermediate ("WTI") Light Sweet Crude Oil futures prices and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, a second forecast is based on the NYMEX WTI Light Sweet Crude Oil futures prices, and a third forecast is based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. The results for the Revelstoke Service Area ("Revelstoke") based on each of these three forecasts are attached under Tab 1, Tab 2, and Tab 3, respectively.

As shown at Tab 1, Page 1, based on the May 18, 2012 forward prices, using an average of 50% NYMEX WTI Light Sweet Crude Oil futures prices and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at June 30, 2012 is \$259,891 surplus (pre-tax), and the forecast balance at June 30, 2013 is \$897,009 surplus (pre-tax). The rate change trigger ratio is calculated to be 137.9%.

As shown at Tab 2, Page 1, based on the May 18, 2012 forward prices, using NYMEX WTI Light Sweet Crude Oil futures prices, and based on the current rates, the projected deferral account balance at June 30, 2012 is \$315,240 surplus (pre-tax), and the forecast balance at June 30, 2013 is \$1,356,324 surplus (pre-tax). The rate change trigger ratio is calculated to be 171.0%.

As shown at Tab 3, Page 1, based on the May 18, 2012 forward prices, using NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at June 30, 2012 is \$204,543 surplus (pre-tax), and the forecast balance

at June 30, 2013 is \$437,766 surplus (pre-tax). The rate change trigger ratio is calculated to be 115.5%.

Although all three forecast propane cost scenarios indicate over recoveries during the next 12 month period, at current rates, that fall outside the deadband range, all three forecast scenarios also indicate that, with the substantially lower consumption volumes in the summer, the over recoveries at current rates are projected to result in only a modest surplus growth in the deferral account over the next quarter.

Due to the large degree of price volatility currently being experienced in the crude oil futures and propane swap futures markets, the Company proposes that no change be made to the Revelstoke rates at this time. The Revelstoke deferral account balances and rates will be subject to review within the 2012 Third Quarter Gas Cost Report, expected to be filed in late August or early September. And while the propane cost forecasts used within the Second Quarter Report indicate that the Revelstoke rates will need to be decreased at some point in the future, the Company suggests that it would be preferable to reset the propane cost recovery rates effective October 1, 2012, at the start of the 2012/2013 heating season and at a time when the commodity markets may be less volatile.

The forecast consumption for a typical Revelstoke residential customer during the summer period of July-September amounts to just over 3 GJ. Deferring the indicated rate decrease, as based on the May 18, 2012 forward prices using NYMEX B0 – Mt. Belvieu Propane Swap prices, of \$2.125/GJ and leaving the rates unchanged at July 1, 2012, equates to a total bill impact of less than \$7 for that three month period for a typical residential customer in Revelstoke. Further, based on the May 18, 2012 forward prices using NYMEX B0 – Mt. Belvieu Propane Swap prices, leaving Revelstoke rates unchanged until the next quarterly review indicates that a decrease in the amount of \$2.247/GJ would be required effective October 1, 2012 – the additional decrease amount of \$0.122/GJ equates to an annual bill impact of approximately \$6 for a typical Revelstoke residential customer with an average consumption of 50 GJ.

The Company continues to support the gas cost revenue-to-cost ratio mechanism but believes that under the current circumstances and in the interest of rate stability it is not inappropriate to leave rates unchanged at this time. However, should the Commission decide a propane rate decrease is required at this time, the Company suggests the decrease be based on the NYMEX B0 – Mt. Belvieu Propane Swap prices. Based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, as shown in Tab 3, a decrease in the reference price to \$0.3377/litre (Tab 3, Page 4, Column 2, Line 8), from the existing \$0.3900/litre has been calculated. This corresponds to a rate decrease of \$2.125/GJ, and equates to a burner tip decrease of approximately \$106 per year or 9.2% for a typical residential customer with an average consumption of 50 GJ.

For information purposes, FEI provides at Tab 4, Page 1 a summary of the three sets of forward prices as at May 18, 2012. One set is based on the NYMEX WTI Light Sweet Crude Oil futures, a second set based on the NYMEX B0 – Mt. Belvieu Propane Swap prices, and a third set based on an average of 50% NYMEX WTI Light Sweet Crude Oil futures and 50% NYMEX B0 – Mt. Belvieu Propane Swap prices.



Provided in Tab 5 are the details of the forecast propane costs for Revelstoke. The Company requests the information contained in Tab 5 be treated as CONFIDENTIAL.

CONFIDENTIALITY

Consistent with past practice and previous discussions and positions on the confidentiality of selected filings (and further emphasized in the Company's January 31, 1994 submission to the Commission) FEI is requesting that this information be filed on a confidential basis pursuant to 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.

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, 2012. FEI will continue to monitor the forward prices and will report these results in the 2012 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 Brian Noel at 604-592-7467.

All of which is respectfully submitted.

Yours very truly,

FORTISBC ENERGY INC.

Original signed by: Shawn Hill

For: Diane Roy
Attachments

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2013
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-28-12)
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Tab 1

Page 1

Line No.	Particulars (1)	Volumes In Litre (2)	Average Price Per Litre (3)	Approved Reference Price (4)	Amount Deferred Per Litre (5)=(3)-(4)	Amount Deferred (6)=(2)*(5)	Pre-Tax Deferral Balance (7)
1	March 31, 2012 Balance (Recorded)						(\$176,495)
2	April, 2012 (Projected) ^(A)	621,377	\$0.3506	\$0.3900	(\$0.0394)	(\$24,499)	(\$200,994)
3	May (Projected)	432,226	\$0.3229	\$0.3900	(\$0.0671)	(\$28,987)	(\$229,981)
4	June (Projected)	267,427	\$0.2782	\$0.3900	(\$0.1118)	(\$29,910)	(\$259,891)
5	Current Quarter Total	<u>1,321,030</u>				<u>(\$83,396)</u>	
6							
7	<u>Forecast Volumes and Forecast Prices</u>						
8	July, 2012 (Forecast)	231,064	\$0.2796	\$0.3900	(\$0.1104)	(\$25,509)	(\$285,400)
9	August (Forecast)	202,336	\$0.2815	\$0.3900	(\$0.1085)	(\$21,953)	(\$307,353)
10	September (Forecast)	297,663	\$0.2904	\$0.3900	(\$0.0996)	(\$29,647)	(\$337,000)
11	October (Forecast)	668,878	\$0.3063	\$0.3900	(\$0.0837)	(\$55,985)	(\$392,985)
12	November (Forecast)	973,031	\$0.3149	\$0.3900	(\$0.0751)	(\$73,075)	(\$466,060)
13	December (Forecast)	1,305,806	\$0.3202	\$0.3900	(\$0.0698)	(\$91,145)	(\$557,205)
14	January, 2013 (Forecast)	1,301,065	\$0.3256	\$0.3900	(\$0.0644)	(\$83,789)	(\$640,994)
15	February (Forecast)	1,050,339	\$0.3270	\$0.3900	(\$0.0630)	(\$66,171)	(\$707,165)
16	March (Forecast)	1,007,021	\$0.3205	\$0.3900	(\$0.0695)	(\$69,988)	(\$777,153)
17	April (Forecast)	629,072	\$0.3085	\$0.3900	(\$0.0815)	(\$51,269)	(\$828,422)
18	May (Forecast)	435,838	\$0.2935	\$0.3900	(\$0.0965)	(\$42,058)	(\$870,480)
19	June (Forecast)	271,254	\$0.2922	\$0.3900	(\$0.0978)	(\$26,529)	(\$897,009)
20	Total July, 2012 to June, 2013	<u>8,373,366</u>				<u>(\$637,118)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]			=	\$3,265,613		
25	June 30, 2012 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)				\$2,368,553	137.9%	

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2014

Tab 1

Page 2

WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-28-12)

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)*-(4)	(6)=(2)*(5)	(7)
1	June, 2013 Balance (Forecast)						(\$897,009)
2	July (Forecast)	234,416	\$0.2881	\$0.3900	(\$0.1019)	(\$23,887)	(\$920,896)
3	August (Forecast)	205,121	\$0.2895	\$0.3900	(\$0.1005)	(\$20,615)	(\$941,511)
4	September (Forecast)	300,782	\$0.2969	\$0.3900	(\$0.0931)	(\$28,003)	(\$969,514)
5	October (Forecast)	672,712	\$0.3123	\$0.3900	(\$0.0777)	(\$52,270)	(\$1,021,784)
6	November (Forecast)	979,426	\$0.3221	\$0.3900	(\$0.0679)	(\$66,503)	(\$1,088,287)
7	December (Forecast)	1,313,011	\$0.3267	\$0.3900	(\$0.0633)	(\$83,114)	(\$1,171,401)
8	January, 2014 (Forecast)	1,311,446	\$0.3255	\$0.3900	(\$0.0645)	(\$84,588)	(\$1,255,989)
9	February (Forecast)	1,060,004	\$0.3282	\$0.3900	(\$0.0618)	(\$65,508)	(\$1,321,497)
10	March (Forecast)	1,016,068	\$0.3236	\$0.3900	(\$0.0664)	(\$67,467)	(\$1,388,964)
11	April (Forecast)	637,231	\$0.3075	\$0.3900	(\$0.0825)	(\$52,572)	(\$1,441,536)
12	May (Forecast)	439,846	\$0.2915	\$0.3900	(\$0.0985)	(\$43,325)	(\$1,484,861)
13	June (Forecast)	275,383	\$0.2894	\$0.3900	(\$0.1006)	(\$27,704)	(\$1,512,565)
14	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>(\$615,556)</u>	

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

Tab 1

Page 3

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING JUNE 30, 2013

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	July, 2012 (Forecast)	231,064	-	231,064	\$ -	\$ 0.2796	\$ -	\$ 64,599	\$ 64,599
2	August (Forecast)	202,336	-	202,336	\$ -	\$ 0.2815	\$ -	\$ 56,960	\$ 56,960
3	September (Forecast)	297,663	-	297,663	\$ -	\$ 0.2904	\$ -	\$ 86,441	\$ 86,441
4	October (Forecast)	668,878	-	668,878	\$ -	\$ 0.3063	\$ -	\$ 204,851	\$ 204,851
5	November (Forecast)	973,031	450,000	523,031	\$ 0.3147	\$ 0.3150	\$ 141,634	\$ 164,761	\$ 306,395
6	December (Forecast)	1,305,806	450,000	855,806	\$ 0.3147	\$ 0.3231	\$ 141,634	\$ 276,548	\$ 418,182
7	January, 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.3147	\$ 0.3313	\$ 141,634	\$ 281,969	\$ 423,603
8	February (Forecast)	1,050,339	450,000	600,339	\$ 0.3147	\$ 0.3362	\$ 141,634	\$ 201,813	\$ 343,447
9	March (Forecast)	1,007,021	450,000	557,021	\$ 0.3147	\$ 0.3252	\$ 141,634	\$ 181,121	\$ 322,755
10	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.3085	\$ -	\$ 194,040	\$ 194,040
11	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2935	\$ -	\$ 127,922	\$ 127,922
12	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2922	\$ -	\$ 79,248	\$ 79,248
13	Total July, 2012 to June, 2013	8,373,366	2,250,000	6,123,366			\$ 708,171	\$ 1,920,273	\$ 2,628,444
14									
15	Forecast Average Cost of Propane - (\$/Litre)^(A)								\$ 0.3139
16									
17	Forecast Average Cost of Propane - (\$/GJ)^(A)								\$ 12.265
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING JUNE 30, 2013

Tab 1
Page 4

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Col.9, Line 15 and Line 17)		
4	July 1, 2012 to June 30, 2013	\$0.3139	\$12.265
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(\$0.0310)	(\$1.213)
7			
8	Tested Reference Price	\$0.2829	\$11.052
9			
10			
11			
12	Existing Propane Reference Price	\$0.3900	\$15.238
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.1071)	(\$4.185)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		(\$0.164)
19			
20	Total Propane Cost Flowthrough ^(B)		(\$4.349)
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% is based on 2009, 2010, and 2011 data.		
27		Litres	Percentage
28	Sales	18,923,023	
29			
30	Company Use	4,706	0.02%
31	Propane Used for Vaporizer	256,371	1.35%
32	Unaccounted For	484,170	2.56%
33	Total Fuel / UAF Requirement	745,247	3.93%
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Jun 30, 2012		(\$1.213)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Jul 1, 2012 to Jun 30, 2013 period.		(\$3.136)
38	Total Propane Cost Flowthrough		(\$4.349)

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2013

Tab 1

Page 5

WITH TESTED REFERENCE PRICE EFFECTIVE JULY 1, 2012

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2012 Balance (Recorded)						(\$176,495)
2	April, 2012 (Projected) ^(A)	621,377	\$0.3506	\$0.3900	(\$0.0394)	(\$24,499)	(\$200,994)
3	May (Projected)	432,226	\$0.3229	\$0.3900	(\$0.0671)	(\$28,987)	(\$229,981)
4	June (Projected)	267,427	\$0.2782	\$0.3900	(\$0.1118)	(\$29,910)	(\$259,891)
5	Current Quarter Total	<u>1,321,030</u>				<u>(\$83,396)</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>						
11	July, 2012 (Forecast)	231,064	\$0.2796	\$0.2829	(\$0.0033)	(\$763)	(\$260,654)
12	August (Forecast)	202,336	\$0.2815	\$0.2829	(\$0.0014)	(\$283)	(\$260,937)
13	September (Forecast)	297,663	\$0.2904	\$0.2829	\$0.0075	\$2,232	(\$258,705)
14	October (Forecast)	668,878	\$0.3063	\$0.2829	\$0.0234	\$15,652	(\$243,053)
15	November (Forecast)	973,031	\$0.3149	\$0.2829	\$0.0320	\$31,137	(\$211,916)
16	December (Forecast)	1,305,806	\$0.3202	\$0.2829	\$0.0373	\$48,707	(\$163,209)
17	January, 2013 (Forecast)	1,301,065	\$0.3256	\$0.2829	\$0.0427	\$55,555	(\$107,654)
18	February (Forecast)	1,050,339	\$0.3270	\$0.2829	\$0.0441	\$46,320	(\$61,334)
19	March (Forecast)	1,007,021	\$0.3205	\$0.2829	\$0.0376	\$37,864	(\$23,470)
20	April (Forecast)	629,072	\$0.3085	\$0.2829	\$0.0256	\$16,104	(\$7,366)
21	May (Forecast)	435,838	\$0.2935	\$0.2829	\$0.0106	\$4,620	(\$2,746)
22	June (Forecast)	271,254	\$0.2922	\$0.2829	\$0.0093	\$2,523	(\$223)
23	Total July, 2012 to June, 2013	<u>8,373,366</u>				<u>\$259,668</u>	

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

**FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2014**

Tab 1
Page 6

WITH TESTED REFERENCE PRICE EFFECTIVE JULY 1, 2012

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Tested Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June, 2013 Balance (Forecast)						(\$223)
2	July (Forecast)	234,416	\$0.2881	\$0.2829	\$0.0052	\$1,219	\$996
3	August (Forecast)	205,121	\$0.2895	\$0.2829	\$0.0066	\$1,354	\$2,350
4	September (Forecast)	300,782	\$0.2969	\$0.2829	\$0.0140	\$4,211	\$6,561
5	October (Forecast)	672,712	\$0.3123	\$0.2829	\$0.0294	\$19,778	\$26,339
6	November (Forecast)	979,426	\$0.3221	\$0.2829	\$0.0392	\$38,393	\$64,732
7	December (Forecast)	1,313,011	\$0.3267	\$0.2829	\$0.0438	\$57,510	\$122,242
8	January, 2014 (Forecast)	1,311,446	\$0.3255	\$0.2829	\$0.0426	\$55,868	\$178,110
9	February (Forecast)	1,060,004	\$0.3282	\$0.2829	\$0.0453	\$48,018	\$226,128
10	March (Forecast)	1,016,068	\$0.3236	\$0.2829	\$0.0407	\$41,354	\$267,482
11	April (Forecast)	637,231	\$0.3075	\$0.2829	\$0.0246	\$15,676	\$283,158
12	May (Forecast)	439,846	\$0.2915	\$0.2829	\$0.0086	\$3,783	\$286,941
13	June (Forecast)	275,383	\$0.2894	\$0.2829	\$0.0065	\$1,790	\$288,731
14	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>\$288,954</u>	

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX 50% WTI LIGHT SWEET CRUDE OIL FUTURES & 50% MT. BELVUE PROPANE SWAP PRICES)

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Existing:												
5													
6	Delivery Margin Related Charges												
7	Basic Charge per Day	365.25	days	\$0.3890	\$142.08	365.25	days	\$0.8161	\$298.08	365.25	days	\$4.3538	\$1,590.23
8	Delivery Margin Related Charge (incl. riders)	50.0	GJ	\$3.375	\$168.75	250.0	GJ	\$2.775	\$693.75	4,500.0	GJ	\$2.362	\$10,629.00
9													
10	Cost of Gas (Commodity Related Charges)												
11	Cost of Gas Recovery Related Charges	50.0	GJ	\$16.910	\$845.50	250.0	GJ	\$15.819	\$3,954.75	4,500.0	GJ	\$15.819	\$71,185.50
12													
13	Typical Annual Bill at Current Rates (excluding any applicable Taxes)	50.0	GJ		\$1,156.33	250.0	GJ		\$4,946.58	4,500.0	GJ		\$83,404.73
14													
15													
16													
17	Tested Changes July 1, 2012:												
18													
19	Cost of Gas Recovery Related Charge			(\$4.349)	(\$217.45) (18.8%)			(\$4.349)	(\$1,087.25) (22.0%)			(\$4.349)	(\$19,570.50) (23.5%)
20													
21	Typical Annual Bill after Tested Rates (excluding any applicable Taxes)				\$938.88 (18.8%)				\$3,859.33 (22.0%)				\$63,834.23 (23.5%)
22													

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2013
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-28-12)
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2012 Balance (Recorded)						(\$176,495)
2	April, 2012 (Projected) ^(A)	621,377	\$0.3452	\$0.3900	(\$0.0448)	(\$27,845)	(\$204,340)
3	May (Projected)	432,226	\$0.2412	\$0.3900	(\$0.1488)	(\$64,302)	(\$268,642)
4	June (Projected)	267,427	\$0.2158	\$0.3900	(\$0.1742)	(\$46,598)	(\$315,240)
5	Current Quarter Total	<u>1,321,030</u>				<u>(\$138,745)</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	July, 2012 (Forecast)	231,064	\$0.2197	\$0.3900	(\$0.1703)	(\$39,350)	(\$354,590)
9	August (Forecast)	202,336	\$0.2246	\$0.3900	(\$0.1654)	(\$33,466)	(\$388,056)
10	September (Forecast)	297,663	\$0.2369	\$0.3900	(\$0.1531)	(\$45,572)	(\$433,628)
11	October (Forecast)	668,878	\$0.2576	\$0.3900	(\$0.1324)	(\$88,559)	(\$522,187)
12	November (Forecast)	973,031	\$0.2646	\$0.3900	(\$0.1254)	(\$122,018)	(\$644,205)
13	December (Forecast)	1,305,806	\$0.2744	\$0.3900	(\$0.1156)	(\$150,951)	(\$795,156)
14	January, 2013 (Forecast)	1,301,065	\$0.2790	\$0.3900	(\$0.1110)	(\$144,418)	(\$939,574)
15	February (Forecast)	1,050,339	\$0.2783	\$0.3900	(\$0.1117)	(\$117,323)	(\$1,056,897)
16	March (Forecast)	1,007,021	\$0.2708	\$0.3900	(\$0.1192)	(\$120,037)	(\$1,176,934)
17	April (Forecast)	629,072	\$0.2646	\$0.3900	(\$0.1254)	(\$78,886)	(\$1,255,820)
18	May (Forecast)	435,838	\$0.2484	\$0.3900	(\$0.1416)	(\$61,715)	(\$1,317,535)
19	June (Forecast)	<u>271,254</u>	\$0.2470	\$0.3900	(\$0.1430)	<u>(\$38,789)</u>	(\$1,356,324)
20	Total July, 2012 to June, 2013	<u>8,373,366</u>				<u>(\$1,041,084)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]				\$3,265,613		
25	June 30, 2012 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)			=	<u>\$1,909,276</u>	=	171.0%

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2014
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-28-12)
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June, 2013 Balance (Forecast)						(\$1,356,324)
2	July (Forecast)	234,416	\$0.2221	\$0.3900	(\$0.1679)	(\$39,358)	(\$1,395,682)
3	August (Forecast)	205,121	\$0.2260	\$0.3900	(\$0.1640)	(\$33,640)	(\$1,429,322)
4	September (Forecast)	300,782	\$0.2365	\$0.3900	(\$0.1535)	(\$46,170)	(\$1,475,492)
5	October (Forecast)	672,712	\$0.2562	\$0.3900	(\$0.1338)	(\$90,009)	(\$1,565,501)
6	November (Forecast)	979,426	\$0.2673	\$0.3900	(\$0.1227)	(\$120,176)	(\$1,685,677)
7	December (Forecast)	1,313,011	\$0.2753	\$0.3900	(\$0.1147)	(\$150,602)	(\$1,836,279)
8	January, 2014 (Forecast)	1,311,446	\$0.2793	\$0.3900	(\$0.1107)	(\$145,177)	(\$1,981,456)
9	February (Forecast)	1,060,004	\$0.2792	\$0.3900	(\$0.1108)	(\$117,448)	(\$2,098,904)
10	March (Forecast)	1,016,068	\$0.2722	\$0.3900	(\$0.1178)	(\$119,693)	(\$2,218,597)
11	April (Forecast)	637,231	\$0.2595	\$0.3900	(\$0.1305)	(\$83,159)	(\$2,301,756)
12	May (Forecast)	439,846	\$0.2430	\$0.3900	(\$0.1470)	(\$64,657)	(\$2,366,413)
13	June (Forecast)	275,383	\$0.2415	\$0.3900	(\$0.1485)	(\$40,894)	(\$2,407,307)
14	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>(\$1,050,983)</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

PROPANE COST DEFERRAL ACCOUNT

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING JUNE 30, 2013

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 3

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	July, 2012 (Forecast)	231,064	-	231,064	\$ -	\$ 0.2197	\$ -	\$ 50,755	\$ 50,755
2	August (Forecast)	202,336	-	202,336	\$ -	\$ 0.2246	\$ -	\$ 45,438	\$ 45,438
3	September (Forecast)	297,663	-	297,663	\$ -	\$ 0.2369	\$ -	\$ 70,509	\$ 70,509
4	October (Forecast)	668,878	-	668,878	\$ -	\$ 0.2576	\$ -	\$ 172,281	\$ 172,281
5	November (Forecast)	973,031	450,000	523,031	\$ 0.2565	\$ 0.2715	\$ 115,446	\$ 141,982	\$ 257,428
6	December (Forecast)	1,305,806	450,000	855,806	\$ 0.2565	\$ 0.2838	\$ 115,446	\$ 242,854	\$ 358,300
7	January, 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.2565	\$ 0.2909	\$ 115,446	\$ 247,582	\$ 363,028
8	February (Forecast)	1,050,339	450,000	600,339	\$ 0.2565	\$ 0.2946	\$ 115,446	\$ 176,880	\$ 292,326
9	March (Forecast)	1,007,021	450,000	557,021	\$ 0.2565	\$ 0.2824	\$ 115,446	\$ 157,304	\$ 272,749
10	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.2646	\$ -	\$ 166,440	\$ 166,440
11	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.2484	\$ -	\$ 108,253	\$ 108,253
12	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.2470	\$ -	\$ 67,008	\$ 67,008
13	Total July, 2012 to June, 2013	<u>8,373,366</u>	<u>2,250,000</u>	<u>6,123,366</u>			<u>\$ 577,230</u>	<u>\$ 1,647,286</u>	<u>\$ 2,224,516</u>
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								<u>\$ 0.2657</u>
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								<u>\$ 10.380</u>
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING JUNE 30, 2013

Tab 2
Page 4

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Col.9, Line 15 and Line 17)		
4	July 1, 2012 to June 30, 2013	\$0.2657	\$10.380
5			
6	ii. Twelve months amortization of projected Deferral Account balance	(\$0.0376)	(\$1.471)
7			
8	Tested Reference Price	\$0.2280	\$8.909
9			
10			
11			
12	Existing Propane Reference Price	\$0.3900	\$15.238
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	(\$0.1620)	(\$6.330)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		(\$0.250)
19			
20	Total Propane Cost Flowthrough ^(B)		(\$6.580)
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% is based on 2009, 2010, and 2011 data.		
27		Litres	Percentage
28	Sales	18,923,023	
29			
30	Company Use	4,706	0.02%
31	Propane Used for Vaporizer	256,371	1.35%
32	Unaccounted For	484,170	2.56%
33	Total Fuel / UAF Requirement	745,247	3.93%
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Jun 30, 2012		(\$1.471)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Jul 1, 2012 to Jun 30, 2013 period.		(\$5.109)
38	Total Propane Cost Flowthrough		(\$6.580)

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2013
WITH TESTED REFERENCE PRICE EFFECTIVE JULY 1, 2012
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

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Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2012 Balance (Recorded)						(\$176,495)
2	April, 2012 (Projected) ^(A)	621,377	\$0.3452	\$0.3900	(\$0.0448)	(\$27,845)	(\$204,340)
3	May (Projected)	432,226	\$0.2412	\$0.3900	(\$0.1488)	(\$64,302)	(\$268,642)
4	June (Projected)	267,427	\$0.2158	\$0.3900	(\$0.1742)	(\$46,598)	(\$315,240)
5	Current Quarter Total	<u>1,321,030</u>				<u>(\$138,745)</u>	
6							
7				Tested			
8				Reference			
9				Price			
10	<u>Forecast Volumes and Forecast Prices</u>						
11	July, 2012 (Forecast)	231,064	\$0.2197	\$0.2280	(\$0.0083)	(\$1,918)	(\$317,158)
12	August (Forecast)	202,336	\$0.2246	\$0.2280	(\$0.0034)	(\$688)	(\$317,846)
13	September (Forecast)	297,663	\$0.2369	\$0.2280	\$0.0089	\$2,649	(\$315,197)
14	October (Forecast)	668,878	\$0.2576	\$0.2280	\$0.0296	\$19,799	(\$295,398)
15	November (Forecast)	973,031	\$0.2646	\$0.2280	\$0.0366	\$35,613	(\$259,785)
16	December (Forecast)	1,305,806	\$0.2744	\$0.2280	\$0.0464	\$60,589	(\$199,196)
17	January, 2013 (Forecast)	1,301,065	\$0.2790	\$0.2280	\$0.0510	\$66,354	(\$132,842)
18	February (Forecast)	1,050,339	\$0.2783	\$0.2280	\$0.0503	\$52,832	(\$80,010)
19	March (Forecast)	1,007,021	\$0.2708	\$0.2280	\$0.0428	\$43,101	(\$36,909)
20	April (Forecast)	629,072	\$0.2646	\$0.2280	\$0.0366	\$23,024	(\$13,885)
21	May (Forecast)	435,838	\$0.2484	\$0.2280	\$0.0204	\$8,891	(\$4,994)
22	June (Forecast)	271,254	\$0.2470	\$0.2280	\$0.0190	\$5,154	\$160
23	Total July, 2012 to June, 2013	<u>8,373,366</u>				<u>\$315,400</u>	

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2014
WITH TESTED REFERENCE PRICE EFFECTIVE JULY 1, 2012
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX WTI LIGHT SWEET CRUDE OIL FUTURES)

Tab 2

Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Tested Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June, 2013 Balance (Forecast)						\$160
2	July (Forecast)	234,416	\$0.2221	\$0.2280	(\$0.0059)	(\$1,383)	(\$1,223)
3	August (Forecast)	205,121	\$0.2260	\$0.2280	(\$0.0020)	(\$410)	(\$1,633)
4	September (Forecast)	300,782	\$0.2365	\$0.2280	\$0.0085	\$2,557	\$924
5	October (Forecast)	672,712	\$0.2562	\$0.2280	\$0.0282	\$18,970	\$19,894
6	November (Forecast)	979,426	\$0.2673	\$0.2280	\$0.0393	\$38,491	\$58,385
7	December (Forecast)	1,313,011	\$0.2753	\$0.2280	\$0.0473	\$62,105	\$120,490
8	January, 2014 (Forecast)	1,311,446	\$0.2793	\$0.2280	\$0.0513	\$67,277	\$187,767
9	February (Forecast)	1,060,004	\$0.2792	\$0.2280	\$0.0512	\$54,272	\$242,039
10	March (Forecast)	1,016,068	\$0.2722	\$0.2280	\$0.0442	\$44,910	\$286,949
11	April (Forecast)	637,231	\$0.2595	\$0.2280	\$0.0315	\$20,073	\$307,022
12	May (Forecast)	439,846	\$0.2430	\$0.2280	\$0.0150	\$6,598	\$313,620
13	June (Forecast)	275,383	\$0.2415	\$0.2280	\$0.0135	\$3,718	\$317,338
14	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>\$317,178</u>	

Line No.	Particulars	Rate 1 - Residential				Rate 2 - Small Commercial				Rate 3 - Large Commercial			
		Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase	Use per Customer (GJ)	Unit Revenue (\$/GJ) or (\$/day)	Revenue (\$)	% Increase
1	REVELSTOKE PROPANE												
2	- INLAND SERVICE AREA												
3													
4	Existing:												
5													
6	Delivery Margin Related Charges												
7	Basic Charge per Day	365.25	days	\$0.3890	\$142.08	365.25	days	\$0.8161	\$298.08	365.25	days	\$4.3538	\$1,590.23
8	Delivery Margin Related Charge (incl. riders)	50.0	GJ	\$3.375	\$168.75	250.0	GJ	\$2.775	\$693.75	4,500.0	GJ	\$2.362	\$10,629.00
9													
10	Cost of Gas (Commodity Related Charges)												
11	Cost of Gas Recovery Related Charges	50.0	GJ	\$16.910	<u>\$845.50</u>	250.0	GJ	\$15.819	<u>\$3,954.75</u>	4,500.0	GJ	\$15.819	<u>\$71,185.50</u>
12													
13	Typical Annual Bill at Current Rates (excluding												
14	any applicable Taxes)	<u>50.0</u>			<u>\$1,156.33</u>	<u>250.0</u>			<u>\$4,946.58</u>	<u>4,500.0</u>			<u>\$83,404.73</u>
15													
16													
17	Tested Changes July 1, 2012:												
18													
19	Cost of Gas Recovery Related Charge			(\$6.580)	<u>(\$329.00)</u> (28.5%)			(\$6.580)	<u>(\$1,645.00)</u> (33.3%)			(\$6.580)	<u>(\$29,610.00)</u> (35.5%)
20													
21	Typical Annual Bill after Tested Rates (excluding												
22	any applicable Taxes)				<u>\$827.33</u> (28.5%)				<u>\$3,301.58</u> (33.3%)				<u>\$53,794.73</u> (35.5%)

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2013
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-28-12)
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 1

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2012 Balance (Recorded)						(\$176,495)
2	April, 2012 (Projected) ^(A)	621,377	\$0.3560	\$0.3900	(\$0.0340)	(\$21,154)	(\$197,649)
3	May (Projected)	432,226	\$0.4046	\$0.3900	\$0.0146	\$6,327	(\$191,322)
4	June (Projected)	267,427	\$0.3406	\$0.3900	(\$0.0494)	(\$13,221)	(\$204,543)
5	Current Quarter Total	<u>1,321,030</u>				<u>(\$28,048)</u>	
6							
7	Forecast Volumes and Forecast Prices						
8	July, 2012 (Forecast)	231,064	\$0.3395	\$0.3900	(\$0.0505)	(\$11,669)	(\$216,212)
9	August (Forecast)	202,336	\$0.3385	\$0.3900	(\$0.0515)	(\$10,420)	(\$226,632)
10	September (Forecast)	297,663	\$0.3439	\$0.3900	(\$0.0461)	(\$13,722)	(\$240,354)
11	October (Forecast)	668,878	\$0.3550	\$0.3900	(\$0.0350)	(\$23,411)	(\$263,765)
12	November (Forecast)	973,031	\$0.3652	\$0.3900	(\$0.0248)	(\$24,131)	(\$287,896)
13	December (Forecast)	1,305,806	\$0.3661	\$0.3900	(\$0.0239)	(\$31,209)	(\$319,105)
14	January, 2013 (Forecast)	1,301,065	\$0.3721	\$0.3900	(\$0.0179)	(\$23,289)	(\$342,394)
15	February (Forecast)	1,050,339	\$0.3757	\$0.3900	(\$0.0143)	(\$15,020)	(\$357,414)
16	March (Forecast)	1,007,021	\$0.3702	\$0.3900	(\$0.0198)	(\$19,939)	(\$377,353)
17	April (Forecast)	629,072	\$0.3523	\$0.3900	(\$0.0377)	(\$23,716)	(\$401,069)
18	May (Forecast)	435,838	\$0.3386	\$0.3900	(\$0.0514)	(\$22,402)	(\$423,471)
19	June (Forecast)	271,254	\$0.3373	\$0.3900	(\$0.0527)	(\$14,295)	(\$437,766)
20	Total July, 2012 to June, 2013	<u>8,373,366</u>				<u>(\$233,223)</u>	
21							
22							
23							
24	Forecast Recovered Costs [(Line 20 Col. 2) x (Line 19 Col. 4)]					\$3,265,613	
25	June 30, 2012 Deferral Balance (Line 4 Col. 7) + Forecast Costs (Page 3 Line 13 Col. 9)					\$2,827,829	115.5%

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2014
WITH EXISTING PROPANE REFERENCE PRICE (BCUC ORDER NO. G-28-12)
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 2

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June, 2013 Balance (Forecast)						(\$437,766)
2	July (Forecast)	234,416	\$0.3540	\$0.3900	(\$0.0360)	(\$8,439)	(\$446,205)
3	August (Forecast)	205,121	\$0.3530	\$0.3900	(\$0.0370)	(\$7,589)	(\$453,794)
4	September (Forecast)	300,782	\$0.3573	\$0.3900	(\$0.0327)	(\$9,836)	(\$463,630)
5	October (Forecast)	672,712	\$0.3684	\$0.3900	(\$0.0216)	(\$14,531)	(\$478,161)
6	November (Forecast)	979,426	\$0.3768	\$0.3900	(\$0.0132)	(\$12,928)	(\$491,089)
7	December (Forecast)	1,313,011	\$0.3780	\$0.3900	(\$0.0120)	(\$15,756)	(\$506,845)
8	January, 2014 (Forecast)	1,311,446	\$0.3718	\$0.3900	(\$0.0182)	(\$23,868)	(\$530,713)
9	February (Forecast)	1,060,004	\$0.3771	\$0.3900	(\$0.0129)	(\$13,674)	(\$544,387)
10	March (Forecast)	1,016,068	\$0.3750	\$0.3900	(\$0.0150)	(\$15,241)	(\$559,628)
11	April (Forecast)	637,231	\$0.3555	\$0.3900	(\$0.0345)	(\$21,984)	(\$581,612)
12	May (Forecast)	439,846	\$0.3401	\$0.3900	(\$0.0499)	(\$21,948)	(\$603,560)
13	June (Forecast)	275,383	\$0.3374	\$0.3900	(\$0.0526)	(\$14,485)	(\$618,045)
14	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>(\$180,279)</u>	

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA

Tab 3

PROPANE COST DEFERRAL ACCOUNT

Page 3

FORECAST AVERAGE COST OF PROPANE

FOR THE PERIOD ENDING JUNE 30, 2013

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	Sales Volume (Litres)	Fixed Price Volume (Litres)	Variable Volume (Litres)	Fixed Price (\$/litre)	Variable Price (\$/litre)	Fixed Charges (\$)	Variable Charges (\$)	Total (\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	July, 2012 (Forecast)	231,064	-	231,064	\$ -	\$ 0.3395	\$ -	\$ 78,442	\$ 78,442
2	August (Forecast)	202,336	-	202,336	\$ -	\$ 0.3385	\$ -	\$ 68,482	\$ 68,482
3	September (Forecast)	297,663	-	297,663	\$ -	\$ 0.3439	\$ -	\$ 102,373	\$ 102,373
4	October (Forecast)	668,878	-	668,878	\$ -	\$ 0.3550	\$ -	\$ 237,421	\$ 237,421
5	November (Forecast)	973,031	450,000	523,031	\$ 0.3729	\$ 0.3586	\$ 167,822	\$ 187,540	\$ 355,363
6	December (Forecast)	1,305,806	450,000	855,806	\$ 0.3729	\$ 0.3625	\$ 167,822	\$ 310,242	\$ 478,065
7	January, 2013 (Forecast)	1,301,065	450,000	851,065	\$ 0.3729	\$ 0.3717	\$ 167,822	\$ 316,356	\$ 484,179
8	February (Forecast)	1,050,339	450,000	600,339	\$ 0.3729	\$ 0.3777	\$ 167,822	\$ 226,745	\$ 394,568
9	March (Forecast)	1,007,021	450,000	557,021	\$ 0.3729	\$ 0.3679	\$ 167,822	\$ 204,939	\$ 372,761
10	April (Forecast)	629,072	-	629,072	\$ -	\$ 0.3523	\$ -	\$ 221,640	\$ 221,640
11	May (Forecast)	435,838	-	435,838	\$ -	\$ 0.3386	\$ -	\$ 147,591	\$ 147,591
12	June (Forecast)	271,254	-	271,254	\$ -	\$ 0.3373	\$ -	\$ 91,488	\$ 91,488
13	Total July, 2012 to June, 2013	8,373,366	2,250,000	6,123,366			\$ 839,112	\$ 2,193,261	\$ 3,032,372
14									
15	Forecast Average Cost of Propane - (\$/Litre) ^(A)								\$ 0.3621
16									
17	Forecast Average Cost of Propane - (\$/GJ) ^(A)								\$ 14.150
18	(Conversion factor 1 Litre = 0.025594 GJ)								

Note (A) Forecast average cost of propane excludes company use, vaporizer use, and unaccounted for gas.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
CALCULATION OF PROPANE COST DECREASE FLOWTHROUGH
FOR THE PERIOD ENDING JUNE 30, 2013

Tab 3
Page 4

(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Line No.	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of New Propane Reference Price		
2			
3	i. Forecast average Cost of Propane (Tab 1, Page 3, Col.9, Line 15 and Line 17)		
4	July 1, 2012 to June 30, 2013	\$0.3621	\$14.150
5			
6	ii. Twelve months amortization of projected Deferral Account balance	<u>(\$0.0244)</u>	<u>(\$0.954)</u>
7			
8	Proposed Reference Price	\$0.3377	\$13.196
9			
10			
11			
12	Existing Propane Reference Price	<u>\$0.3900</u>	<u>\$15.238</u>
13	(Conversion factor 1 Litre = 0.025594 GJ)		
14			
15			
16	Decrease in Propane Reference Price to be flowed through in customers' rates	<u>(\$0.0523)</u>	(\$2.043)
17			
18	Add: Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% ^(A)		<u>(\$0.082)</u>
19			
20	Total Propane Cost Flowthrough ^(B)		<u>(\$2.125)</u>
21	(Conversion factor 1 Litre = 0.025594 GJ)		
22			
23			
24			
25			
26	Note: (A) The Unaccounted For/Company Use/Vaporizer Use Adjustment of 3.93% is based on 2009, 2010, and 2011 data.		
27		Litres	Percentage
28	Sales	18,923,023	
29			
30	Company Use	4,706	0.02%
31	Propane Used for Vaporizer	256,371	1.35%
32	Unaccounted For	484,170	2.56%
33	Total Fuel / UAF Requirement	<u>745,247</u>	<u>3.93%</u>
34			
35	Note: (B) Breakdown of Rate Change:		
36	Projected Deferral Balance at Jun 30, 2012		(\$0.954)
37	Propane Cost Under (Over) Recovery (including amount at Line 18) for Jul 1, 2012 to Jun 30, 2013 period.		<u>(\$1.171)</u>
38	Total Propane Cost Flowthrough		<u>(\$2.125)</u>

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2013
WITH TESTED REFERENCE PRICE EFFECTIVE JULY 1, 2012
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 5

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Approved Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	March 31, 2012 Balance (Recorded)						(\$176,495)
2	April, 2012 (Projected) ^(A)	621,377	\$0.3560	\$0.3900	(\$0.0340)	(\$21,154)	(\$197,649)
3	May (Projected)	432,226	\$0.4046	\$0.3900	\$0.0146	\$6,327	(\$191,322)
4	June (Projected)	267,427	\$0.3406	\$0.3900	(\$0.0494)	(\$13,221)	(\$204,543)
5	Current Quarter Total	<u>1,321,030</u>				<u>(\$28,048)</u>	
6							
7							
8							
9							
10	<u>Forecast Volumes and Forecast Prices</u>						
11	July, 2012 (Forecast)	231,064	\$0.3395	\$0.3377	\$0.0018	\$416	(\$204,127)
12	August (Forecast)	202,336	\$0.3385	\$0.3377	\$0.0008	\$162	(\$203,965)
13	September (Forecast)	297,663	\$0.3439	\$0.3377	\$0.0062	\$1,846	(\$202,119)
14	October (Forecast)	668,878	\$0.3550	\$0.3377	\$0.0173	\$11,572	(\$190,547)
15	November (Forecast)	973,031	\$0.3652	\$0.3377	\$0.0275	\$26,758	(\$163,789)
16	December (Forecast)	1,305,806	\$0.3661	\$0.3377	\$0.0284	\$37,085	(\$126,704)
17	January, 2013 (Forecast)	1,301,065	\$0.3721	\$0.3377	\$0.0344	\$44,757	(\$81,947)
18	February (Forecast)	1,050,339	\$0.3757	\$0.3377	\$0.0380	\$39,913	(\$42,034)
19	March (Forecast)	1,007,021	\$0.3702	\$0.3377	\$0.0325	\$32,728	(\$9,306)
20	April (Forecast)	629,072	\$0.3523	\$0.3377	\$0.0146	\$9,184	(\$122)
21	May (Forecast)	435,838	\$0.3386	\$0.3377	\$0.0009	\$392	\$270
22	June (Forecast)	271,254	\$0.3373	\$0.3377	(\$0.0004)	(\$109)	\$161
23	Total July, 2012 to June, 2013	<u>8,373,366</u>				<u>\$204,704</u>	

Note (A) Estimated costs incurred, pending final reconciliation of invoices for the period.

FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE COST DEFERRAL ACCOUNT
FOR THE PERIOD ENDING JUNE 30, 2014
WITH TESTED REFERENCE PRICE EFFECTIVE JULY 1, 2012
(MAY 18, 2012 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES)

Tab 3

Page 6

Line No.	Particulars	Volumes In Litre	Average Price Per Litre	Tested Reference Price	Amount Deferred Per Litre	Amount Deferred	Pre-Tax Deferral Balance
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)
1	June, 2013 Balance (Forecast)						\$161
2	July (Forecast)	234,416	\$0.3540	\$0.3377	\$0.0163	\$3,821	\$3,982
3	August (Forecast)	205,121	\$0.3530	\$0.3377	\$0.0153	\$3,138	\$7,120
4	September (Forecast)	300,782	\$0.3573	\$0.3377	\$0.0196	\$5,895	\$13,015
5	October (Forecast)	672,712	\$0.3684	\$0.3377	\$0.0307	\$20,652	\$33,667
6	November (Forecast)	979,426	\$0.3768	\$0.3377	\$0.0391	\$38,296	\$71,963
7	December (Forecast)	1,313,011	\$0.3780	\$0.3377	\$0.0403	\$52,914	\$124,877
8	January, 2014 (Forecast)	1,311,446	\$0.3718	\$0.3377	\$0.0341	\$44,720	\$169,597
9	February (Forecast)	1,060,004	\$0.3771	\$0.3377	\$0.0394	\$41,764	\$211,361
10	March (Forecast)	1,016,068	\$0.3750	\$0.3377	\$0.0373	\$37,899	\$249,260
11	April (Forecast)	637,231	\$0.3555	\$0.3377	\$0.0178	\$11,343	\$260,603
12	May (Forecast)	439,846	\$0.3401	\$0.3377	\$0.0024	\$1,056	\$261,659
13	June (Forecast)	275,383	\$0.3374	\$0.3377	(\$0.0003)	(\$83)	\$261,576
14	Total July, 2013 to June, 2014	<u>8,445,445</u>				<u>\$261,415</u>	

Tab 3
Page 7

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FORTISBC ENERGY INC. - REVELSTOKE SERVICE AREA
PROPANE FLOATING PRICES
Forward Prices: MAY 18, 2012

Tab 4
Page 1

CRUDE OIL FUTURES		
Month	Crude Oil Future Prices (US \$ per Barrel)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-12	\$91.80	\$0.2197
Aug-12	\$92.08	\$0.2246
Sep-12	\$92.34	\$0.2369
Oct-12	\$92.58	\$0.2576
Nov-12	\$92.77	\$0.2646
Dec-12	\$92.95	\$0.2744
Jan-13	\$93.09	\$0.2790
Feb-13	\$93.16	\$0.2783
Mar-13	\$93.13	\$0.2708
Apr-13	\$92.99	\$0.2646
May-13	\$92.78	\$0.2484
Jun-13	\$92.55	\$0.2470
Jul-13	\$92.30	\$0.2221
Aug-13	\$92.06	\$0.2260
Sep-13	\$91.83	\$0.2365
Oct-13	\$91.63	\$0.2562
Nov-13	\$91.42	\$0.2673
Dec-13	\$91.25	\$0.2753
Jan-14	\$90.96	\$0.2793
Feb-14	\$90.69	\$0.2792
Mar-14	\$90.37	\$0.2722
Apr-14	\$90.06	\$0.2595
May-14	\$89.79	\$0.2430
Jun-14	\$89.53	\$0.2415

PROPANE SWAP PRICES		
Month	Propane Swap Prices (US \$ per Gallon)	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-12	\$0.94	\$0.3395
Aug-12	\$0.95	\$0.3385
Sep-12	\$0.96	\$0.3439
Oct-12	\$0.97	\$0.3550
Nov-12	\$0.98	\$0.3652
Dec-12	\$0.99	\$0.3661
Jan-13	\$1.00	\$0.3721
Feb-13	\$0.99	\$0.3757
Mar-13	\$0.98	\$0.3702
Apr-13	\$0.97	\$0.3523
May-13	\$0.97	\$0.3386
Jun-13	\$0.98	\$0.3373
Jul-13	\$0.99	\$0.3540
Aug-13	\$0.99	\$0.3530
Sep-13	\$1.00	\$0.3573
Oct-13	\$1.01	\$0.3684
Nov-13	\$1.02	\$0.3768
Dec-13	\$1.03	\$0.3780
Jan-14	\$0.97	\$0.3718
Feb-14	\$0.97	\$0.3771
Mar-14	\$0.97	\$0.3750
Apr-14	\$0.97	\$0.3555
May-14	\$0.97	\$0.3401
Jun-14	\$0.97	\$0.3374

50% CRUDE OIL FUTURES & 50% PROPANE SWAP PRICES	
Month	Weighted Average Unit Cost (including transportation) (Cdn \$ per Litre)
Jul-12	\$0.2796
Aug-12	\$0.2815
Sep-12	\$0.2904
Oct-12	\$0.3063
Nov-12	\$0.3149
Dec-12	\$0.3202
Jan-13	\$0.3256
Feb-13	\$0.3270
Mar-13	\$0.3205
Apr-13	\$0.3085
May-13	\$0.2935
Jun-13	\$0.2922
Jul-13	\$0.2881
Aug-13	\$0.2895
Sep-13	\$0.2969
Oct-13	\$0.3123
Nov-13	\$0.3221
Dec-13	\$0.3267
Jan-14	\$0.3255
Feb-14	\$0.3282
Mar-14	\$0.3236
Apr-14	\$0.3075
May-14	\$0.2915
Jun-14	\$0.2894

Notes: US-Cdn exchange rates source - Barclays Bank dated May 18, 2012.



ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

LETTER NO. L-XX-12

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102
Log No. xxxx

DRAFT ORDER

VIA E-MAIL

June xx, 2012

gas.regulatory.affairs@fortisbc.com

Ms. Diane Roy
Director, Regulatory Affairs – Gas
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Revelstoke Service Area
2012 Second Quarter Gas Cost Report

Further to your June 7, 2012 filing of the 2012 Second Quarter Gas Cost Report (the Report) for the Revelstoke Service Area. The Commission acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Revelstoke Propane Service Area, as of July 1, 2012.

The Commission will hold confidential the information in Tab 5 of the Report.

Yours truly,

Erica M. Hamilton
Commission Secretary



LETTER L-33-12

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 40311, 36082

ERICA HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

VIA E-MAIL

June 14, 2012

gas.regulatory.affairs@fortisbc.com

Ms. Diane Roy
Director, Regulatory Affairs – Gas
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Revelstoke Service Area
2012 Second Quarter Gas Cost Report

Further to your June 7, 2012 filing of the 2012 Second Quarter Gas Cost Report (the Report) for the Revelstoke Service Area, the British Columbia Utilities Commission (Commission) acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Revelstoke Propane Service Area, as of July 1, 2012.

The Commission will hold confidential the information in Tab 5 of the Report.

Yours truly,

Erica Hamilton

CM/cms

Attachment 5.2

REFER TO LIVE SPREADSHEET MODEL

Provided in electronic format only

(accessible by opening the Attachments Tab in Adobe)