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September 2, 2020

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

Attention: Ms. Marija Tresoglavic, Acting Commission Secretary

Dear Ms. Tresoglavic:

**Re: FortisBC Energy Inc. - Revelstoke
2020 Third Quarter Gas Cost Report**

FortisBC Energy Inc. (FEI or the Company) hereby submits to the British Columbia Utilities Commission (BCUC) the 2020 Third Quarter Gas Cost Report for Revelstoke. The attached schedules provide a summary of the forecast monthly Propane Cost Deferral Account balances based on the August 21, 2020 forward prices.

The schedule at Tab 1, Page 1, based on the August 21, 2020 forward prices, using the NYMEX B0 – Mt. Belvieu Propane Swap prices, and based on the current rates, the projected deferral account balance at September 30, 2020 is \$173,378 deficit (after tax), and the forecast balance at September 30, 2021 is \$46,765 surplus (after tax). The rate change trigger ratio is calculated to be 102.5%, which falls within the 95% to 105% deadband range, and the tested rate decrease that would be required to produce a 100% propane cost recovery-to-cost ratio is calculated to be \$0.265/GJ (Tab 1, Page 3, Line 18), which falls within the minimum \$0.50/GJ rate change threshold, indicating that a rate change is not required at this time.

Alberta propane prices have remained strong compared to the US benchmark since last summer and are expected to remain high. This is due to new export capacity coming online in Western Canada which is shifting Alberta propane from US markets to seaborne exports. Changes in the forward prices of propane from the forward prices reported in the July 9, 2020 Revised Gas Cost Report for Revelstoke and used in setting the propane reference price effective August 1, 2020, are relatively minor in nature and indicate the existing propane reference price and customer rates remain appropriate at this time.

Provided in Tab 2 are the details of the forecast gas costs for Revelstoke. The Company requests the information contained in Tab 2 be treated as CONFIDENTIAL.

CONFIDENTIALITY

FEI is requesting that this information be filed on a confidential basis pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents adopted by Order G-15-19, and Section 71(5) of the *Utilities Commission Act* and requests that the BCUC exercise its discretion under Section 6.0 of the Rules for Natural Gas Energy Supply Contracts and allow these documents to remain confidential. FEI believes this will ensure that market sensitive information is protected, and FEI's ability to obtain favourable commercial terms for future natural gas contracting is not impaired.

In this regard, FEI further believes that the Core Market could be disadvantaged and may well shoulder incremental costs if utility gas supply procurement strategies as well as contracts are treated in a different manner than those of other gas purchasers, and believes that since it continues to operate within a competitive environment, there is no necessity for public disclosure and risk prejudice or influence in the negotiations or renegotiation of subsequent contracts.

SUMMARY

The Company requests the propane reference price of \$0.2633/litre for use in the Revelstoke Propane Cost Deferral Account and customer rates remain unchanged at October 1, 2020.

The Company will continue to monitor the forward prices and will report these results in the 2020 Fourth Quarter Gas Cost Report.

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

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

FORTISBC ENERGY INC. - REVELSTOKE
PROPANE COST DEFERRAL ACCOUNT (PCDA)
WITH EXISTING PROPANE REFERENCE PRICE

Tab 1
Page 1

AUGUST 21, 2020 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES

Line	Particulars	Sales Quantity (Litre)	Average Price (\$/Litre)	Approved Reference Price (\$/Litre)	Amount Deferred (\$/Litre)	Amount Deferred (\$)	Deferral Balance Pre-tax (\$)	Deferral Balance After-tax (\$)
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)*(5)	(7)	(8)
1	2020 April (Recorded)	609,908	\$ 0.2361	\$ 0.2500	\$ (0.0139)	\$ (8,475)	\$ 288,906	\$ 210,902
2	2020 May	246,998	\$ 0.2281	\$ 0.2500	\$ (0.0219)	\$ (5,399)	\$ 283,507	\$ 206,960
3	2020 June	188,001	\$ 0.2452	\$ 0.2500	\$ (0.0048)	\$ (904)	\$ 282,603	\$ 206,300
4	2020 July	425,510	\$ 0.2224	\$ 0.2500	\$ (0.0276)	\$ (11,757)	\$ 270,846	\$ 197,717
5	2020 August (Projected)	290,117	\$ 0.2080	\$ 0.2633	\$ (0.0553)	\$ (16,049)	\$ 254,797	\$ 186,002
6	2020 September	358,087	\$ 0.2150	\$ 0.2633	\$ (0.0483)	\$ (17,293)	\$ 237,505	\$ 173,378
7	Total April 2020 to September 2020	<u>2,118,621</u>				<u>\$ (59,876)</u>		
8								
9	2020 October (Forecast)	640,164	\$ 0.2371	\$ 0.2633	\$ (0.0262)	\$ (16,778)	\$ 220,726	\$ 161,130
10	2020 November	1,003,084	\$ 0.2429	\$ 0.2633	\$ (0.0204)	\$ (20,443)	\$ 200,283	\$ 146,207
11	2020 December	1,401,961	\$ 0.2470	\$ 0.2633	\$ (0.0163)	\$ (22,917)	\$ 177,366	\$ 129,477
12	2021 January	1,632,147	\$ 0.2474	\$ 0.2633	\$ (0.0159)	\$ (25,946)	\$ 151,420	\$ 110,536
13	2021 February	1,314,471	\$ 0.2467	\$ 0.2633	\$ (0.0166)	\$ (21,766)	\$ 129,654	\$ 94,648
14	2021 March	1,174,427	\$ 0.2389	\$ 0.2633	\$ (0.0244)	\$ (28,648)	\$ 101,006	\$ 73,734
15	2021 April	823,628	\$ 0.2100	\$ 0.2633	\$ (0.0533)	\$ (43,908)	\$ 57,098	\$ 41,681
16	2021 May	475,720	\$ 0.2000	\$ 0.2633	\$ (0.0633)	\$ (30,136)	\$ 26,962	\$ 19,682
17	2021 June	339,962	\$ 0.1985	\$ 0.2633	\$ (0.0648)	\$ (22,014)	\$ 4,948	\$ 3,612
18	2021 July	356,120	\$ 0.1979	\$ 0.2633	\$ (0.0654)	\$ (23,274)	\$ (18,326)	\$ (13,378)
19	2021 August	351,717	\$ 0.1987	\$ 0.2633	\$ (0.0646)	\$ (22,708)	\$ (41,034)	\$ (29,955)
20	2021 September	408,873	\$ 0.2070	\$ 0.2633	\$ (0.0563)	\$ (23,028)	\$ (64,062)	\$ (46,765)
21	Total October 2020 to September 2021	<u>9,922,274</u>				<u>\$ (301,567)</u>		
22								
23	Forecast Recovered Costs (Line 21 Col.2) x (Line 20. Col.4)				\$ 2,612,535			
24	September 30, 2020 Deferral Balance + Forecast Propane Cost (Line 6, Col. 7 + Page 2, Line 16, Col.9)				\$ 2,548,473			102.5%
25								
26								
27	2021 October (Forecast)	734,551	\$ 0.2260	\$ 0.2633	\$ (0.0373)	\$ (27,362)	\$ (91,425)	\$ (66,740)
28	2021 November	1,163,853	\$ 0.2330	\$ 0.2633	\$ (0.0303)	\$ (35,240)	\$ (126,664)	\$ (92,465)
29	2021 December	1,648,470	\$ 0.2392	\$ 0.2633	\$ (0.0241)	\$ (39,755)	\$ (166,419)	\$ (121,486)
30	2022 January	1,675,753	\$ 0.2413	\$ 0.2633	\$ (0.0220)	\$ (36,899)	\$ (203,319)	\$ (148,423)
31	2022 February	1,350,433	\$ 0.2411	\$ 0.2633	\$ (0.0222)	\$ (29,971)	\$ (233,290)	\$ (170,302)
32	2022 March	1,206,183	\$ 0.2271	\$ 0.2633	\$ (0.0362)	\$ (43,720)	\$ (277,010)	\$ (202,218)
33	2022 April	845,998	\$ 0.1939	\$ 0.2633	\$ (0.0694)	\$ (58,687)	\$ (335,698)	\$ (245,059)
34	2022 May	488,065	\$ 0.1906	\$ 0.2633	\$ (0.0727)	\$ (35,487)	\$ (371,185)	\$ (270,965)
35	2022 June	348,431	\$ 0.1902	\$ 0.2633	\$ (0.0731)	\$ (25,481)	\$ (396,666)	\$ (289,566)
36	2022 July	364,930	\$ 0.1938	\$ 0.2633	\$ (0.0695)	\$ (25,368)	\$ (422,035)	\$ (308,085)
37	2022 August	360,135	\$ 0.1974	\$ 0.2633	\$ (0.0659)	\$ (23,733)	\$ (445,768)	\$ (325,410)
38	2022 September	419,049	\$ 0.1974	\$ 0.2633	\$ (0.0659)	\$ (27,609)	\$ (473,376)	\$ (345,565)
39	Total October 2021 to September 2022	<u>10,605,851</u>				<u>\$ (409,314)</u>		

Slight differences due to rounding.

FORTISBC ENERGY INC. - REVELSTOKE
PROPANE COST DEFERRAL ACCOUNT (PCDA)
FORECAST AVERAGE COST OF PROPANE

Tab 1

Page 2

AUGUST 21, 2020 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES

Line	Particulars	Sales Quantity Allocation			Unit Price		Purchase Costs		
		Total Demand	Fixed ^(a)	Variable	Fixed ^(e)	Variable ^(e)	Fixed ^(a)	Variable	Total Costs
		(Litre)	(Litre)	(Litre)	(\$/Litre)	(\$/Litre)	(\$)	(\$)	(\$)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	2020 August (Projected)	290,117	-	290,117	\$ -	\$ 0.2080	\$ -	\$ 60,339	\$ 60,339
2	2020 September	358,087	-	358,087	\$ -	\$ 0.2150	\$ -	\$ 76,992	\$ 76,992
3									
4	2020 October (Forecast)	640,164	-	640,164	\$ -	\$ 0.2371	\$ -	\$ 151,777	\$ 151,777
5	2020 November	1,003,084	450,000	553,084	\$ 0.2402	\$ 0.2451	\$ 108,096	\$ 135,573	\$ 243,669
6	2020 December	1,401,961	450,000	951,961	\$ 0.2402	\$ 0.2501	\$ 108,096	\$ 238,123	\$ 346,219
7	2021 January	1,632,147	450,000	1,182,147	\$ 0.2402	\$ 0.2501	\$ 108,096	\$ 295,702	\$ 403,798
8	2021 February	1,314,471	450,000	864,471	\$ 0.2402	\$ 0.2501	\$ 108,096	\$ 216,239	\$ 324,335
9	2021 March	1,174,427	450,000	724,427	\$ 0.2402	\$ 0.2381	\$ 108,096	\$ 172,482	\$ 280,578
10	2021 April	823,628	-	823,628	\$ -	\$ 0.2100	\$ -	\$ 172,953	\$ 172,953
11	2021 May	475,720	-	475,720	\$ -	\$ 0.2000	\$ -	\$ 95,121	\$ 95,121
12	2021 June	339,962	-	339,962	\$ -	\$ 0.1985	\$ -	\$ 67,498	\$ 67,498
13	2021 July	356,120	-	356,120	\$ -	\$ 0.1979	\$ -	\$ 70,492	\$ 70,492
14	2021 August	351,717	-	351,717	\$ -	\$ 0.1987	\$ -	\$ 69,900	\$ 69,900
15	2021 September	408,873	-	408,873	\$ -	\$ 0.2070	\$ -	\$ 84,628	\$ 84,628
16	Total October 2020 to September 2021	9,922,274	2,250,000	7,672,274			\$ 540,480	\$ 1,770,488	\$ 2,310,968
17									
18	Forecast Average Cost of Propane (\$/Litre) ^{(b), (c)}								
19	(Line 16, Col.2)	9,922,274	Litres						\$ 0.23291
20	Forecast Average Cost of Propane (\$/GJ) ^{(b), (d)}								
21	(Conversion factor 1 Litre = 0.025594 GJ)	253,951	GJ						\$ 9.1001
22									
23	2021 October (Forecast)	734,551	-	734,551		\$ 0.2260	\$ -	\$ 166,045	\$ 166,045
24	2021 November	1,163,853	-	1,163,853	\$ -	\$ 0.2330	\$ -	\$ 271,203	\$ 271,203
25	2021 December	1,648,470	-	1,648,470	\$ -	\$ 0.2392	\$ -	\$ 394,287	\$ 394,287
26	2022 January	1,675,753	-	1,675,753	\$ -	\$ 0.2413	\$ -	\$ 404,326	\$ 404,326
27	2022 February	1,350,433	-	1,350,433	\$ -	\$ 0.2411	\$ -	\$ 325,598	\$ 325,598
28	2022 March	1,206,183	-	1,206,183	\$ -	\$ 0.2271	\$ -	\$ 273,868	\$ 273,868
29	2022 April	845,998	-	845,998	\$ -	\$ 0.1939	\$ -	\$ 164,064	\$ 164,064
30	2022 May	488,065	-	488,065	\$ -	\$ 0.1906	\$ -	\$ 93,020	\$ 93,020
31	2022 June	348,431	-	348,431	\$ -	\$ 0.1902	\$ -	\$ 66,261	\$ 66,261
32	2022 July	364,930	-	364,930	\$ -	\$ 0.1938	\$ -	\$ 70,718	\$ 70,718
33	2022 August	360,135	-	360,135	\$ -	\$ 0.1974	\$ -	\$ 71,091	\$ 71,091
34	2022 September	419,049	-	419,049	\$ -	\$ 0.1974	\$ -	\$ 82,727	\$ 82,727
35	Total October 2021 to September 2022	10,605,851	-	10,605,851			\$ -	\$ 2,383,206	\$ 2,383,206

Notes:

(a) BCUC L-49-20 accepted Revelstoke 2020-21 Annual Contracting Plan including the Revelstoke 2020-21 price risk management strategy.

(b) Forecast Average Cost of Propane excludes company use, vaporizer use, and unaccounted for gas.

(c) Forecast Average Cost of Propane (\$/Litre) = Total Costs (Line 16, Col.9) / Sales Quantity in Litres (Line 19, Col.2).

(d) Forecast Average Cost of Propane (\$/GJ) = Total Costs (Line 16, Col.9) / Sales Quantity in GJ (Line 21, Col.2).

(e) Includes transportation costs.

Slight differences due to rounding.

FORTISBC ENERGY INC. - REVELSTOKE
PROPANE COST DEFERRAL ACCOUNT (PCDA)
REFERENCE PRICE AND PROPANE COST FLOWTHROUGH
FOR THE PERIOD OCTOBER 1, 2020 TO SEPTEMBER 30, 2021
AUGUST 21, 2020 FORWARD PRICES BASED ON NYMEX MT. BELVIEU PROPANE SWAP PRICES

Tab 1
Page 3

Line	Particulars	\$/Litre	\$/GJ
	(1)	(2)	(3)
1	Calculation of Tested / Proposed Propane Reference Price		Convert from Litre to GJ (for information only)
2			
3	i. Forecast Average Cost of Propane from October 1, 2020 to September 30, 2021	\$0.23291	\$9.1001
4	(Tab 1, Page 2, Col.9, Line 19 and Line 21)		
5			
6	ii. <u>Pre-tax PCDA Projected Balance as of October 1, 2020</u> (Tab 1, Page 1, Line 6, Col.7) = <u>\$ 237,505</u>		
7	<u>Forecast Demand (Litre) - October 1, 2020 to September 30</u> (Tab 1, Page 2, Line 7, Col.2) <u>9,922,274</u>		
8	Pre-tax unitized PCDA deficit/(surplus) Amortization as of October 1, 2020	\$0.02394	\$0.9352
9	(a)		
10	Tested Propane Reference Price	\$0.2568	\$10.0336
11	(a)		
12	Existing Propane Reference Price, effective August 1, 2020	\$0.2633	\$10.2876
13			
14	Increase/(Decrease) in Propane Reference Price to be Flowed Through in Customers' Rates	(\$0.0065)	(\$0.2540)
15	(b)		
16	Add: Company Use/Vaporizer Use/Unaccounted For Gas Adjustment of 4.33%		(\$0.0110)
17			
18	Total Propane Cost Flowthrough (c)		(\$0.265)

Notes: Conversion factor 1 Litre = 0.025594 GJ

(a) Propane Reference Price per litre is set at 4 decimals. Individual calculation components are shown to 5 decimals, then rounded to 4 decimals.

(b) The Company Use / Vaporizer Use / Unaccounted For Gas Adjustment of 4.33% is based on the 3-year average of 2017, 2018, and 2019 data.

	Litres	% of Sales
Sales	9,342,408	
Company Use	3,510	0.04%
Propane Used for Vaporizer	114,869	1.23%
Unaccounted For	285,750	3.06%
Total Fuel / UAF Requirement	404,129	4.33%

(c) Propane cost flowthrough components, converted from litre to GJ, are shown to 4 decimals, then rounded to 3 decimals.

Breakdown of Rate Change:

PCDA Projected Balance as of October 1, 2020	\$0.9352
Propane Cost Under/(Over) Recovery (including amount at Line 16) for Oct-20 to Sep-21	(1.2002)
Total Propane Cost Flow Through	<u>(\$0.265)</u>

Slight differences due to rounding.

September ##, 2020

Letter L-##-##

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

Dear Ms. Roy:

Re: FortisBC Energy Inc. – Revelstoke
2020 Third Quarter Gas Cost Report

On September 2, 2020, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its 2020 Third Quarter Gas Cost Report for Revelstoke (Report), which includes details regarding the Propane Cost Deferral Account and the related propane reference price.

The BCUC notes that the propane reference price for Revelstoke was last changed effective August 1, 2020, when it was increased by \$0.0133 per litre from \$0.2500 per litre to \$0.2633 per litre via Order G-191-20.

The BCUC reviewed the Report within the context of the quarterly gas costs review and rate setting mechanism guidelines pursuant to Letters L-5-01, and L-40-11. The BCUC acknowledges receipt of the Report and accepts FEI's recommendation that the propane reference price for Revelstoke remain unchanged at \$0.2633 per litre effective October 1, 2020.

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

Yours truly,

Marija Tresoglavic