



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-28-12**

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by FortisBC Energy Inc.
Regarding the 2012 First Quarter Gas Cost Report and
Propane Commodity Charges effective April 1, 2012
for the Revelstoke Service Area

BEFORE: L.F. Kelsey, Commissioner
D.M. Morton, Commissioner
R.D. Revel, Commissioner
March 8, 2012

O R D E R

WHEREAS:

- A. By Order G-105-11 dated June 10, 2011, the British Columbia Utilities Commission (the Commission) increased the propane commodity rates for the FortisBC Energy Inc. (FEI) Revelstoke Service Area (Revelstoke) effective July 1, 2011;
- B. On March 1, 2012, FEI filed its 2012 First Quarter Gas Cost Report for Revelstoke (the 2012 First Quarter Report);
- C. FEI provided three sets of forward prices for the forecast cost of propane. One forecast based 50 percent on the NYMEX West Texas Intermediate (WTI) light sweet crude oil futures and 50 percent on the NYMEX B0 – Mt. Belvieu propane swap prices, the second based 100 percent on the NYMEX WTI light sweet crude oil futures, and the third based 100 percent on the NYMEX B0 – Mt. Belvieu propane swap prices;
- D. Using a propane price forecast based on an average of 50 percent of the February 17, 2012 NYMEX WTI light sweet crude oil futures and 50 percent of the February 17, 2012, NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2012, of \$103,237 surplus is forecast to change to a pre-tax surplus balance of \$303,559 at March 31, 2013. The rate change trigger mechanism is calculated to be 108.9 percent, which does not fall within the deadband range of 95 percent to 105 percent;
- E. Using a propane price forecast based on February 17, 2012, NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2012, of \$137,792 surplus is forecast to change to a pre-tax surplus balance of \$169,756 at March 31, 2013. The rate change trigger mechanism is calculated to be 104.8 percent, which falls just within the deadband range of 95 percent to 105 percent;
- F. Using a propane price forecast based on February 17, 2012, NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at March 31, 2012, of \$68,682 surplus is forecast to change to a pre-tax surplus balance of \$437,157 at March 31, 2013. The rate change trigger mechanism is calculated to be 113.4 percent, which does not fall within the deadband range of 95 percent to 105 percent;

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- G. In the 2012 First Quarter Report, FEI indicates that all three forecasts indicate that current propane cost recovery rates will not recover costs and requests approval of a propane rate that is based on a propane price forecast using the February 17, 2012, NMYEX B0 - Mt. Belvieu propane swap prices, which would decrease the propane reference price by \$0.0523 per litre, from \$0.4423 per litre to \$0.3900 per litre, effective April 1, 2012. This corresponds to a rate decrease of \$2.125 per gigajoule;
- H. The proposed propane rate change, effective April 1, 2012, equates to a decrease for a typical residential customer's annual bill of approximately \$106 or 8 percent, based on an annual consumption of 50 GJ;
- I. FEI requests that the forecast gas cost information for Revelstoke in Tab 5 of the 2012 First Quarter Report be held confidential on the basis that it is market sensitive information;
- J. The Commission has determined that the requested changes to the propane reference price and propane rate for Revelstoke should be approved.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the Commission orders as follows:

1. The Commission approves a propane reference price decrease of \$0.0523 per litre to \$0.3900 per litre, which corresponds to a decrease of \$2.125 per gigajoule in customer rates, effective April 1, 2012.
2. FEI will notify all customers that are affected by the rate change by way of a bill insert or bill message.
3. The Commission will hold the gas cost information for Revelstoke in Tab 5 of the 2012 First Quarter Report confidential.

DATED at the City of Vancouver, In the Province of British Columbia, this 9th day of March 2012.

BY ORDER
Original signed by:

D. Morton
Commissioner