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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-105-11**

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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 2011 Second Quarter Gas Cost Report and
Propane Commodity Charges effective July 1, 2011
for the Revelstoke Service Area

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
D. Morton, Commissioner

June 9, 2011

ORDER

WHEREAS:

- A. By Order G-189-10 dated December 10, 2010, the British Columbia Utilities Commission (the Commission) increased the propane commodity rates for the FortisBC Energy Inc. (FEI) Revelstoke service area (Revelstoke) effective January 1, 2011;
- B. On June 2, 2011, FEI filed its 2011 Second Quarter Gas Cost Report for Revelstoke (2011 Second 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 May 24, 2011 NYMEX WTI light sweet crude oil futures and 50 percent of the May 24, 2011 NYMEX B0 – Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2011 of \$121,315 deficit is forecast to change to a pre-tax deficit balance of \$800,384 at June 30, 2012. The rate change trigger mechanism is calculated to be 78.4 percent which does not fall within the deadband range of 95 percent to 105 percent;
- E. Using a propane price forecast based on May 24, 2011 NYMEX WTI light sweet crude oil futures, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2011 of \$112,090 deficit is forecast to change to a pre-tax deficit balance of \$825,036 at June 30, 2012. The rate change trigger mechanism is calculated to be 77.8 percent which does not fall within the deadband range of 95 percent to 105 percent;

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- F. Using a propane price forecast based on May 24, 2011 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected pre-tax deferral balance at June 30, 2011 of \$130,540 deficit is forecast to change to a pre-tax deficit balance of \$775,924 at June 30, 2012. The rate change trigger mechanism is calculated to be 78.9 percent which does not fall within the deadband range of 95 percent to 105 percent;
- G. In the 2011 Second Quarter Report, FEI indicates that all three forecasts indicate that current propane cost recovery rates will under recover costs and requests approval of a propane rate, that is based on a propane price forecast using the May 24, 2011 NMYEX B0 - Mt. Belvieu propane swap prices, which would increase the propane reference price by \$0.0934 per litre, from \$0.3489 per litre to \$0.4423 per litre, effective July 1, 2011. This corresponds to a rate increase of \$3.821 per gigajoule;
- H. The proposed propane rate change, effective July 1, 2011, equates to an increase to a typical residential customer's annual bill of approximately \$191 or 18 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 Application 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 increase of \$0.0934 per litre to \$0.4423 per litre, which corresponds to an increase of \$3.821 per gigajoule in customer rates, effective July 1, 2011.
- 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 Application confidential.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of June 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner