



LETTER L-40-14

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

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. 47672

VIA EMAIL

gas.regulatory.affairs@fortisbc.com

July 17, 2014

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

Dear Ms. Roy:

Re: FortisBC Energy Inc.
2014/15 Annual Contracting Plan (November 2014 – October 2015)

On May 1, 2014, FortisBC Energy Inc. (FEI) filed on a confidential basis its 2014/15 Annual Contracting Plan (2014/15 ACP). The Commission accepts the FEI 2014/15 ACP and items as set out on pages 6 to 8. The major portfolio changes affecting the FEI 2014/15 ACP are as follows:

1. FEI recommends establishing a single, combined portfolio on November 1, 2014, representing the forecast resource requirements of the FortisBC Energy Inc. (FEI), FortisBC Energy (Whistler) Inc. (FEW), and FortisBC Energy (Vancouver Island) Inc. (FEVI).
2. FEI recommends the implementation of the Essential Services Model (ESM) to the entire combined portfolio on November 1, 2014 in order to be able to continue to support the existing commodity unbundling program and to support its extension to FEVI and FEW on or after November 1, 2015.
3. Forecast Design Peak Day Demand: FEI recommends a peak day value for 2014/15 of 1,322 TJ/day, a decrease of 2 TJ/day from the amounts approved in the 2013/14 FEI and FEVI ACPs. The reduction in the design peak day is mainly attributable to a decline in the forecast use per customer.
4. Annual Normal Demand: annual normal demand for 2014/15 is projected at approximately 126 PJ resulting in an average daily normal load of 345 TJ/day. In 2013/14, the total annual normal demand was forecast to be 129 PJ that resulted in a daily normal load of 353 TJ/day. The decrease of 8 TJ/day in 2014/15 in the annual normal load is mainly attributable to the decline in forecast use per customer.
5. Commodity Portfolio: AECO/NIT baseload supply increases by 6 TJ/day due to the expansion of the ESM to include Vancouver Island quantities effective November 1, 2014.
6. Commodity Portfolio: Commodity Providers' fuel requirements for gas delivery on November 1, 2014 will be evaluated and communicated before October 2014. For the period November 1, 2013 to October 31, 2014 the fuel percentages are 3.1% at Station 2 and 1.0% at AECO.

7. Commodity Portfolio: FEI recommends continuing with a balanced mix of daily and monthly priced supply to mitigate adverse price movements and provide operating flexibility.
8. Commodity Portfolio: FEI recommends consideration of longer term supply contracts with BC gas producers, up to ten years in length, in the interest of supply security at the Station 2 market hub.
9. Midstream Portfolio: adjust seasonal supply to account for the changes in market conditions, decrease in forecast peak day demand, and in the interest of meeting the objectives of the ACP.

The Commission requests FEI file its 2015/16 ACP by May 1, 2015. In addition to the items in section 2.3.1 of the 2014/15 ACP entitled "*Actions Prior to Submitting the 2015/16 ACP*," the Commission requests FEI to file, with the 2015/16 ACP, the following analyses:

- An update to the Northeastern BC market study with the scope and detail of the update to be determined by FEI.
- An update on the efforts to establish key relationships with producers who plan to develop supply in the Horn River, Montney and other producing regions of British Columbia over the long term.
- A review and analysis of the experience with Mt. Hayes and Tilbury LNG peaking resources for the 2014/15 contract year, including an analysis of the potential impact of LNG service under Rate Schedules 16 and 46 on the availability of these peaking resources for the core for the 2015/16 and future years.
- A review of the storage and transportation alternatives for the 2015/16 and future contract years and an analysis to optimize the amounts of transportation and storage to be contracted in future years taking into account the regional infrastructure and market developments currently in place and anticipated to be in place in the future.

Exclusive of the non-confidential Executive Summary, the Commission agrees to hold the 2014/15 Annual Contracting Plan confidential.

A copy of FEI's non-confidential Executive Summary for the FEI 2014/15 Annual Contracting Plan is attached and is available for public review.

Yours truly,

Erica Hamilton

CM/dg
Attachment