



June 28, 2017

Sent via email

Letter L-16-17

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
diane.roy@fortisbc.com;
electricity.regulatory.affairs@fortisbc.com

Re: FortisBC Inc. – Revelstoke November 2017 – October 2018 Annual Contracting Plan (2017/18 ACP)

Dear Ms. Roy:

On May 31, 2017, FortisBC Energy Inc. (FEI) submitted to the British Columbia Utilities Commission (Commission), on a confidential basis, its Annual Contracting Plan for the Revelstoke area for the period of November 2017 to October 2018 (2017/18 ACP). In its submission FEI requests Commission acceptance of the Revelstoke 2017/18 ACP. The objectives for the Revelstoke 2017/18 ACP are identified as follows:

1. To provide secure, reliable, and cost effective supply in order to meet customer requirements; and
2. To reduce the impact of propane price volatility on customers' propane rates in a cost effective manner.

FEI also included in the 2017/18 ACP the results of the previous year's contracting plan in terms of financial results of its contracting strategies and the degree to which the objectives were met using these strategies. On June 16, 2017, FEI filed supplementary information on a confidential basis regarding the Revelstoke propane supply and delivery agreement.

The Commission has reviewed the FEI filing and accepts the Revelstoke 2017/18 ACP.

FEI is requested to file a report by the earlier of June 30, 2018 or the date of submission of FEI's Revelstoke 2018/19 ACP that identifies the financial outcome of the 2017/18 ACP and provides an analysis to demonstrate the degree to which the objectives of the 2017/18 ACP have been met.

On February 13, 2017, Superior made a public announcement that it has entered into an agreement with Gibson Energy to acquire the industrial propane business of Canwest Propane. The transaction is expected to be complete in the second half of 2017. The acquisition would at this time further consolidate the propane supply options in Western Canada. Due to the changing conditions in the supplier market which may lead to uncertainties for FEI to obtain competitive propane supply for customers, FEI is requested to file with the Commission an update on the range of supply options available and its optimal strategy for contracting supply. FEI is requested to include this information in the next ACP.

A copy of FEI's non-confidential Executive Summary for the 2017/18 ACP is attached and is available for public review. Exclusive of the non-confidential Executive Summary, the Commission will hold the contents of the Revelstoke 2017/18 ACP confidential as requested by FEI as it contains commercially sensitive information.

Sincerely,

Original signed by:

Patrick Wruck

LU/kn

Enclosure

1 EXECUTIVE SUMMARY

2 This submission by FortisBC Energy Inc. (FEI) sets out the proposed Annual Contracting Plan
3 (ACP) that is designed to meet the forecast propane requirements of the Revelstoke area for
4 the period from November 1, 2017 to October 31, 2018 (2017/18 ACP). The primary objectives
5 of the 2017/18 ACP are to provide secure, reliable, and cost effective supply to meet the
6 requirements of customers at Revelstoke, as well as to reduce the impact of propane price
7 volatility on Revelstoke's propane rates.

8 Revelstoke's propane supply requirement for the 2017/18 ACP is forecast to be 8,600 cubic
9 metres (M³) and the propane supply required will be purchased from Superior Gas Liquids
10 (Superior). Consistent with past practice, FEI proposes to contract with Superior for
11 approximately 50 percent of Revelstoke's 2017/18 winter forecast propane requirements with
12 either fixed price or propane storage purchases to help mitigate propane market price and rate
13 volatility for customers. Fixed price purchases involve propane purchases at the forward prices
14 for the upcoming winter. Propane storage purchases involve contracting propane storage
15 capacity and purchase propane at summer spot market prices. The remainder of the supply
16 requirement for 2017 summer and 2017/18 winter will be purchased at the floating market
17 prices.

18 The proposed 3,000 M³ of supply will be purchased from June to September 2017, with either
19 fixed price or propane storage purchases, whichever is the more cost effective option at the time
20 of purchase after this ACP is accepted by the British Columbia Utilities Commission (the
21 Commission). The propane purchased in the summer will be delivered to Revelstoke
22 throughout the winter at 600 M³ per month from November 2017 to March 2018.

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