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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-188-15**

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

and

FortisBC Energy Inc.  
An Application regarding its 2015 Fourth Quarter Gas Cost Report  
and Rate Changes effective January 1, 2016  
for the Mainland, Vancouver Island, and Whistler Service Areas

**BEFORE:** L. F. Kelsey, Commissioner  
H. G. Harowitz, Commissioner December 3, 2015  
K. A. Keilty, Commissioner  
D. M. Morton, Commissioner

### **O R D E R**

**WHEREAS:**

- A. On November 27, 2015, FortisBC Energy Inc. (FEI) filed its 2015 Fourth Quarter Report on Commodity Cost Reconciliation Account (CCRA) and Midstream Cost Reconciliation Account (MCRA) for the Mainland, Vancouver Island, and Whistler Service Areas based on a five-day average November 12, 13, 16, 17 and 18, 2015 forward gas prices (the 2015 Fourth Quarter Report);
- B. By Order G-39-15 dated March 16, 2015, the British Columbia Utilities Commission (Commission) approved a decrease in the Commodity Cost Recovery Charge sales rate classes within FEI's Mainland, Vancouver Island, and Whistler Service Areas to a rate of \$2.486/gigajoule (GJ), effective April 1, 2015;
- C. By Letter L-40-11 dated May 19, 2011, the Commission revised the guidelines (Guidelines) for the review of quarterly gas costs and rate setting mechanisms that were originally established by Letter L-5-01;
- D. In the 2015 Fourth Quarter Report, using the five-day average forward prices ending November 18, 2015 and based on existing Commodity Cost Recovery Charge, FEI calculates a projected after tax deferral balance surplus of \$36 million at December 31, 2015, and a projected after tax deferral balance surplus of \$66 million at December 31, 2016. FEI forecasts that the recovery-to-cost ratio at the existing rate would be 144.7 percent for the following 12 months, which falls outside the rate change trigger mechanism of 95 to 105 percent and the indicative rate change exceeds the minimum rate change threshold of \$0.50/GJ;
- E. In the 2015 Fourth Quarter Report, based on the Guidelines, FEI requests approval for a decrease of \$0.767/GJ from \$2.486/GJ to \$1.719/GJ in the Commodity Gas Recovery Charge, effective January 1, 2016;
- F. In the 2015 Fourth Quarter Report, FEI forecasts the existing Storage and Transport Charges will over recover the midstream costs in 2016 and requests approval to flow-through decreases to the Storage and Transport Charges as set out in the schedules at Tab 2, Page 7;

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- G. In the 2015 Fourth Quarter Report, FEI forecasts a MCRA balance at existing rates of approximately \$34 million surplus after tax at December 31, 2015. Based on the one-half amortization of the MCRA cumulative balances in the following year's rates, FEI requests approval to set MCRA Rate Rider 6 applicable to the sales rate classes excluding Revelstoke, effective January 1, 2016, as set out in the 2015 Fourth Quarter Report in the schedules at Tab 2, Page 7;
- H. The combined effects of the proposed delivery changes as requested in the FEI Annual Review for 2016 Rates, and the proposed commodity related charges (Cost of Gas, Storage and Transport, and MCRA Rate Rider 6) as requested in the 2015 Fourth Quarter Report would reduce the total annual bill for a typical Mainland residential customer with an average annual consumption of 90 GJ by approximately \$60 or 7.4 percent; for a typical Vancouver Island residential customer with an average annual consumption of 45 GJ by approximately \$71 or 11.6%; and for a typical Whistler residential customer with an average annual consumption of 90 GJ by approximately \$210 or 16.2%; and
- I. The Commission reviewed the 2015 Fourth Quarter Report within the context of the Guidelines and considers that the requested rate changes are warranted.

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

1. The requested Commodity Cost Recovery Charge decrease of \$0.767/GJ from \$2.486/GJ to \$1.719/GJ applicable to Sales Rate Classes within the Mainland, Vancouver Island, and Whistler Service Areas, effective January 1, 2016, is approved.
2. The requested flow-through Storage and Transport Charges applicable to the Sales Rate Classes within the Mainland, Vancouver Island, and Whistler Service Areas, effective January 1, 2016, as set out in the schedule attached to this order that is Tab 2, page 7 of the 2015 Fourth Quarter Report, are approved.
3. The requested Midstream Cost Reconciliation Account Rate Rider 6 applicable to the Sales Rate Classes within the Mainland, Vancouver Island, and Whistler Service Areas, excluding Revelstoke, effective January 1, 2016, as set out in the schedule attached to this order that is Tab 2, page 7 of the 2015 Fourth Quarter Report, are approved.
4. FortisBC Energy Inc. must notify all customers that are affected by the rate change by way of a bill insert or bill message included with the next monthly gas billing.

**DATED** at the City of Vancouver, In the Province of British Columbia, this 3<sup>rd</sup> day of December 2015.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner

Attachment

FORTISBC ENERGY INC. - MAINLAND, VANCOUVER ISLAND AND WHISTLER SERVICE AREAS  
STORAGE AND TRANSPORT CHARGE RECOVERY AND MCRA RATE RIDER 6 FLOW-THROUGH BY RATE SCHEDULE  
FOR THE FORECAST PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016  
FIVE-DAY AVERAGE FORWARD PRICES - NOVEMBER 12, 13, 16, 17, AND 18, 2015

Tab 2  
Page 7

Line No.	Particulars	Unit	Residential RS-1	Commercial RS-2	Commercial RS-3	General Service RS-5	NCV RS-6	Subtotal (7)	Seasonal RS-4	General Interim RS-7	RS-1 to RS-7 Total (10)	Term & Spot Gas Sales RS-14 (11)	Off-System Interim RS-30 (12)	RS-1 to RS-7, RS-14 & RS-30 Total (13)	RS-1 to RS-7 Summary (14)	Total MCRA Gas Bidder Costs (15)
1	MCRA Sales Quantities	TJ	72,673.5	27,444.3	18,055.5	2,172.5	43.7	120,895.5	130.0	154.8	121,180.3	768.0	24,119.5	146,097.8	121,180.3	
2																
3																
4	MCRA Incurred Costs	\$/000														
5	Midstream Commodity Costs		6,843.6	2,868.3	1,430.4	124.7	1.3	11,068.4	-	-	11,068.4	1,705.2	53,965.2	66,738.7	11,068.4	
6	Tolls and Fees		3,653.0	1,424.3	763.5	66.6	0.7	5,908.1	-	-	5,908.1	18.2	512.0	6,438.3	5,908.1	
7	Midstream Storage		34,403.2	13,413.9	7,190.9	627.1	6.3	55,641.4	-	-	55,641.4	-	-	55,641.4	55,641.4	
8	On/Off System Sales Margin (RS-14 & RS-30)		(10,852.5)	(4,231.4)	(2,268.4)	(197.8)	(2.0)	(17,552.0)	-	-	(17,552.0)	-	-	(17,552.0)	(17,552.0)	
9	GSMLP Incentive Sharing		618.3	241.1	129.2	11.3	0.1	1,000.0	-	-	1,000.0	-	-	1,000.0	1,000.0	
10	Pipeline Demand Charges		44,339.0	17,287.9	9,267.7	808.2	8.1	71,710.9	-	-	71,710.9	-	-	71,710.9	71,710.9	
11	Core Administration Costs - 70%		2,208.2	861.0	461.6	40.2	0.4	3,571.4	-	-	3,571.4	-	-	3,571.4	3,571.4	
12	MCRA Flow-Through Costs before MCRA deferral amort.		\$ 81,212.8	\$ 31,665.1	\$ 16,975.1	\$ 1,480.3	\$ 14.9	\$ 131,348.2			\$ 131,348.2			\$ 131,348.2	\$ 131,348.2	
13	T-Service UAF to be recovered via delivery revenues (1)															928.1
14	Total MCRA Gas Costs (17)															\$ 132,276.2
15	1/2 of Pre-Tax Amort. MCRA Deficit/(Surplus) as of Dec 31, 2015		\$ (14,279.7)	\$ (5,567.7)	\$ (2,984.7)	\$ (280.3)	\$ (2.6)	\$ (23,095.0)			\$ (23,095.0)			\$ (23,095.0)	\$ (23,095.0)	
16	Total costs to be recovered via midstream rates		\$ 66,933.2	\$ 26,097.4	\$ 13,990.3	\$ 1,220.0	\$ 12.3	\$ 108,253.2			\$ 108,253.2			\$ 108,253.2	\$ 108,253.2	
17																
18																
19	MCRA Incurred Unit Costs	\$/GJ														
20	Midstream Commodity Costs		0.0942	0.0955	0.0792	0.0574	0.0287	0.0913			0.0913			0.0913	0.0913	
21	Tolls and Fees		0.0503	0.0510	0.0423	0.0306	0.0153	0.0488			0.0488			0.0488	0.0488	
22	Midstream Storage		0.4734	0.4800	0.3983	0.2886	0.1443	0.4592			0.4592			0.4592	0.4592	
23	On/Off System Sales Margin (RS-14 & RS-30)		(0.1493)	(0.1514)	(0.1256)	(0.0911)	(0.0455)	(0.1448)			(0.1448)			(0.1448)	(0.1448)	
24	GSMLP Incentive Sharing		0.0085	0.0086	0.0072	0.0052	0.0026	0.0083			0.0083			0.0083	0.0083	
25	Pipeline Demand Charges		0.6101	0.6187	0.5133	0.3720	0.1860	0.5918			0.5918			0.5918	0.5918	
26	Core Administration Costs - 70%		0.0304	0.0308	0.0256	0.0185	0.0092	0.0295			0.0295			0.0295	0.0295	
27	MCRA Flow-Through Costs before MCRA deferral amort.		\$ 1.1174	\$ 1.1331	\$ 0.9402	\$ 0.6814	\$ 0.3404	\$ 1.0839			\$ 1.0839			\$ 1.0839	\$ 1.0839	
28	MCRA Deferral Amortization via Rate Rider 6		\$ (0.1954)	\$ (0.1992)	\$ (0.1053)	\$ (0.1199)	\$ (0.0599)	\$ (0.1906)			\$ (0.1906)			\$ (0.1906)	\$ (0.1906)	
29																
30																
31																
32																
33	PROPOSED JANUARY 1, 2016 FLOW-THROUGH STORAGE AND TRANSPORT RELATED CHARGES:															
34	Storage and Transport Charge Flow-Through	\$/GJ	\$ 1.117	\$ 1.133	\$ 0.940	\$ 0.681	\$ 0.340	\$ 1.084			\$ 1.084			\$ 1.084	\$ 1.084	
35	Existing Storage and Transportation Charge (Eff. Jan 1, 2015)	\$/GJ	\$ (0.230)	\$ (0.230)	\$ (0.222)	\$ (0.156)	\$ (0.077)	\$ (0.147)			\$ (0.147)			\$ (0.147)	\$ (0.147)	
36	Storage and Transport Charge Increase / (Decrease)	\$/GJ	\$ (0.113)	\$ (0.103)	\$ (0.112)	\$ (0.025)	\$ (0.047)	\$ (0.047)			\$ (0.047)			\$ (0.047)	\$ (0.047)	
37	Storage and Transport Charge % Increase / (Decrease)		-20.10%	-18.90%	-19.45%	-18.64%	-18.47%	-18.64%			-18.64%			-18.64%	-18.64%	
38	MCRA Rider 6 Flow-Through	\$/GJ	\$ (0.199)	\$ (0.199)	\$ (0.165)	\$ (0.120)	\$ (0.060)	\$ (0.120)			\$ (0.120)			\$ (0.120)	\$ (0.120)	
39	Existing MCRA Rate Rider 6 (Effective Jan 1, 2015)	\$/GJ	\$ (0.054)	\$ (0.053)	\$ (0.053)	\$ (0.039)	\$ (0.019)	\$ (0.039)			\$ (0.039)			\$ (0.039)	\$ (0.039)	
40	MCRA Rate Rider 6 Increase / (Decrease)	\$/GJ	\$ (0.145)	\$ (0.146)	\$ (0.112)	\$ (0.081)	\$ (0.041)	\$ (0.081)			\$ (0.081)			\$ (0.081)	\$ (0.081)	
41	MCRA Rate Rider 6 % Increase / (Decrease)		-20.83%	-21.61%	-21.18%	-21.52%	-21.52%	-21.52%			-21.52%			-21.52%	-21.52%	

Notes: Sign differences in bold due to rounding.  
(1) The total cost of UAF is included as a component of gas purchased. Sales UAF costs are recovered via gas cost recovery rates, while T-Service UAF costs are recovered via delivery revenues.  
(7) reconciled to the total MCRA Costs (Tab 1, Page 7, Cell 3, Line 57) which includes T-Service UAF to be recovered via delivery revenues.