



ORDER NUMBER

A-9-16

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.

Application for the Customer Choice Program Cost Recovery

BEFORE:

D. A. Cote, Panel Chair/Commissioner

W. M. Everett, Q.C., Commissioner

N. E. MacMurchy, Commissioner

on October 18, 2016

ORDER

WHEREAS:

- A. FortisBC Energy Inc. (FEI) obtained a Certificate of Public Convenience and Necessity on August 14, 2006 for the Commodity Unbundling Project for Residential Customers (Customer Choice) in accordance with the Provincial Government's 2002 energy policy, which allows for the direct sale of natural gas to residential and small volume commercial customers through gas marketing companies licensed by the British Columbia Utilities Commission (Commission);
- B. On September 29, 2015, the Commission issued Order A-12-15, which, among other things, directed FEI to submit an application regarding the Customer Choice program fee structure (Application) to the Commission by March 31, 2016;
- C. By Order A-1-16, following FEI's request for an extension, the Commission extended the filing deadline for the Application to April 14, 2016;
- D. On April 14, 2016, FEI filed the Application, recommending a specific allocation of program costs between gas marketers and all FEI non-bypass customers based on the principle of cost causation and a specific fee structure for recovering costs allocated to gas marketers, comprised of a fixed and variable fee structure;
- E. In addition, in the Application FEI requests approval of the expenditure of \$3,000 to implement system changes to accommodate the new gas marketer fee structure; an increase to the 2017 Base Operating and Maintenance expenses under the Performance Based Ratemaking formula by \$200 thousand; and a non ratebase Marketer Cost Variance deferral account, attracting the weighted cost of capital, to record any under or over recovery of gas marketer fees when these fees are set annually starting on April 1, 2017;
- F. By Order A-3-16 dated May 9, 2016, and Order A-4-16 dated June 7, 2016, the Commission established the regulatory timetable for the proceeding, which included one round of written information requests and a streamlined review process followed by written arguments;

- G. FEI filed its final argument on August 4, 2016. Registered interveners filed their final arguments by August 11, 2016. FEI filed its reply argument on August 18, 2016; and
- H. The Panel has reviewed and considered all evidence on record for the Application.

NOW THEREFORE, pursuant to section 71.1 of the *Utilities Commission Act*, and for the reasons set out in the Decision that is issued concurrently with this order, the British Columbia Utilities Commission orders as follows:

1. The cost allocation and cost recovery models as determined in the Decision are approved.
2. FortisBC Energy Inc.'s \$3,000 expenditure request to implement system changes to accommodate the new cost recovery model is approved.
3. FortisBC Energy Inc. must file specific information on program costs, as outlined in the Decision, within 30 days of this order.
4. The gas marketer fee adjustment process as described in the Decision is approved.
5. FortisBC Energy Inc. is approved to establish a non-ratebase Marketer Cost Variance deferral account, attracting a weighted average cost of capital return, to record actual marketer-allocated costs and actual marketer recoveries each year. The deferral account is approved for a period of five years.
6. All other directives set out in the decision issued concurrently with this order are effective, as outlined in the decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of October, 2016.

BY ORDER

Original signed by:

D. A. Cote
Panel Chair/Commissioner