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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-26-12**

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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 its 2012 First Quarter Gas Costs Report
and Rate Changes effective April 1, 2012
for the Lower Mainland, Inland, Columbia Service Areas

BEFORE: L.F. Kelsey, Commissioner
D.M. Morton, Commissioner March 8, 2012
R.D. Revel, Commissioner

O R D E R

WHEREAS:

- A. By Order G-156-11 dated September 9, 2011, the British Columbia Utilities Commission (Commission) approved a decrease in the Commodity Cost Recovery Charge for the Lower Mainland, Inland, and Columbia Service Areas effective October 1, 2011;
- B. On March 1, 2012, FortisBC Energy Inc. (FEI) filed its 2012 First Quarter Report on Commodity Cost Reconciliation Account (CCRA), Midstream Cost Reconciliation Account (MCRA), and Biomethane Variance Account (BVA) balances, and commodity, midstream, and biomethane recovery charges for the Lower Mainland, Inland and Columbia Service Areas effective April 1, 2012, that were based on the five-day average February 13, 14, 15, 16, and 17, 2012 forward gas prices (2012 First Quarter Report);
- C. The 2012 First Quarter Report forecasts a CCRA balance at existing rates of approximately \$19 million surplus after tax at March 31, 2012, and a balance of approximately \$76 million surplus after tax at March 31, 2013;
- D. The 2012 First Quarter Report forecasts that commodity cost recoveries at the existing rate would be 134.6 percent of costs for the following 12 months;
- E. In the 2012 First Quarter Report, FEI requests approval for a decrease of \$1.028/GJ to the Commodity Recovery Charge from \$4.005/GJ to \$2.977/GJ for natural gas sales rate class customers in Lower Mainland, Inland, and Columbia Service Areas effective April 1, 2012;

**BRITISH COLUMBIA
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**ORDER
NUMBER** G-26-12

2

- F. The 2012 First Quarter Report forecasts a MCRA balance at existing rates of approximately \$16 million surplus after tax at March 31, 2012, and a balance of approximately \$8 million deficit after tax at December 31, 2012;
- G. The 2012 First Quarter Report forecasts a BVA balance, based on existing rates and after adjustment for the value of unsold biomethane volumes at March 31, 2012, of approximately \$45 thousand surplus before tax, and a balance at December 31, 2012, of approximately \$164 thousand deficit before tax;
- H. FEI requests that the biomethane project cost information in Tab 4, at Pages 4.1, 4.2, and 4.3 of the 2012 First Quarter Report, be held confidential on the basis that it contains market sensitive information;
- I. The Commodity Cost Recovery Charge rate change would decrease Lower Mainland Rate Schedule 1 rates by \$1.028/GJ, which would reduce a typical residential customer's annual bill, based on an average annual consumption of 95 GJ, by approximately \$98 or 9.9 percent;
- J. The Commission has determined that the changes as requested in the 2012 First Quarter Report should be approved.

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

1. The Commission approves the decrease to the Commodity Cost Recovery Charge for sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas effective April 1, 2012, to a rate of \$2.977/GJ as set out in the 2012 First Quarter Report.
2. FEI will notify all customers that are affected by the rate change with a bill insert or bill message to be submitted to the Commission prior to its release with the next monthly gas billing.
3. The Commission will hold the information in Tab 4, at Pages 4.1, 4.2, and 4.3, of the 2012 First Quarter Report confidential.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of March 2012.

BY ORDER

Original signed by:

D. Morton
Commissioner