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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-195-11**

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

and

Filings by FortisBC Energy Inc. regarding its
2011 Fourth Quarter Gas Costs Report and Rate Changes effective January 1, 2012
for the Lower Mainland, Inland, Columbia Service Areas

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner November 24, 2011
D. Morton, Commissioner
N.E. MacMurchy, Commissioner

O R D E R

WHEREAS:

- A. By Order G-156-11 dated September 9, 2011, the British Columbia Utilities Commission (the Commission) approved a decrease in the Commodity Cost Recovery Charge for the Lower Mainland, Inland, and Columbia Service Areas, effective October 1, 2011;
- B. By Order G-177-11 dated October 21, 2011, the Commission approved interim delivery rates, including delivery-related riders, effective January 1, 2012 for the Lower Mainland, Inland, and Columbia Service Areas;
- C. On November 18, 2011, FortisBC Energy Inc. (FEI) filed its 2011 Fourth Quarter Report on Commodity Cost Reconciliation Account (CCRA) and Midstream Cost Reconciliation Account (MCRA) balances, and commodity and midstream charges for the Lower Mainland, Inland and Columbia Service Areas effective January 1, 2012 that were based on the five-day average November 1, 2, 3, 4, and 7, 2011 forward gas prices (the 2011 Fourth Quarter Report);
- D. The 2011 Fourth Quarter Report forecasts a CCRA balance at existing rates of approximately \$11 million surplus after tax at December 31, 2011, and a balance of approximately \$14 million surplus after tax at December 31, 2012;
- E. The 2011 Fourth Quarter Report forecasts that commodity cost recoveries at the existing rate would be 105.1 percent of costs for the following 12 months, and the tested rate decrease related to the forecast over recovery of gas costs would be \$0.189/GJ, which falls below the rate change threshold indicating that no change to the commodity rate is required at this time;
- F. FEI requests approval for the Commodity Cost Recovery Charge to remain unchanged for natural gas sales rate class customers in Lower Mainland, Inland, and Columbia Service Areas effective January 1, 2012;

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- G. The 2011 Fourth Quarter Report forecasts a MCRA balance at existing rates of approximately \$14 million surplus after tax at December 31, 2011 and, based on the one-third amortization of the MCRA cumulative balances in the following year's rates as approved pursuant to Letter L-40-11, FEI requests approval to re-establish Rate Rider 6 and to set Rate Rider 6 applicable to the sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas excluding Revelstoke, effective January 1, 2012, as set out in the 2011 Fourth Quarter Report;
- H. The 2011 Fourth Quarter Report forecasts the existing Midstream Cost Recovery Charges will under recover the midstream costs incurred during 2012 and FEI requests approval of increases to the Midstream Cost Recovery Charges for the sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas, effective January 1, 2012, as set out in the 2011 Fourth Quarter Report;
- I. FEI requests approval to reset Rate Rider 8 (Residential Commodity Unbundling Deferred Cost Recovery Rate Rider), applicable to Rate Schedules 1, 1B, 1U, and 1X customers within the Lower Mainland, Inland, and Columbia Service Areas excluding Revelstoke, to zero effective January 1, 2012;
- J. FEI requests approval to transfer the residual balance in the Residential Commodity Unbundling O&M Deferral Account at December 31, 2011 to the Residual Delivery Rate Riders account;
- K. FEI requests approval to transfer the residual balance in the Commercial Commodity Unbundling O&M Deferral Account at December 31, 2011 to the Residual Delivery Rate Riders account;
- L. The 2011 Fourth Quarter Report forecasts a Biomethane Variance Account (BVA) balance, based on existing rates and after adjustment for the value of unsold biomethane volumes, at December 31, 2011 of approximately \$49 thousand deficit after tax, and a balance at December 31, 2012 of approximately \$327 thousand deficit after tax;
- M. FEI requests approval for an increase of \$1.792/GJ to the Biomethane Energy Recovery Charge (BERC) from \$9.904/GJ to \$11.696/GJ for Rate Schedule 1B customers in the Lower Mainland, Inland, and Columbia Service Areas effective January 1, 2012;
- N. The proposed changes to the Midstream Cost Recovery Charge and midstream-related Rate Riders 6 and 8 would increase Lower Mainland Rate Schedule 1 rates by \$0.016/GJ, which would increase the annual bill of a typical residential customer with an average annual consumption of 95 GJ by approximately \$2 or 0.2 percent,;
- O. The combined effect of the approved interim delivery rates, including delivery-related riders, effective January 1, 2012, together with the Commodity Cost Recovery Charge remaining unchanged and the Midstream Cost Recovery Charge and midstream-related Rate Riders 6 and 8 changes requested within the 2011 Fourth Quarter Report effective January 1, 2012 will be to increase the annual bill for a Lower Mainland residential customer consuming 95 GJ per year by approximately \$32, or 3.3 percent;
- P. The Commission has determined that the changes as requested in the 2011 Fourth Quarter Report should be approved at this time due to FEI's need for a timely decision on the 2011 Fourth Quarter Report with the understanding that the Commission may make a further determination of the appropriateness of the amounts recorded or projected to be recorded in the Biomethane Variance Account when it has received a report from FEI as directed.

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

1. The Commission approves the Commodity Cost Recovery Charge remain unchanged at January 1, 2012.
2. The Commission approves re-establishing MCRA Rate Rider 6 and sets Rate Rider 6 applicable to the sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas excluding Revelstoke, effective January 1, 2012, as set out in the 2011 Fourth Quarter Report.
3. The Commission approves the proposed flow-through increases to the Midstream Cost Recovery Charges for the sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas, effective January 1, 2012, as set out in the 2011 Fourth Quarter Report.
4. The Commission approves resetting Rate Rider 8 (Residential Commodity Unbundling Deferred Cost Recovery Rate Rider), applicable to Rate Schedules 1, 1B, 1U, and 1X customers within the Lower Mainland, Inland, and Columbia Service Areas excluding Revelstoke, to zero effective January 1, 2012.
5. The Commission approves the transfer of the residual balance in the Residential Commodity Unbundling O&M Deferral Account at December 31, 2011 to the Residual Delivery Rate Riders account.
6. The Commission approves the transfer of the residual balance in the Commercial Commodity Unbundling O&M Deferral Account at December 31, 2011 to the Residual Delivery Rate Riders account.
7. The Commission approves the proposed flow-through increase to the Biomethane Energy Recovery Charge for Rate Schedule 1B customers within the Lower Mainland, Inland, and Columbia Service Areas, effective January 1, 2011, to a rate of \$11.696/GJ as set out in the 2011 Fourth Quarter Report but the Commission is not making a determination with regard to the appropriateness of the costs and recoveries recorded or projected to be recorded in the Biomethane Variance Account (BVA).
8. FEI is directed to file a status report for the BVA within 120 days from the end of the 2011 year, similar to the annual Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account status reports, that includes details on the costs and recoveries recorded in the BVA for the period from 2010 through to the end of 2011. The level of detail should be similar to that set out in Table J-4 in Appendix J of the FortisBC Energy Utilities 2012-2013 Revenue Requirements and Rates Application dated May 4, 2011.
9. FEI is to provide a descriptive explanation of the final rates, by way of a bill insert or customer notice to all affected customers, to be submitted to the Commission prior to its release with the next monthly gas billing.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of November 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner