



ORDER NUMBER
G-178-16

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Application regarding its 2016 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2017
for the Fort Nelson Service Area

BEFORE:

D. M. Morton, Commissioner
W. M. Everett, Commissioner
H. G. Harowitz, Commissioner
M. Kresivo, Commissioner
R. I. Mason, Commissioner
R. D. Revel, Commissioner

on December 1, 2016

ORDER

WHEREAS:

- A. On November 23, 2016, FortisBC Energy Inc. (FEI) filed its 2016 Fourth Quarter Report for the Fort Nelson Service Area (Report) and applied for approval for an increase in the Gas Cost Recovery Charge effective January 1, 2017;
- B. By Order G-189-15 dated December 3, 2015, the British Columbia Utilities Commission (Commission) approved the Gas Cost Recovery Charge of \$1.294/GJ for the Fort Nelson Service Area, effective January 1, 2016. This Gas Cost Recovery Charge was maintained unchanged at April 1, 2016, July 1, 2016 and October 1, 2016 through Letters L-3-16, L-13-16 and L-23-16, respectively;
- C. By Letter L-40-11 dated May 19, 2011, the Commission revised the guidelines for the review of quarterly gas costs and rate setting mechanisms that were originally established by Letter L-05-01 (Guidelines);
- D. In the Report, using the five-day average forward prices ending November 15, 2016 and based on the existing Gas Cost Recovery Charge, FEI calculates a projected after tax deferral balance surplus of \$102,800 at December 31, 2016 and a projected after tax deferral balance deficit of \$310,900 at December 31, 2017. FEI forecasts that the recovery-to-cost ratio at the existing rate would be 62.0 percent for the following 12 months, which falls outside the rate change trigger mechanism of 95 to 105 percent. The indicative rate increase to recover the forecast under recovery of gas costs is \$0.792/GJ, which exceeds the \$0.50/GJ minimum rate change threshold set out in the Guidelines indicating that a change to the commodity rate is required effective January 1, 2017;

- E. FEI requests approval to increase the Gas Cost Recovery Charge by \$0.792/GJ from \$1.294/GJ to \$2.086/GJ effective January 1, 2017;
- F. The proposed Gas Cost Recovery Charge increase is the equivalent to an increase of approximately \$107 or 15.7 percent per year in the annual bill for a typical Fort Nelson residential customer with annual consumption of 135 GJ;
- G. FEI requests that the forecast gas cost information in Tab 5 of the Report be held confidential, on the basis that it contains market sensitive information; and
- H. The Commission reviewed the Report within the context of the Guidelines and considers that the applied-for rate increase is warranted.

NOW THEREFORE pursuant to sections 61(4) and 71(5) of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

1. The Gas Cost Recovery Charge for the Fort Nelson Service Area is increased by \$0.792/GJ from \$1.294/GJ to \$2.086/GJ effective January 1, 2017.
2. FortisBC Energy Inc. must notify all customers that are affected by the rate change with a bill insert or bill message to be included with the next monthly gas billing.
3. The Commission will hold confidential the information in Tab 5 of the 2016 Fourth Quarter Gas Cost Report on the basis that it contains market sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of December 2016.

BY ORDER

Original signed by:

D. M. Morton
Commissioner