



ORDER NUMBER
G-173-17

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

and

FortisBC Energy Inc.
Application regarding its 2017 Fourth Quarter Gas Cost Report
And Rate Changes effective January 1, 2018
For the Mainland, Vancouver Island and Whistler Service Areas

BEFORE:

B. A. Magnan, Commissioner
D. J. Enns, Commissioner
R. I. Mason, Commissioner
R. D. Revel, Commissioner

on November 30, 2017

ORDER

WHEREAS:

- A. On November 22, 2017, FortisBC Energy Inc. (FEI) filed its 2017 Fourth Quarter Report on Commodity Cost Reconciliation Account (CCRA), Midstream Cost Reconciliation Account (MCRA), Biomethane Energy Recovery Charge (BERC) Rates, and Biomethane Variance Account (BVA) Annual Report for the Mainland, Vancouver Island, and Whistler Service Areas based on a five-day average November 7, 8, 9, 10 and 14, 2017 forward gas prices (the 2017 Fourth Quarter Report);
- B. The British Columbia Utilities Commission (Commission) established guidelines for gas cost rate setting in Letter L-5-01 dated February 5, 2001, and further modified the guidelines in Letter L-40-11 dated May 19, 2011 and Letter L-15-16 dated June 16, 2015 (together the Guidelines);
- C. By Order G-133-16 dated August 12, 2016, the Commission directed FEI to file the BVA Annual Report concurrently with the fourth quarter CCRA and MCRA report setting out the Short Term BERC Rate and Long Term BERC Rate to be effective January 1st of each year;
- D. By Order G-145-16 dated September 8, 2016, the Commission established the current Commodity Cost Recovery Charge of \$2.050/gigajoule (GJ) effective October 1, 2016;
- E. By Order G-177-16 dated December 2, 2016, the Commission established the current midstream related charges and biomethane related charges effective January 1, 2017;
- F. In the 2017 Fourth Quarter Report, using the five-day average forward prices ending November 14, 2017, the CCRA balance is projected to be approximately \$20 million surplus after tax as of December 31, 2017. FEI

calculates the CCRA recovery-to-cost ratio at the existing rate would be 132.3 percent for the following 12 months, and the tested rate decrease related to the forecast over recovery of gas costs would be \$0.501/GJ, both of which falls outside the rate change thresholds set out in the Guidelines indicating that a change to the CCRC rate is required effective January 1, 2018;

- G. FEI forecasts the existing Storage and Transport Charges will under recover the midstream costs in 2018 by approximately \$7 million deficit, and requests approval to flow-through increases to the Storage and Transport Charge rates as set out in the Report in the schedule at Tab 2, Page 7;
- H. FEI forecasts a MCRA balance at existing rates of approximately \$58 million surplus after tax at December 31, 2017. Based on the one-half amortization of the MCRA cumulative balances in the following year's rates, FEI requests approval to set MCRA Rider 6 applicable to the sales rate classes, effective January 1, 2018, as set out in the Report in the schedule at Tab 2, Page 7;
- I. The combined effects of the proposed delivery changes as requested in the FEI Annual Review for 2018 Rates currently being reviewed by the Commission and the proposed changes to the midstream related charges (Storage and Transport Charge and MCRA Rate Rider 6) as requested in the Report, effective January 1, 2018, would decrease the total annual bill for a typical Mainland residential customer with an average annual consumption of 90 gigajoules by approximately \$45 or 5.2 percent;
- J. The 2017 Fourth Quarter Report requests approval to decrease the Short Term Contracts BERC Rate by \$0.501/GJ, from \$10.540/GJ to \$10.039/GJ, and to maintain the Long Term Biomethane Contract Rate at \$10.00/GJ effective January 1, 2018 in accordance with Order G-133-16; and
- K. The Commission reviewed the 2017 Fourth Quarter Report and considers that the requested rate changes are warranted, and that Tab 4, Pages 4C, 5C, and 6C of the 2017 Fourth Quarter Report should be held confidential as requested by FEI as they contain market sensitive information.

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

1. The Commodity Cost Recovery Charge applicable to the Sales Rate Classes within the Mainland, Vancouver Island, and Whistler Service Areas, effective January 1, 2018, is to decrease from \$2.050/GJ to \$1.549/GJ.
2. The Storage and Transport Charges applicable to the Sales Rate Classes within the Mainland, Vancouver Island, and Whistler Service Areas, effective January 1, 2018, are approved. The Storage and Transport Charge changes are set out in Appendix A of this Order.
3. The Midstream Cost Reconciliation Account Rate Rider 6 applicable to the Sales Rate Classes within the Mainland (excluding Revelstoke), Vancouver Island and Whistler Service Areas, effective January 1, 2018, are approved. The requested Midstream Cost Reconciliation Account Rate Rider 6 changes are set out in Appendix A of this Order.
4. The Biomethane Energy Recovery Charge applicable to all biomethane rate schedules within the Mainland, Vancouver Island and Whistler Service Areas is to decrease from \$10.540/GJ to \$10.039/GJ effective January 1, 2018.
5. The Long Term Biomethane rate remains unchanged at \$10.00/GJ effective January 1, 2018.

6. The information in Tab 4, Pages 4C, 5C, and 6C of the 2017 Fourth Quarter Report will be held confidential as requested by FEI as it contains market sensitive information.
7. FEI must notify all customers that are affected by the rate changes with a bill insert or bill message to be included with the next monthly gas billing.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of November 2017.
BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachment

FortisBC Energy Inc.
Application regarding its 2017 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2018
for Mainland, Vancouver Island and Whistler Service Areas

Midstream rate changes applicable to FortisBC Inc. – Mainland, Vancouver Island, and Whistler service areas
Effective January 1, 2018

(\$/GJ)	Residential RS-1	Commercial RS-2	Commercial RS-3	Seasonal RS-4	General Firm Service RS-5	NGV RS-6	General Interruptible RS-7
Storage and Transport Charges							
Effective January 1, 2017	\$ 1.009	\$ 1.020	\$ 0.851	\$ 0.627	\$ 0.627	\$ 0.314	\$ 0.627
Flow-through changes	0.055	0.053	0.056	0.050	0.050	0.025	0.050
Proposed for January 1, 2018	\$ 1.064	\$ 1.073	\$ 0.907	\$ 0.677	\$ 0.677	\$ 0.339	\$ 0.677
MCRA Rate Rider 6							
Effective January 1, 2017	\$ (0.198)	\$ (0.200)	\$ (0.167)	\$ (0.123)	\$ (0.123)	\$ (0.062)	\$ (0.123)
Flow-through changes	(0.108)	(0.108)	(0.093)	(0.071)	(0.071)	(0.035)	(0.071)
Proposed for January 1, 2018	\$ (0.306)	\$ (0.308)	\$ (0.260)	\$ (0.194)	\$ (0.194)	\$ (0.097)	\$ (0.194)