



**ORDER NUMBER
G-175-17**

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 Fort Nelson Service Area

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 Gas Cost Reconciliation Account (GCRA) for the Fort Nelson Service Area 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 (together the Guidelines);
- C. By Order G-162-16 and G-173-16, the Commission approved the permanent 2017 and 2018 delivery rates for the Fort Nelson Service Area effective January 1, 2017, and 2018 respectively. The RSAM Rate Rider 5 was set in the amount of \$0.268/gigajoule (GJ) effective January 1, 2017;
- D. By Order G-178-16 dated December 2, 2016, the Commission established the current Gas Cost Recovery (GCR) Charge for the Fort Nelson Service Area at \$2.086/GJ, effective January 1, 2017;
- E. In the 2017 Fourth Quarter Report, using the five-day average forward prices ending November 14, 2017, the GCRA balance is forecast to be \$83,800 surplus after tax at December 31, 2017. FEI calculates the GCRA recovery-to-cost ratio at the existing rate would be 132.8 percent for the following 12 months. The tested rate decrease related to the forecast over recovery of gas costs would be \$0.515/GJ which falls outside the rate change thresholds set out in the Guidelines indicating that a change to a rate is required effective January 1, 2018;

- F. In the 2017 Fourth Quarter Report, FEI also requests approval to set the RSAM Rate Rider 5 to \$0.391/GJ effective January 1, 2018;
- G. The combined effects of the approved January 1, 2018 delivery rates, the proposed GCR Charge and the proposed RSAM Rate Rider 5 as requested in the 2017 Fourth Quarter Report would decrease the total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 135 gigajoules by approximately \$20 or 2.4 percent; and
- H. The Commission reviewed the 2017 Fourth Quarter Report and considers that the requested rate changes are warranted, and that Tab 3 of the 2017 Fourth Quarter Report should be held confidential as requested by FEI, as it contains market sensitive information.

NOW THEREFORE the British Columbia Utilities Commission orders as follows:

1. Pursuant to section 61(4) of the *Utilities Commission Act*, the Gas Cost Recovery Charge to decrease from \$2.086/GJ to \$1.571/GJ in the Fort Nelson Service Area effective January 1, 2018.
2. Pursuant to sections 59 to 61 of the *Utilities Commission Act*, the RSAM Rate Rider 5 to increase from \$0.268/GJ to \$0.391/GJ in the Fort Nelson Service Area effective January 1, 2018.
3. FEI will 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.
4. The information in Tab 3 of the 2017 Fourth Quarter Report will be held confidential as requested by FEI as it contains market sensitive information.

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