



ORDER NUMBER
G-208-18

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

and

FortisBC Energy Inc.
Annual Review for 2019 Delivery Rates

BEFORE:

R. I. Mason, Panel Chair/Commissioner
D. J. Enns, Commissioner

on November 5, 2018

ORDER

WHEREAS:

- A. On September 15, 2014, the British Columbia Utilities Commission (BCUC) issued its Decision and Order G-138-14 for FortisBC Energy Inc. (FEI) approving a Multi-Year Performance Based Ratemaking (PBR) Plan for 2014 through 2019 (PBR Decision). In accordance with the PBR Decision, an annual review process with the BCUC will be undertaken to set delivery rates for each year;
- B. By Order G-143-18 dated July 31, 2018, the BCUC established the regulatory timetable for the annual review of FEI's 2019 delivery rates;
- C. On August 3, 2018, pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), FEI submitted its materials for the Annual Review for 2019 Delivery Rates Application (Application). In the Application, FEI forecasts a 0.5 percent increase from 2018 delivery rates; however, FEI proposes to maintain 2019 delivery rates at existing levels by amortizing a portion of the existing 2017–2018 Revenue Surplus deferral account to offset the 2019 revenue deficiency;
- D. On September 26, 2018, FEI filed an evidentiary update to the Application (Evidentiary Update), which among other things, forecasts a revised delivery rate increase of 1.1 percent from 2018 delivery rates. FEI continued to propose to hold 2019 delivery rates at existing levels;
- E. By letter dated October 19, 2018, pursuant to sections 59 to 61 and 89 of the UCA, FEI requested approval of a 1.1 percent increase to delivery rates on an interim and refundable basis, effective January 1, 2019 (Interim Rate Application), pending the BCUC's decisions regarding the Application and the 2019–2022 Demand Side Management (DSM) Expenditures Application (DSM Application), filed with the BCUC for acceptance on June 22, 2018, pursuant to section 44.2 of the UCA;
- F. Pursuant to section 44.2(2) of the UCA, the BCUC may not consent under section 61 of the UCA to an amendment to a schedule filed under section 61 to the extent that the amendment is for the purpose of,

among other things, recovering expenditures on demand side measures the public utility anticipates making during the period addressed by the schedule, unless the amendment is for the purpose of setting an interim rate;

- G. By letter dated October 23, 2018, FEI amended its delivery rate request in the Application stating that, consistent with the Interim Rate Application, it requests approval of a permanent 1.1 percent delivery rate increase (exclusive of rate riders), effective January 1, 2019, pursuant to sections 59 to 61 of the UCA. FEI states that it is expecting an increase in rates in 2020 due to the Lower Mainland Intermediate Pressure System Upgrade (LMIPSU) project coming into service. In addition, FEI states that by flowing through the 1.1 percent delivery rate increase in 2019 and preserving the 2017–2018 Revenue Surplus deferral account balance for rate smoothing, the impact will be overall smoother rates for customers over the next few years;
- H. On October 25, 2018, the BCUC extended the deadlines for intervener final arguments and FEI’s reply argument to allow parties additional time to respond to FEI’s amended rate proposal; and
- I. The BCUC has reviewed the Interim Rate Application and considers that approval is warranted.

NOW THEREFORE pursuant to sections 59 to 61 and 89 of the UCA, the BCUC orders as follows:

1. FEI’s Interim Rate Application for a 1.1 percent delivery rate increase, on an interim and refundable basis, effective January 1, 2019, is approved.
2. FEI’s Interim Rate Application to set the following delivery rate riders, on an interim and refundable basis, effective January 1, 2019, is approved:
 - a. A Biomethane Variance Account Rate Rider for 2019 in the amount of \$0.018 per gigajoule; and
 - b. Revenue Stabilization Adjustment Mechanism riders for 2019 in the amounts set out in Table 10-10 in Section 10.2.2 of the Application.
3. FEI is directed to refund/recover the difference between the interim and permanent rates, as determined by the BCUC following the final determination of the Application and FEI’s DSM Application, with interest calculated on any refundable amounts at the average prime rate of FEI’s principal bank for its most recent year.
4. FEI is directed to file with the BCUC amended tariff pages within 30 days of the issuance of this order, in accordance with the terms of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of November 2018.

BY ORDER

Original Signed by:

R. I. Mason
Commissioner