



ORDER NUMBER
G-224-18

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

and

FortisBC Energy Inc.
Application regarding its 2018 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2019
for the Fort Nelson Service Area

BEFORE:

R. I. Mason, Commissioner
R. D. Revel, Commissioner
D. J. Enns, Commissioner

on November 29, 2018

ORDER

WHEREAS:

- A. On November 26, 2018, FortisBC Energy Inc. (FEI) filed its 2018 Fourth Quarter Report on the Gas Cost Reconciliation Account (GCRA), Commodity Cost Recovery Charge and Storage and Transport Charges for the Fort Nelson Service Area (Fort Nelson) based on a five-day average November 6, 7, 8, 9, and 13, 2018 forward gas prices (the 2018 Fourth Quarter Report);
- B. The British Columbia Utilities Commission (BCUC) 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-175-17 dated 30 November 2017, the BCUC established the current Gas Cost Recovery Charge for the Fort Nelson Service Area at \$1.571/GJ effective January 1, 2018;
- D. By Order G-135-18 dated 20 July 2018, the BCUC approved FEI's 2016 Rate Design Application to unbundle the existing Fort Nelson Gas Cost Recovery Rate at \$1.571/GJ into two components: Commodity Cost Recovery Charge at \$1.552/GJ and Storage and Transport Charge at \$0.019/GJ, and to move to a rate structure the same as FEI Mainland and Vancouver Island Service Area;
- E. By Order G-171-18 dated 13 September 2018, the BCUC approved the interim 2019 Fort Nelson delivery rates and RSAM Rider 5 for the Fort Nelson effective January 1, 2019;
- F. In the 2018 Fourth Quarter Report, using the five-day average forward prices ending November 13, 2018,

the GCRA balance is projected to be \$134,477 surplus after tax at December 31, 2018. FEI calculates the GCRA recovery-to-cost ratio based on the previously approved January 1, 2019 unbundled commodity cost recovery rate, pursuant to Order G-135-18, would be 134.0 percent for the following 12 months. The tested rate decrease related to the forecast over recovery of costs would be \$0.394/GJ which falls within the minimum \$0.50/GJ threshold set out in the Guidelines indicating that a rate change for the Commodity Cost Recovery Charge is not required effective January 1, 2019;

- G. In the 2018 Fourth Quarter Report, FEI requests approval to reset the previously approved Storage and Transport Charges to all sales rate classes, effective January 1, 2019, as set out in the schedule Tab 1, Page 8;
- H. The combined effects of the unbundled Commodity Cost Recovery Charge established per Order G-135-18, the interim delivery rates and rider per Order G-171-18, and the proposed Storage and Transport Charges as requested in the 2018 Fourth Quarter Report would increase the total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 125 gigajoules by approximately \$51 or 6.7 percent;
- I. FEI requests that the forecast gas cost information for Fort Nelson in Tab 3 of the Report be held confidential on the basis that it is market sensitive information; and
- J. The BCUC considers that the Commodity Cost Recovery Charge for the Fort Nelson service area remains unchanged and the requested changes to the Storage and Transport Charges for Fort Nelson are warranted.

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

1. The Commodity Cost Recovery Charge applicable to the Sales Rate Classes in Fort Nelson Service Area remains unchanged from the previously approved January 1, 2019 unbundled commodity cost recovery rate set at \$1.552/GJ effective January 1, 2019.
2. The Storage and Transport Charges applicable to the Sales Rate Classes in Fort Nelson Service Area are approved, as set out in Tab 1, Page 8 effective January 1, 2019.
3. FEI is directed to 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 BCUC will hold confidential the information in Tab 3 of the 2018 Fourth Quarter Gas Cost Report as requested by FEI as it contains market sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of November 2018.

BY ORDER

Original signed by:

R. I. Mason
Commissioner