



ORDER NUMBER
G-225-18

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 Revelstoke Service Area

BEFORE:

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

on November 29, 2018

ORDER

WHEREAS:

- A. On November 22, 2018, FortisBC Energy Inc. (FEI) filed its 2018 Fourth Quarter Gas Cost Report for the Revelstoke Service Area (Report) and applied for approval of a decrease in the propane reference price, effective January 1, 2019;
- 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-172-18 dated September 13, 2018, the BCUC approved the current propane rates for Revelstoke and surrounding areas (Revelstoke) effective October 1, 2018;
- D. Using a propane price forecast based on November 13, 2018 NMYEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected after tax deferral balance at December 31, 2018 of \$7,462 deficit is forecast to change to a \$204,819 surplus at December 31, 2019. The revenue to cost ratio is calculated to be 112.1 percent which falls outside the deadband range of 95 percent to 105 percent. The tested rate decrease to reset the recovery-to-cost ratio to zero is calculated to be \$2.221 per gigajoule (GJ), which is greater than the minimum \$0.50/GJ threshold established in the Guidelines;
- E. In the Report, FEI indicates that current propane cost recovery rates will over recover costs and proposes a propane rate decrease of \$2.221 /GJ, effective January 1, 2019;

- F. The proposed Gas Cost Recovery Charge requested within the Report would be equivalent to an annual bill decrease of approximately \$111 or 11.1 percent to a typical Revelstoke residential customer, based on an annual consumption of 50 GJ;
- G. FEI requests that the forecast gas cost information for Revelstoke in Tab 2 of the Report be held confidential on the basis that it is market sensitive information; and
- H. The BCUC considers that the requested changes to the propane reference price and propane rate for Revelstoke are warranted.

NOW THEREFORE pursuant to section 61(4) of the UCA, the BCUC orders as follows:

1. The BCUC approves a propane reference price decrease of \$0.0543 per litre from \$0.2907 per litre to \$0.2364 per litre, which corresponds to a decrease of \$2.221 per gigajoule in customer rates, effective January 1, 2019.
2. FEI is directed to notify all customers that are affected by the rate change by way of a bill insert or bill message included with the next monthly billing.
3. The BCUC will hold confidential the information in Tab 2 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