



bcuc
British Columbia
Utilities Commission

Patrick Wruck
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September 21, 2021

Sent via eFile/email

FEI COMMON RATE AND 2022 RR FOR FORT NELSON EXHIBIT A-3
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Diane Roy
Vice President, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

Re: FortisBC Energy Inc. – Application for Common Rates and 2022 Revenue Requirements for the Fort Nelson Service Area – Project No. 1599246 – BCUC Order G-277-21

Dear Ms. Roy:

Further to your August 12, 2021 filing of the above-noted application, enclosed please find British Columbia Utilities Commission Order G-277-21 establishing a regulatory timetable and public notice.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

/jo
Enclosure



ORDER NUMBER
G-277-21

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

and

FortisBC Energy Inc.
Application for Common Rates and 2022 Revenue Requirements
for the Fort Nelson Service Area

BEFORE:

A. K. Fung, QC, Panel Chair
E. B. Lockhart, Commissioner
A. Pape-Salmon, Commissioner

on September 21, 2021

ORDER

WHEREAS:

- A. On August 12, 2021, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 of the *Utilities Commission Act*, an application for approval to set the delivery rates and the Revenue Stabilization Adjustment Mechanism (RSAM) rate rider for the Fort Nelson service area (FEFN), effective January 1, 2022 (2022 Delivery Rates), and to implement common delivery and cost of gas rates for FEFN with FEI, effective January 1, 2023 (Common Rates) (together, the Application);
- B. In the Application, FEI requests the following approvals for FEFN, among others:
- (i) To increase FEFN delivery rates by 3.41 percent on a permanent basis, effective January 1, 2022;
 - (ii) To change the RSAM rate rider from a credit of \$0.333 per gigajoule (GJ) to \$0.416 per GJ on a permanent basis, effective January 1, 2022;
 - (iii) To implement common delivery rates with FEI for FEFN Rate Schedule (RS) 1, RS 2 and RS 3, effective January 1, 2023, including the phase-in of common delivery rates for the FEFN residential customer rate class (RS 1) over 10 years through the creation of a Residential Customer Phase-in Rate Rider, effective January 1, 2023, to mitigate the initial delivery rate impact to FEFN residential customers; and
 - (iv) To amalgamate FEFN's gas supply portfolio costs with FEI's Midstream Cost Reconciliation Account, effective January 1, 2023, which includes charging FEFN customers the same cost of gas rate as FEI and setting FEFN's midstream rates based on 5 percent of FEI's midstream rates;

- C. In the Application, FEI also seeks interim approval for FEFN of a refundable/recoverable delivery rate increase of 3.41 percent and a change to the RSAM rate rider from a credit of \$0.333 per GJ to \$0.416 per GJ, both effective January 1, 2022;
- D. FEI proposes a written hearing process for the review of the Application, and requests an earlier BCUC decision on the 2022 Delivery Rates; and
- E. The BCUC considers the establishment of a regulatory timetable for the review of the Application and the setting of interim rates for FEFN are warranted.

NOW THEREFORE pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, the BCUC orders as follows:

1. A regulatory timetable for the review of the Application is established, as set out in Appendix A to this Order.
2. FEI is to publish the Public Notice attached as Appendix B to this Order in display-ad format and in the appropriate local news publications to provide adequate notice to the public in the Fort Nelson service area, as soon as reasonably possible but no later than Wednesday, October 6, 2021.
3. FEI must publish notice of this Application on its Twitter, LinkedIn and Facebook social media platforms on or before Monday, September 27, 2021, and must publish weekly reminder notices on each of these platforms until the conclusion of the intervener registration period on Wednesday, October 20, 2021.
4. FEI is directed to publish the Application, this Order and the Regulatory Timetable on its website and to provide copies, electronically where possible, to the Fort Nelson First Nation, Prophet River First Nation, any other Indigenous communities that may be impacted by the Application, and registered interveners in the FEI Annual Review for 2022 Rates or FEI 2019 and 2020 Revenue Requirements Application for the Fort Nelson Service Area, as soon as reasonably possible but by no later than Wednesday, October 6, 2021.
5. Intervenors are to register with the BCUC by completing a [Request to Intervene form](#), available on the BCUC website, by the date established in the regulatory timetable, and in accordance with the BCUC's Rules of Practice and Procedure attached to Order G-15-19. Persons requesting intervener status in this proceeding must identify whether they have an interest in issues related to (i) 2022 Delivery Rates; (ii) Common Rates; or (iii) both in the intervener registration form, where it states: "Please list the key issues you intend to address in the proceeding."
6. FEI is directed to file the supplemental information outlined in Appendix C to this Order by Wednesday, September 29, 2021.
7. FEI is approved to increase delivery rates by 3.41 percent and to set the RSAM rate rider at a credit of \$0.416 per GJ for FEFN, on an interim and refundable or recoverable basis, effective January 1, 2022.
8. FEI is directed to refund/recover any differences between the interim and permanent rates, after the BCUC renders its final decision on the 2022 Delivery Rates, with interest calculated at the average prime rate of FEI's principal bank for its most recent year.
9. In accordance with the terms of this Order, FEI is directed to file amended tariff pages for FEFN no later than December 1, 2021.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of September 2021.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner

Attachments

FortisBC Energy Inc.
Application for Common Rates and 2022 Revenue Requirements for the Fort Nelson Service Area

REGULATORY TIMETABLE

Action	Date (2021)	
	2022 Delivery Rates	Common Rates
FEI to file Supplemental Information	Wednesday, September 29	N/A
FEI publishes Public Notice	Wednesday, October 6	
Intervener Registration	Wednesday, October 20	
BCUC Information Request (IR) No. 1 on 2022 Delivery Rates and Common Rates	Wednesday, October 27	Wednesday, November 3
Intervener IR No. 1 on 2022 Delivery Rates and/or Common Rates	Wednesday, November 3	Wednesday, November 10
FEI response to BCUC and Intervener IR No. 1 on 2022 Delivery Rates and Common Rates	Thursday, November 25	Thursday, December 9
Letters of Comment deadline on 2022 Delivery rates	Thursday, December 2	N/A
FEI Written Final Argument on 2022 Delivery Rates*	Thursday, December 16	N/A
	Date (2022)	
Intervener Written Final Argument on 2022 Delivery Rates	Thursday, January 13	N/A
FEI Written Reply Argument on 2022 Delivery Rates	Thursday, January 27	N/A
Procedural Conference on Common Rates**	N/A	Thursday, January 13

* Including submissions on issues raised in IRs and any letters of comment.

** Commencing at 9:00 am. Further details on the procedural conference format and location will be circulated in due course.



We want to hear from you

FortisBC Energy Inc. Application for Common Rates and 2022 Revenue Requirements for the Fort Nelson Service Area

On August 12, 2021, FortisBC Energy Inc. (FEI) filed an application with the British Columbia Utilities Commission (BCUC) seeking, among other things, approvals for changes to 2022 Delivery Rates and for the implementation of Common Rates for the Fort Nelson service area commencing January 1, 2023.

2022 Delivery Rates:

- FEI is seeking approval for a delivery rate increase of 3.41 percent, and an increase to the Revenue Stabilization Adjustment Mechanism (RSAM) rate rider from a credit of \$0.333 per GJ to a credit of \$0.416 per GJ, on a permanent basis, both effective January 1, 2022 (**2022 Delivery Rates**). The requested delivery rate increase, including the change in the RSAM rate rider, results in an estimated annual bill increase for an average Fort Nelson residential customer of approximately \$12 in 2022.

Common Rates:

- FEI is seeking approval to implement common delivery and cost of gas rates for the Fort Nelson service area with FEI, and to smooth delivery rate impacts for residential customers over a 10-year period through a phase-in delivery rate rider, effective January 1, 2023 (**Common Rates**). For the delivery portion of the common rates (excluding cost of gas rates), the estimated annual bill increase for an average residential customer is approximately \$17 over the 10-year period.

HOW TO PARTICIPATE

- **Submit a letter of comment**
- **Register as an interested party**
- **Request intervener status**

IMPORTANT DATES

1. **Wednesday, October 20, 2021** – Deadline to register as an intervener with the BCUC*
2. **Wednesday, November 3, 2021** – Deadline for Intervener Information Request No. 1 on 2022 Delivery Rates
3. **Wednesday, November 10, 2021** – Deadline for Intervener Information Request No. 1 on Common Rates

For more information about FEI's application, please visit the [Proceeding Webpage](#). To learn more about getting involved, please visit our website (www.bcuc.com/get-involved) or contact us at the information below.

**Persons requesting intervener status in this proceeding must identify whether they have an interest in issues related to (i) 2022 Delivery Rates; (ii) Common Rates; or (iii) both in the intervener registration form, where it states: "Please list the key issues you intend to address in the proceeding."*

GET MORE INFORMATION

FortisBC Energy Inc. Regulatory Affairs



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FortisBC Energy Inc.
Application for Common Rates and 2022 Revenue Requirements for the Fort Nelson Service Area

SUPPLEMENTARY INFORMATION

1. Please provide, in a similar format to the table¹ below, the revenue requirement and revenue surplus/deficiency for Fort Nelson Service Area (FEFN) for 2020 Approved and Actual, 2021 Approved and Projected, and 2022 Forecast.

Table 1: 2021 FEFN Revenue Requirement and Revenue Surplus (\$000's)¹⁷

Component	2020 Approved	2020 Projection ¹⁸	2021 Forecast
Revenue Requirement			
O&M	893	798 ¹⁹	823
Property Taxes	128	153	151
Depreciation & Amortization	596	584	587
Other Revenue	(17)	(9)	(14)
Financing Costs ²⁰	383	383	363
Income Taxes	121	182	70
ROE	417	417	421
Additional Earned Return		148	
Total	2,521	2,656	2,401
Revenue at Existing Rates	3,213	3,321	3,392
Cost of Energy	692	665	859
Margin	2,521	2,656	2,533
Revenue Surplus	0	0	132

¹ FEI Application for Approval of Deferral Account Treatment for 2021 and Changes to the Revenue Stabilization Adjustment Mechanism Rider for the Fort Nelson Service Area, Decision and Order G-78-21 dated March 16, 2021, p. 4.