



**ORDER NUMBER**  
**G-154-22**

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

and

FortisBC Energy Inc.  
2022 Second Quarter Gas Cost Report and Rate Changes effective July 1, 2022  
for the Mainland and Vancouver Island Service Area

**BEFORE:**

B. A. Magnan, Panel Chair  
T. A. Loski, Commissioner  
E. B. Lockhart, Commissioner  
C. M. Brewer, Commissioner  
A. Pape-Salmon, Commissioner

on June 9, 2022

**ORDER**

**WHEREAS:**

- A. On June 1, 2022, FortisBC Energy Inc. (FEI) filed its 2022 Second Quarter Gas Cost Report on the Commodity Cost Reconciliation Account (CCRA) and Midstream Cost Reconciliation Account (MCRA) for the Mainland and Vancouver Island Service Area based on the five-day average of May 10, 11, 12, 13, and 16, 2022 forward gas prices (Five-Day Average Forward Prices ending May 16, 2022) (altogether the Second 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, then modified the guidelines in Letter L-40-11 dated May 19, 2011, and L-15-16 dated June 16, 2016 (together the Guidelines);
- C. By Order G-354-21 dated December 2, 2021, the BCUC approved the current Commodity Cost Recovery Charge (CCRC) for the Mainland and Vancouver Island service area at \$4.503 per gigajoule (\$/GJ) effective January 1, 2022;
- D. In the Second Quarter Report, using the Five-Day Average Forward Prices ending May 16, 2022, the CCRA is projected to have an after-tax deficit balance of approximately \$101 million at June 30, 2022. Based on the existing CCRC of \$4.503/GJ, FEI calculates the CCRA recovery-to-cost ratio to be 59.3 percent for the following 12 months. The tested rate increase required to produce a 100 percent commodity recovery-to-cost ratio is calculated to be \$3.088 /GJ, which exceeds the minimum rate change threshold set out in the Guidelines;

- E. In the Second Quarter Report, FEI indicates that the current circumstances meet the approved Guidelines criteria when consideration may be given to using a 24-month rate setting period. The 24-month rate setting alternative results in a proposed rate increase of \$1.404/GJ to the CCRC effective July 1, 2022.
- F. The proposed rate increase of \$1.404/GJ increases the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately \$126 or 10.7 percent;
- G. On June 3, 2022, Direct Energy Marketing Limited (DEML) filed a submission with the BCUC stating they do not support the CCRA balance to be recovered over the 24-month period because it creates a distorted price signal, increases carrying costs for customers and increases intergenerational inequity; and
- H. The BCUC has reviewed the Second Quarter Report and DEML's submission and considers that an increase to the CCRC using a 24-month prospective rate setting period is warranted, and that Tab 4 of the 2022 Second Quarter Report should be held confidential as requested by FEI, as it contains market sensitive information.

**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 and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area to increase by \$1.404/GJ, from \$4.503/GJ to \$5.907/GJ, effective July 1, 2022, using a 24-month prospective rate setting period.
2. 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.
3. The BCUC will hold confidential the information in Tab 4 of the Report, as requested by FEI, as it contains market sensitive information.
4. FEI is directed to file revised tariff pages with the BCUC within 15 days of this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 9<sup>th</sup> day of June 2022.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner