



**ORDER NUMBER**  
**G-156-22**

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 Fort Nelson 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 Report on the Gas Cost Reconciliation Account (GCRA) and Commodity Cost Recovery Charge (CCRC) for the Fort Nelson service area (Fort Nelson) based on a five-day average of May 10, 11, 12, 13, and 16, 2022 forward gas prices (together 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, and further modified the guidelines in Letter L-40-11 dated May 19, 2011 (together the Guidelines);
- C. By Order G-267-21 dated September 9, 2021, the BCUC approved the current CCRC for the Fort Nelson service area at \$3.964 per gigajoule (\$/GJ) effective October 1, 2021;
- D. In the Second Quarter Report, using the Five-Day Average Forward Prices ending May 16, 2022, the after-tax balance of the GCRA is projected to be a deficit of \$237,711 at June 30, 2022. Based on the existing CCRC of \$3.964/GJ, FEI calculates the GCRA recovery-to-cost ratio to be 52.4 percent for the following 12 months. The tested rate increase related to the forecast under recovery of costs is calculated at \$3.595/GJ, which exceeds the minimum rate change threshold set out in the Guidelines, and indicates that a rate change is required;
- E. In the Second Quarter Gas Cost Report, FEI proposes that based on the significantly higher forward prices the BCUC consider a commodity rate utilizing a 24-month outlook for Fort Nelson. Letter L-15-16 approved revisions to the Guidelines, including consideration of commodity rate change proposals using a 24-month prospective period, apply specifically to FEI's Mainland and Vancouver Island service area

commodity rates. However, Letter L-15-16 acknowledges that FEI may come forward with proposals to apply some or all of the elements of the Guideline revisions to Fort Nelson;

- F. FEI proposed an alternative based on utilizing a 24-month rate setting period that results in a proposed rate increase of \$2.077/GJ to the CCRC effective July 1, 2022. The total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 125 gigajoules will increase by approximately \$260 or 23.1 percent;
- G. FEI also submitted a further alternative based on utilizing a 36-month rate setting period that results in a proposed rate increase of \$1.377/GJ to the CCRC effective July 1, 2022. The total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 125 gigajoules will increase by approximately \$172 or 15.3 percent;
- H. 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
- I. The BCUC has reviewed the Second Quarter Report and DEM's submission and considers a rate change based on a 36-month prospective rate setting period is warranted to further lessen the impact to customers, and that Tab 3 of the 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 in the Fort Nelson service area is approved to increase by \$1.377/GJ, from \$3.964/GJ to \$5.341/GJ, effective July 1, 2022 using a 36-month rate setting period.
2. FEI will include proposals to managing the CCRA, including the alternatives outlined in Letter L-15-16 for the Fort Nelson service area in their 2022 Third Quarter Report.
3. 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.
4. The information in Tab 3 of the Second Quarter Report will be held confidential as it contains market sensitive information.
5. FEI is directed to file with the BCUC revised tariff pages 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