



ORDER NUMBER
G-191-20

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

and

FortisBC Energy Inc.
Application regarding its Revised 2020 Second Quarter Gas Cost Report
and Rate Changes effective August 1, 2020
for the Revelstoke Service Area

BEFORE:

B. A. Magnan, Commissioner
C. Brewer, Commissioner
T. A. Loski, Commissioner
R. I. Mason, Commissioner

on July 16, 2020

ORDER

WHEREAS:

- A. On July 9, 2020, FortisBC Energy Inc. (FEI) filed its Revised 2020 Second Quarter Report for Revelstoke (Revised Second Quarter Report) and applied for approval of an increase in the propane reference price, effective August 1, 2020;
- 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). Letter L-5-01 also states that the Guidelines are a general guideline only, and that nothing in the Guidelines precludes a utility from filing applications for rate changes at times other than those suggested by the Guidelines or proposing alternate treatment of the GCRA balance in unusual circumstances;
- C. By Order G-308-19 dated November 28, 2019, the BCUC approved the current propane rates for Revelstoke and surrounding areas (Revelstoke) effective January 1, 2020;
- D. By Order G-47-20 dated March 12, 2020, the BCUC approved a \$0.7095/GJ increase in customer rates, based on an increase to the propane reference price, effective April 1, 2020. However, by Order G-64-20 dated March 26, 2020, in response to the global COVID-19 pandemic, the State of Emergency in British Columbia, and the impact on British Columbians, the BCUC approved FEI's request to rescind Order G-64-20 to maintain the existing propane reference price and customer rates, effective April 1, 2020, and to defer any gas cost increases at that time;

- E. By Letter L-36-20, the BCUC accepted FEI's request to maintain the existing propane reference price at \$0.2500/L effective, July 1, 2020, and submit a revised gas cost report based on updated forward prices no later than July 10, 2020, with proposed changes to the propane reference price to be effective August 1, 2020;
- F. In the Revised Second Quarter Report, FEI used a propane price forecast based on June 26, 2020 NMYEX B0 – Mt. Belvieu propane swap prices. Based on the existing propane rates, the projected after-tax balance for the Propane Cost Deferral Account (PCDA) is forecast to change from a deficit of \$290,133 at July 31, 2020 to a deficit of \$89,742 at July 31, 2021. The revenue to cost ratio is calculated at 94.95 percent, which falls outside the dead-band range of 95 percent to 105 percent. The proposed rate increase is calculated at \$0.542/GJ, which is greater than the minimum \$0.50/GJ threshold established in the Guidelines, indicating that a propane rate increase is required effective August 1, 2020;
- G. The proposed rate increase of \$0.542/GJ would increase the total annual bill for a typical Revelstoke residential customer with an average annual consumption of 50 GJ by approximately \$27 or 3 percent;
- H. FEI requests that the forecast gas cost information for Revelstoke in Tab 2 of the Revised 2020 Second Quarter Report be held confidential on the basis that it contains market sensitive information; and
- I. The BCUC reviewed the Revised Second Quarter Report and 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 *Utilities Commission Act*, the BCUC orders as follows:

1. The BCUC approves an increase of \$0.542/GJ in customer rates, effective August 1, 2020, based on an increase to the propane reference price of \$0.0133/L, from \$0.2500/L to \$0.2633/L, effective August 1, 2020.
2. 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.
3. The BCUC will hold confidential the information in Tab 2 of the Revised 2020 Second Quarter Report, as requested by FEI, as it contains market-sensitive information.
4. 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 16th day of July 2020.

BY ORDER



B. A Magnan
Commissioner