



ORDER NUMBER
G-230-20

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

and

FortisBC Energy Inc.
Application regarding its 2020 Third Quarter Gas Cost Report
and Rate Changes effective October 1, 2020
for the Fort Nelson Service Area

BEFORE:

B. A. Magnan, Panel Chair
C. Brewer, Commissioner
E. B. Lockhart, Commissioner
R. I. Mason, Commissioner

on September 10, 2020

ORDER

WHEREAS:

- A. On September 2, 2020, FortisBC Energy Inc. (FEI) filed its 2020 Third 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 August 17, 18, 19, 20, and 21, 2020 forward gas prices (Third 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). 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-190-20, the BCUC established the current CCRC for Fort Nelson at \$1.659 per gigajoule (\$/GJ) effective August 1, 2020;
- D. In the Third Quarter Report, using the five-day average forward prices ending August 21, 2020, the after-tax balance of the GCRA is projected to change from a deficit balance of \$33,924 at September 30, 2020 to a deficit balance of \$386,552 at September 30, 2021. FEI calculates the GCRA recovery-to-cost ratio to be 58.6 percent for the following 12 months. The tested rate increase related to the forecast under recovery of costs is calculated at \$1.200/GJ, which falls outside the minimum rate change threshold set out in the Guidelines, indicating a rate change to the CCRC, effective October 1, 2020;

- E. FEI proposed an alternative to increase the CCRC by \$0.712/GJ, from \$1.695/GJ to \$2.407/GJ, effective October 1, 2020, rather than the normal rate-setting mechanism as set out in the Guidelines;
- F. The proposed rate increase of \$0.712/GJ would increase the total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 125 gigajoules by approximately \$89, or 10 percent; and
- G. The BCUC has reviewed the Third Quarter Report and considers that an increase to the CCRC is warranted.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the BCUC orders as follows:

- 1. The BCUC approves the Commodity Cost Recovery Charge applicable to the Sales Rate Classes in the Fort Nelson Service Area to increase by \$0.712/GJ, from \$1.695/GJ to \$2.407/GJ, effective October 1, 2020.
- 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 3 of the Third 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 10th day of September 2020.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner