



**ORDER NUMBER**  
**G-257-22**

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

and

FortisBC Energy Inc.  
Application regarding its 2022 Third Quarter Gas Cost Report  
and Rate Changes effective October 1, 2022  
for the Fort Nelson Service Area

**BEFORE:**

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

on September 15, 2022

**ORDER**

**WHEREAS:**

- A. On September 7, 2022, FortisBC Energy Inc. (FEI) filed its 2022 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, 22, and 23, 2022 forward gas prices (together the 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);
- C. By Order G-156-22, the BCUC approved the current CCRC for the Fort Nelson service area at \$5.341 per gigajoule (\$/GJ) effective July 1, 2022, using a 36-month rate setting period, and directed FEI to include in its 2022 Third Quarter Report on the GCRA and CCRC for Fort Nelson proposals to managing the GCRA including the alternatives outlined in Letter L-15-16;
- D. In the Third Quarter Report, using the Five-Day Average Forward Prices ending August 23, 2022, the after-tax balance of the GCRA is projected to be a deficit of \$181,419 at September 30, 2022. Based on the existing CCRC of \$5.341/GJ, FEI calculates the GCRA recovery-to-cost ratio to be 77.7 percent for the following 12 months. The tested rate increase related to the forecast under recovery of costs is calculated at \$1.533/GJ, which exceeds the minimum rate change threshold set out in the Guidelines, and indicates that under normal circumstances a rate change is required;

- E. By Order G-156-22, FEI was directed to include in the Third Quarter Report the alternatives outlined in Letter L-15-16 for managing the Fort Nelson GCRA. Letter L-15-16 provides criteria for clarification of when consideration is to be given to commodity rate proposals beyond the standard 12-month prospective period;
- F. In the Third Quarter Report, FEI provides the tested rate change based on the standard 12-month prospective rate setting period with application of the \$1.000/GJ commodity rate change cap available under Letter L-15-16 that results in a tested rate increase of \$1.000/GJ to the Commodity Cost Recovery Charge effective October 1, 2022. The total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 125 gigajoules would increase by approximately \$125 or 9.6 percent;
- G. FEI submits that the circumstances reflected in the forecast weighted average cost of gas purchased within the Fort Nelson portfolio, based on the five-day average forward prices ending August 23, 2022, meet all of the criteria identified when the BCUC considers a commodity rate change proposals using a 24-month rate setting period rather than the standard 12-month prospective period;
- H. FEI proposed an alternative based on utilizing a 24-month prospective rate setting period that results in a proposed rate increase of \$0.656/GJ to the CCRC effective October 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 \$82 or 6.3 percent;
- I. The BCUC has reviewed the Third Quarter Report and considers the rate change for a 24-month prospective rate setting period is warranted to address the current GCRA deficit and realign the commodity rate for the Fort Nelson service area with the commodity rate for the Mainland and Vancouver Island service area, 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 British Columbia Utilities Commission 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 \$0.656/GJ, from \$5.341/GJ to \$5.997/GJ, effective October 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 information in Tab 3 of the Third Quarter Report will be held confidential 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 15<sup>th</sup> day of September 2022.

BY ORDER

*Original signed by:*

E. B. Lockhart  
Commissioner