



ORDER NUMBER
G-266-21

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

and

FortisBC Energy Inc.
Application regarding its 2021 Third Quarter Gas Cost Report
and Rate Changes effective October 1, 2021
for the Mainland and Vancouver Island Service Area

BEFORE:

B. A. Magnan, Panel Chair
C. M. Brewer, Commissioner
E. B. Lockhart, Commissioner

on September 9, 2021

ORDER

WHEREAS:

- A. On September 2, 2021, FortisBC Energy Inc. (FEI) filed its 2021 Third Quarter 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 August 16, 17, 18, 19, and 20, 2021 forward gas prices (Five-Day Average Forward Prices ending August 20, 2021) (altogether, 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, 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-231-20, the BCUC approved the current Commodity Cost Recovery Charge (CCRC) for the Mainland and Vancouver Island service area at \$2.844 per gigajoule (\$/GJ) effective October 1, 2020;
- D. In the Third Quarter Report, using the Five-Day Average Forward Prices ending August 20, 2021, the CCRA is projected to have an after-tax deficit balance of approximately \$30 million at September 30, 2021. Based on the existing CCRC of \$2.844/GJ, FEI calculates the CCRA recovery-to-cost ratio to be 72.9 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 \$1.057/GJ, which exceeds the minimum rate change threshold set out in the Guidelines. Further, consistent with the commodity rate change cap criteria approved pursuant to Letter L-15-16 of the Guidelines a \$1.000/GJ increase to the CCRC applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island service area is indicated effective October 1, 2021;

- E. The proposed rate increase of \$1.000/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 \$90 or 9.1 percent; and
- F. The BCUC has reviewed the Third Quarter Report and considers that an increase to the CCRC is warranted, and that Tab 4 of the 2021 Third 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 British Columbia Utilities Commission orders as follows:

1. The BCUC approves 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 \$1.000/GJ, from \$2.844/GJ to \$3.844/GJ, effective October 1, 2021.
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 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 9th day of September 2021.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner