



**ORDER NUMBER
G-314-20**

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

and

FortisBC Energy Inc.
Application regarding its 2020 Fourth Quarter Gas Cost Report
And Rate Changes effective January 1, 2021
For the Mainland and Vancouver Island Service Area

BEFORE:

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

on December 3, 2020

ORDER

WHEREAS:

- A. On November 25, 2020, FortisBC Energy Inc. (FEI) filed its 2020 Fourth Quarter Gas Cost Report, which includes the Commodity Cost Reconciliation Account (CCRA), Midstream Cost Reconciliation Account (MCRA) Quarterly Gas Cost Report for the Mainland and Vancouver Island service area, the Biomethane Energy Recovery Charge (BERC) Rates, and the Biomethane Variance Account (BVA) Annual Report (altogether the 2020 Q4 Report). The Report is based on the five-day average of November 6, 9, 10, 12, and 13, 2020 forward gas prices (Five-Day Average Forward Prices Ending November 13, 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, and Letter L-15-16 dated June 16, 2015 (altogether the Guidelines);
- C. By Order G-133-16 dated August 12, 2016, the BCUC directed FEI to file the BVA Annual Report concurrently with the fourth quarter CCRA and MCRA report setting out the Short-Term BERC Rate and Long-Term BERC Rate to be effective January 1st of each year;
- D. By Order G-306-19 dated November 28, 2019, the BCUC established the current midstream-related charges and biomethane-related charges effective January 1, 2020;
- E. By Order G-231-20 dated September 10, 2020, 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;

- F. By Order G-245-20 dated October 1, 2020, the BCUC approved FEI's application to amalgamate the Revelstoke propane supply costs with the FEI midstream natural gas supply resource costs in the MCRA by transferring the closing balance in the Propane Cost Deferral Account (PCDA) as of December 31, 2020 to FEI's existing MCRA as an opening balance adjustment effective January 1, 2021 and capturing all costs of the Revelstoke propane supply portfolio in the MCRA, thereafter;
- G. Using the Five-Day Average Forward Prices Ending November 13, 2020, the CCRA is projected to have an after-tax deficit balance of approximately \$10 million at December 31, 2020. FEI calculates the CCRA recovery-to-cost ratio (R/C Ratio) using the existing CCRC to be 99.7 percent for the following 12 months and the tested rate increase required to produce a 100 percent R/C Ratio to be \$0.009/GJ. Therefore, as both the R/C Ratio and minimum rate change each fall within their respective thresholds as set by the Guidelines, a change to the CCRC is not required at this time;
- H. FEI calculates that existing Storage and Transport Charges will under-recover the midstream costs in the 2021 calendar year by approximately \$37 million, and requests approval to flow-through increases to the Storage and Transport Charge rates as set out in the schedule at Tab 2, page 7 of the 2020 Q4 Report;
- I. FEI calculates the after-tax balance of the MCRA at existing rates to be a deficit of approximately \$10 million at December 31, 2020. Based on the one-half amortization of the MCRA cumulative balances in the following year's rates, FEI requests approval to set MCRA Rate Rider 6 applicable to the sales rate classes, effective January 1, 2021, as set out the schedule at Tab 2, page 7 of the 2020 Q4 Report;
- J. FEI requests approval to increase the Short-Term BERC Rate by \$1.295/GJ, from \$10.535/GJ to \$11.830/GJ, and to increase the Long-Term BERC Rate by \$0.830/GJ from \$10.00/GJ to \$10.830/GJ effective January 1, 2021 in accordance with Order G-133-16;
- K. The combined effects of FEI's requested rate change approvals, which consists of maintaining the existing CCRC, increasing the Short-Term and Long-Term BERC Rates, and proposed changes to the midstream related charges (Storage and Transport Charge and MCRA Rate Rider 6), as requested in the 2020 Q4 Report, would increase the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately \$72 or 7.9 percent; and
- L. The BCUC has reviewed the 2020 Q4 Report and determines that the requested rate changes are warranted; and that Tab 5 and Tab 6 of the 2020 Q4 Report should be held confidential as requested by FEI, as they contain 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 and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area, effective January 1, 2021, is to remain unchanged at \$2.844/GJ.
2. Changes to the Storage and Transport Charges applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area, effective January 1, 2021, are approved. The Storage and Transport Charge changes are set out in Appendix A of this Order.
3. Changes to the Midstream Cost Reconciliation Account Rate Rider 6 applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area, effective January 1, 2021, are approved. The requested Midstream Cost Reconciliation Account Rate Rider 6 changes are set out in Appendix A of this Order.

4. The change to the Short-Term Biomethane Energy Recovery Charge Rate applicable to all biomethane rate schedules within the Mainland and Vancouver Island Service Area, is approved to increase from \$10.535/GJ to \$11.830/GJ, effective January 1, 2021.
5. The change to the Long-Term Biomethane Energy Recovery Charge Rate is approved to increase from \$10.000/GJ to \$10.830/GJ, effective January 1, 2021.
6. The information in Tab 5 and Tab 6 of the 2020 Q4 Report will be held confidential as requested by FEI as it contains market sensitive information.
7. 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.
8. FEI is directed to file revised tariff pages with the BCUC within 15 days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of December 2020.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachment

FortisBC Energy Inc.
Application regarding its 2020 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2021
for Mainland and Vancouver Island Service Area

Midstream rate changes applicable to FortisBC Energy Inc. – Mainland and Vancouver Island Service Area
Effective January 1, 2021

| | Residential RS-1 | Commercial RS-2 | Commercial RS-3 | Seasonal RS-4 | General Firm Service RS-5 | NGV RS-6 | General Interruptible RS-7 | LNG Service RS-46 |
|--------------------------------------|---------------------|--------------------|--------------------|------------------|---------------------------------|-----------------|----------------------------------|-------------------------|
| (\$/GJ) | | | | | | | | |
| Storage and Transport Charges | | | | | | | | |
| Effective January 1, 2020 | \$ 1.087 | \$ 1.103 | \$ 0.920 | \$ 0.716 | \$ 0.716 | \$ 0.337 | \$ 0.716 | \$ 0.716 |
| Flow-through changes | 0.263 | 0.270 | 0.228 | 0.114 | 0.114 | 0.081 | 0.114 | 0.114 |
| Proposed for January 1, 2021 | \$ 1.350 | \$ 1.373 | \$ 1.148 | \$ 0.830 | \$ 0.830 | \$ 0.418 | \$ 0.830 | \$ 0.830 |
| MCRA Rate Rider 6 | | | | | | | | |
| Effective January 1, 2020 | \$ (0.068) | \$ (0.069) | \$ (0.058) | \$ (0.045) | \$ (0.045) | \$ (0.021) | \$ (0.045) | \$ (0.045) |
| Flow-through changes | 0.115 | 0.116 | 0.098 | 0.074 | 0.074 | 0.035 | 0.074 | 0.074 |
| Proposed for January 1, 2021 | \$ 0.047 | \$ 0.047 | \$ 0.040 | \$ 0.029 | \$ 0.029 | \$ 0.014 | \$ 0.029 | \$ 0.029 |