



ORDER NUMBER
G-347-22

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

and

FortisBC Energy Inc.
2022 Fourth Quarter Gas Cost Report and Rate Changes effective January 1, 2023
for the Mainland and Vancouver Island Service Area, and the Fort Nelson Service Area

BEFORE:

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

on December 1, 2022

ORDER

WHEREAS:

- A. On November 23, 2022, FortisBC Energy Inc. (FEI) filed its 2022 Fourth Quarter Report on the Commodity Cost Reconciliation Account (CCRA), Midstream Cost Reconciliation Account (MCRA), Biomethane Energy Recovery Charge (BERC) Rates, and Biomethane Variance Account (BVA) Annual Report for the Mainland and Vancouver Island Service Area, and the Fort Nelson (FEFN) Service Area based on the five-day average of November 3, 4, 7, 8, and 9, 2022 forward gas prices (Five-Day Average Forward Prices ending November 9, 2022) (altogether the Fourth Quarter Gas 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-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-354-21 dated December 2, 2021, the BCUC established the current midstream related charges and biomethane-related charges for the Mainland and Vancouver Island Service Area effective January 1, 2022;
- E. By Order G-355-21 dated December 2, 2021, the BCUC established the current Storage and Transport Charges for the Fort Nelson Service Area effective January 1, 2022;

- F. By Order G-154-22, the BCUC approved the current Commodity Cost Recovery Charge (CCRC) for the Mainland and Vancouver Island service area at \$5.907 per gigajoule (\$/GJ) effective July 1, 2022;
- G. By Order G-257-22, the BCUC approved the CCRC for the Fort Nelson Service Area at \$5.997/GJ effective October 1, 2022;
- H. By Decision and Order G-278-22, the BCUC approved the implementation of a common Cost of Gas rate (or CCRC) for FEFN and FEI, and to set FEFN's midstream-related charges at 5 percent of FEI's midstream-related charges, effective January 1, 2023. FEFN's Gas Cost Reconciliation Account (GCRA) is to be closed following the transfer of the December 31, 2022 closing GCRA balance to FEI's existing MCRA as an opening balance adjustment, effective January 1, 2023;
- I. In the Fourth Quarter Gas Report, using the Five-Day Average Forward Prices ending November 9, 2022, the CCRA is projected to have an after-tax deficit balance of approximately \$60 million at December 31, 2022. Based on the existing Mainland and Vancouver Island Service Area CCRC of \$5.907/GJ, FEI calculates the CCRA recovery-to-cost ratio to be 114.5 percent for the following 12 months. FEI calculates the tested rate decrease required to produce a 100 percent commodity recovery-to-cost ratio to be \$0.748/GJ, which exceeds the minimum rate change threshold set out in the Guidelines, and requests approval to flow-through the increase to the CCRC effective January 1, 2023;
- J. FEI calculates the existing Storage and Transport Charges will under recover the midstream costs in 2023 by approximately \$5 million, and requests approval to flow-through increases to the Storage and Transport Charges, effective January 1, 2023, as set out in the Report in the schedule at Tab 2, Page 7;
- K. FEI calculates a MCRA balance at existing rates of approximately \$87 million surplus after tax at December 31, 2022. Based on the one-half amortization of the MCRA cumulative balance in the following year's rates, FEI requests approval to set MCRA Rate Rider 6, effective January 1, 2023, as set out in the Report in the schedule at Tab 2, Page 7;
- L. The Fourth Quarter Gas Report requests approval to increase the Short-Term Contracts BERC Rate by \$0.910/GJ, from \$13.808/GJ to \$14.718/GJ, and to increase the Long-Term Biomethane Contract Rate by \$0.910/GJ from \$12.808/GJ to \$13.718/GJ effective January 1, 2023, in accordance with Order G-133-16;
- M. The combined effects of the proposed FEI Annual Review for 2023 Delivery Rates effective January 1, 2023, and the proposed changes to the CCRC, Storage and Transport Charges and MCRA Rate Rider 6 as requested in the Fourth Quarter Gas Report would decrease the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately \$50 or 3.9 percent; and would increase the total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 125 gigajoules by approximately \$12 or 0.8 percent; and
- N. The BCUC reviewed the Report and considers that the requested rate changes are warranted, and that Tabs 5, 6, and 8 of the 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 BCUC approves the CCRC applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within Mainland and Vancouver Island Service Area, and the Fort Nelson Service Area to decrease and be set at the common CCRC of \$5.159/GJ, effective January 1, 2023.
2. 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, and the Fort Nelson Service Area effective January 1, 2023, are approved. The Storage and Transport Charge changes are set out in Appendix A of this Order.
3. The MCRA Rate Rider 6 applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area and the Fort Nelson Service Area, effective January 1, 2023, are approved. The requested MCRA Rate Rider 6 changes are set out in Appendix A of this Order.
4. The BERC applicable to all biomethane rate schedules and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area is approved to increase the Short-Term Contracts BERC Rate from \$13.808/GJ to \$14.718/GJ effective January 1, 2023.
5. The Long-Term Biomethane Contract rate is approved to increase from \$12.808/GJ to \$13.718/GJ effective January 1, 2023.
6. 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.
7. The BCUC will hold confidential the information in Tabs 5, 6, and 8 of the Fourth Quarter Gas Report, as requested by FEI, as it contains market-sensitive information.
8. 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 1st day of December 2022.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachment

FortisBC Energy Inc.
2022 Fourth Quarter Gas Cost Report and Rate Changes effective January 1, 2023
for Mainland, Vancouver Island, and Fort Nelson Service Areas

Midstream rate changes applicable to FortisBC Energy Inc.

	(\$/GJ)	RS-1/ 1B/ 1U	FEFN RS-1	RS-2/ 2B/ 2U	FEFN RS-2	RS-3/ 3B/ 3U	FEFN RS-3	Seasonal RS-4	General Firm Service RS-5/ 5B	RS-6P Fueling Stations	NGV RS-6/ RS 6P-Surrey	General Interruptible RS-7/ 7B	LNG Service RS-46
Storage and Transport Charges													
Effective January 1, 2022	\$	1.505	\$ 0.081	\$ 1.542	\$ 0.083	\$ 1.312	\$ 0.071	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.470	\$ 0.912	\$ 0.912
Flow-through changes		0.038	(0.004)	0.049	(0.003)	0.028	(0.004)	0.013	0.013	0.013	0.019	0.013	0.013
Proposed for January 1, 2023	\$	1.543	\$ 0.077	\$ 1.591	\$ 0.080	\$ 1.340	\$ 0.067	\$ 0.925	\$ 0.925	\$ 0.925	\$ 0.489	\$ 0.925	\$ 0.925
MCRA Rate Rider 6													
Effective January 1, 2022	\$	(0.154)	\$ -	\$ (0.158)	\$ -	\$ (0.135)	\$ -	\$ (0.094)	\$ (0.094)	\$ (0.094)	\$ (0.048)	\$ (0.094)	\$ (0.094)
Flow-through changes		(0.255)	(0.020)	(0.284)	(0.021)	(0.221)	(0.018)	(0.152)	(0.152)	(0.152)	(0.082)	(0.152)	(0.152)
Proposed for January 1, 2023	\$	(0.409)	\$ (0.020)	\$ (0.422)	\$ (0.021)	\$ (0.356)	\$ (0.018)	\$ (0.246)	\$ (0.246)	\$ (0.246)	\$ (0.130)	\$ (0.246)	\$ (0.246)