



June 19, 2020

Sent via email

Letter L-34-20

Mr. Doug Slater
Director, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

**Re: FortisBC Energy Inc.– Fort Nelson Service Area
2020 Second Quarter Gas Cost Report**

Dear Mr. Slater:

On June 11, 2020, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its 2020 Second Quarter Gas Cost Report for the Fort Nelson service area (Report), which includes details regarding the Gas Cost Reconciliation Account (GCRA) and the Commodity Cost Recovery Charge (CCRC).

The BCUC notes that the CCRC for the Fort Nelson service area was last changed by Order G-128-19, effective July 1, 2019, when the CCRC decreased by \$0.504 per gigajoule (\$/GJ), from \$1.552/GJ to \$1.048/GJ.

On March 12, 2020, the BCUC issued Order G-48-20 regarding FEI's 2020 First Quarter Gas Cost Report and Rate Changes effective April 1, 2020 for the Fort Nelson service area, approving an increase to customer rates of \$0.815/GJ. On March 25, 2020, in response to the impact of the COVID-19 pandemic on British Columbians, FEI filed an application requesting the BCUC to rescind Order G-48-20 and to maintain the CCRC at existing rates effective April 1, 2020. By Order G-64-20 dated March 26, 2020, the BCUC approved FEI's request to keep gas cost rates unchanged, effective April 1, 2020, and rescinded Order G-48-20.

In consideration of the commencement of the repayment phase of the COVID Customer Recovery Fund on July 1, 2020, the further re-opening of the BC economy under BC's Restart Plan and the circumstances around the COVID-19 pandemic, FEI requests to maintain the CCRC at the existing rate and to submit a revised gas cost report based on updated forward prices no later than July 10, 2020, with proposed changes to the CCRC to be effective August 1, 2020.

The BCUC has reviewed the Report within the context of the quarterly gas costs review and rate setting mechanism guidelines pursuant to Letters L-5-01 and L-40-11. BCUC acknowledges receipt of the Report and considers the COVID-19 pandemic to be an unusual circumstance where a more flexible approach to setting quarterly gas costs is necessary. Therefore, the BCUC accepts FEI's recommendation that the CCRC for the Fort Nelson service area remain unchanged at \$1.048/GJ, effective July 1, 2020. The BCUC also accepts FEI's request to submit a revised gas cost report no later than July 10, 2020 with proposed changes to the CCRC to be effective August 1, 2020.

When submitting the revised gas cost report, the BCUC requires that, in addition to presenting a rate change proposal based on the standard rate setting process, FEI provides alternative proposals to managing the GCRA, including the following:

- An alternative where the minimum criteria required to trigger a rate change is met, specifically: i) the recovery-to-cost ratio is reset to 95% of the deadband range rather than 100%; and ii) the price change is equal to a minimum of +/- \$0.50/GJ; and
- Any other alternatives as appropriate.

The BCUC will hold the information in Tab 3 of the Report confidential, as requested by FEI, as it contains market sensitive information.

Sincerely,

Original signed by:

Marija Tresoglavic
Acting Commission Secretary

RQ/cmv