

Fort Nelson Common Rates Application

Virtual information session

Tuesday, April 27, 2021

Agenda

- Introductions
- Who we are
- Common Rates Application overview
- Next Steps

Who is FortisBC?

FortisBC is an electricity, natural gas and renewable energy utility in the province of BC, a subsidiary of Newfoundland-based Fortis Inc., Canada's largest private utility company.



Who is FortisBC?

BC's largest energy provider

- more than 2,400 employees
- deliver natural gas, electricity, renewable natural gas and innovative energy solutions
- 1.2 million customers in 135 communities



Sustainability in all we do

Sustainability is not something we do. It's how we do everything



Our sustainability framework:

- supporting our customers
- working with our partners and communities
- protecting the environment
- investing in our employees

Common Rates Application for the Fort Nelson Service Area (FEFN)

History of FortisBC (FEI) Common Rates

1985

- Fort Nelson distribution acquired by Inland Gas

1989

- Amalgamation of Lower Mainland, Inland, Columbia and Fort Nelson

1990

- Revelstoke propane system – Common delivery rates with Inland

1993

- Common delivery rate for Lower Mainland, Inland, and Columbia (together Mainland)

2004

- Common cost of gas rates for Mainland

2007

- Amalgamation and common rates for Squamish and Mainland

2012

- Amalgamation of Mainland, Vancouver Island, and Whistler

2015

- Common Rates for Mainland, Vancouver Island, and Whistler (together FEI)

2020

- Common cost of gas rates for Revelstoke propane system

Fort Nelson is now the only service area with separate rates

Energy at work



FORTIS BC™

Why are we proposing common rates now?

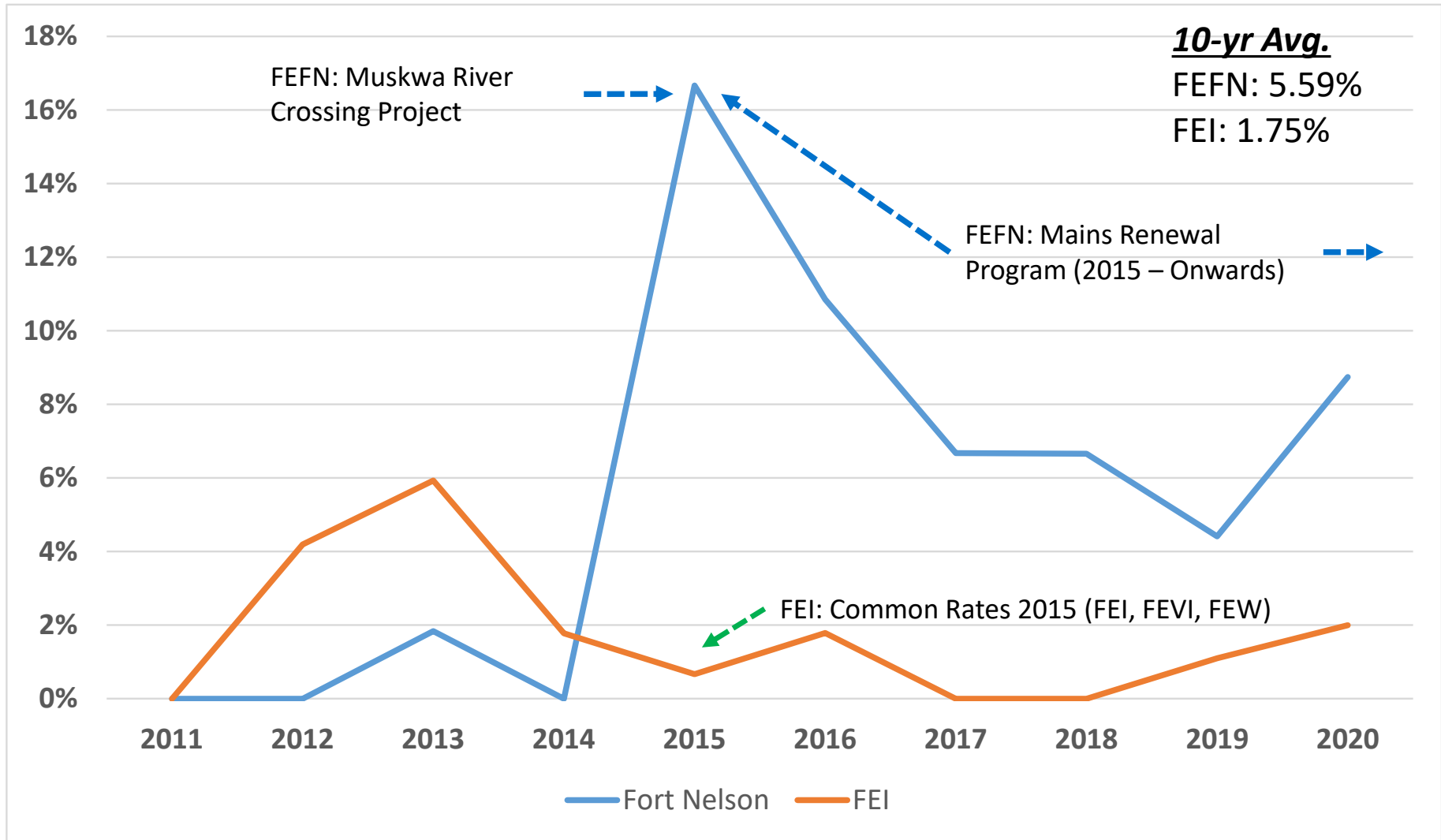
BCUC Decision and Order G-48-19, page 11:

“Accordingly, the Panel directs FEI to include in the next RRA for FEFN, a discussion of the potential for postage stamping rates in FEFN along with the rest of FEI...”

Benefits of Common Rates

- ✓ Rate stability over time for Fort Nelson customers
- ✓ A broader customer base to absorb localized infrastructure investments
- ✓ Limits the impact of changes in Fort Nelson customers' natural gas demand volume on rates

10-Year Delivery Rate Change (FEFN vs. FEI)



The Impact of Cost Increases on FEFN Delivery Rates Compared to FEI

Fort Nelson

Costs
(\$2.4M)



+3%
(+\$72K)



Rate
Increase
(+3%)

FEI

Costs
(\$880M)



+0.008%
(+\$72k)



Rate
Increase
(+0.008%)

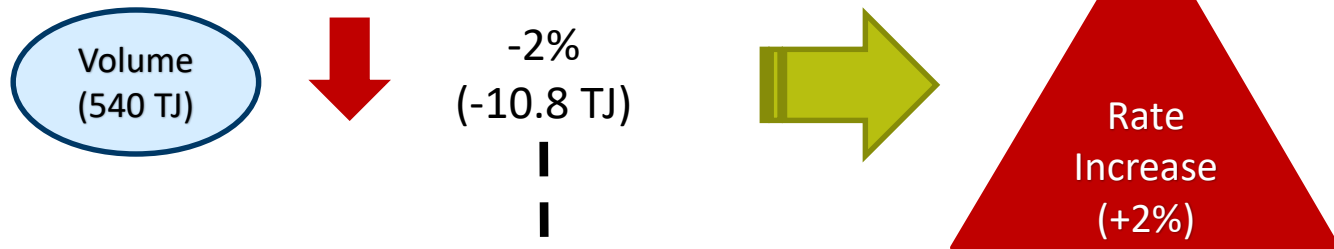
Energy at work



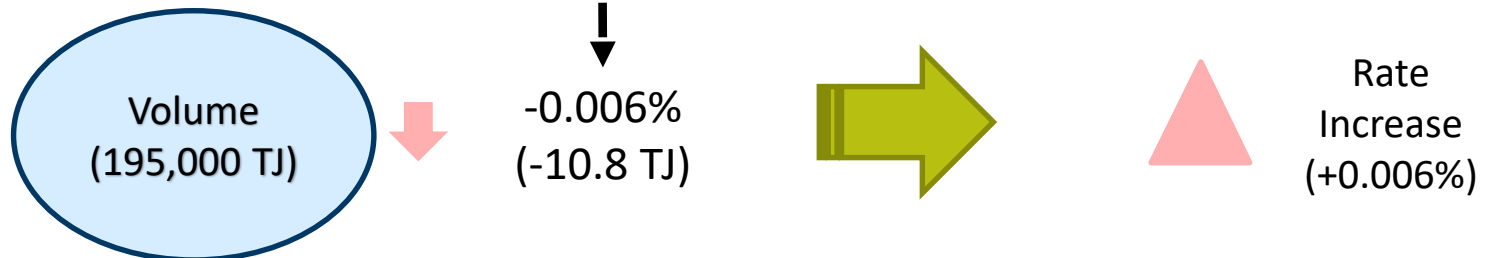
FORTIS BC

The Impact of Changes in Consumption on FEFN Delivery Rates Compared to FEI

Fort Nelson

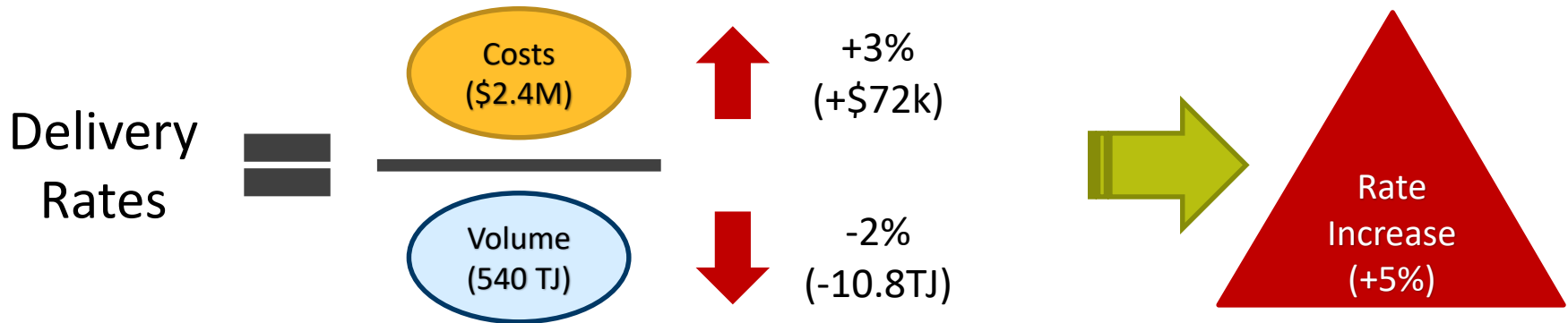


FEI

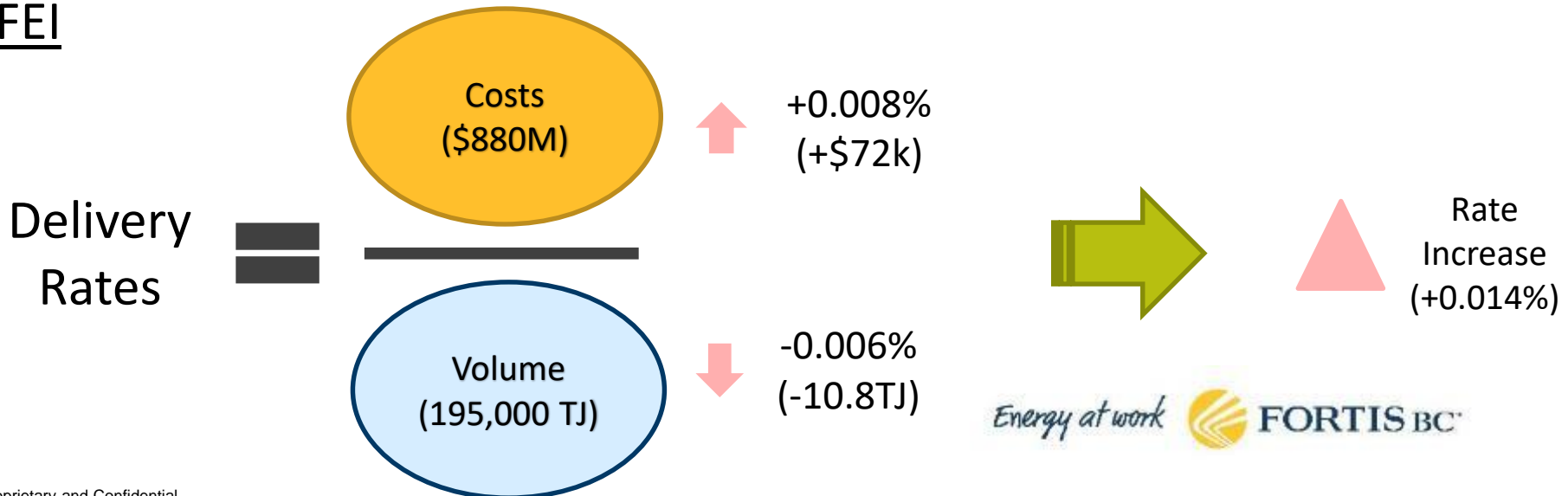


Summary of the Impact of Changes in Costs and Consumption on FEFN vs FEI

Fort Nelson



FEI



Overview of Common Rate Options for Fort Nelson

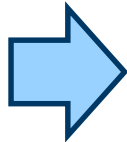
Components of Natural Gas Rates

Delivery



- Recovery for natural gas system and daily operations
- Includes variable and fixed costs
- The cost of delivering natural gas through FEI/FEFN's natural gas system to your home or business

Cost of Gas



- Part of the commodity related charges
- Market price of natural gas
- Flow-through (No mark up)

Storage and Transport



- Part of the commodity related charges
- 3rd party costs to store and transport natural gas to Fort Nelson distribution system
- Flow-through (No mark up)

Current (2021) Rates Comparison (FEFN vs. FEI)

Residential Customers (RS 1)

Components	FEFN	FEI
Delivery Margin Related Charges		
Basic Charge	\$ 0.3701 / day	\$ 0.4216 / day
Delivery Charge*	\$ 4.118 / GJ	\$ 4.915 / GJ
Commodity Related Charges		
Cost of Gas	\$ 2.999 / GJ	\$ 2.844 / GJ
Storage & Transport*	\$ 0.043 / GJ	\$ 1.397 / GJ

* Exclude Rate Riders

Current (2021) Rates Comparison (FEFN vs. FEI)

Commercial Customers (RS 2 and RS 3)

Components	FEFN	FEI
Small Commercial RS 2 (< 2,000 GJ)		
Basic Charge	\$ 1.2151 / day	\$ 0.9616 / day
Delivery Charge*	\$ 4.461 / GJ	\$ 3.773 / GJ
Cost of Gas	\$ 2.999 / GJ	\$ 2.844 / GJ
Storage & Transport*	\$ 0.043 / GJ	\$ 1.373 / GJ
Large Commercial RS 3 (> 2,000 GJ)		
Basic Charge	\$ 3.6845 / day	\$ 4.8026 / day
Delivery Charge*	\$ 3.839 / GJ	\$ 3.279 / GJ
Cost of Gas	\$ 2.999 / GJ	\$ 2.844 / GJ
Storage & Transport*	\$ 0.036 / GJ	\$ 1.148 / GJ

* Exclude Rate Riders

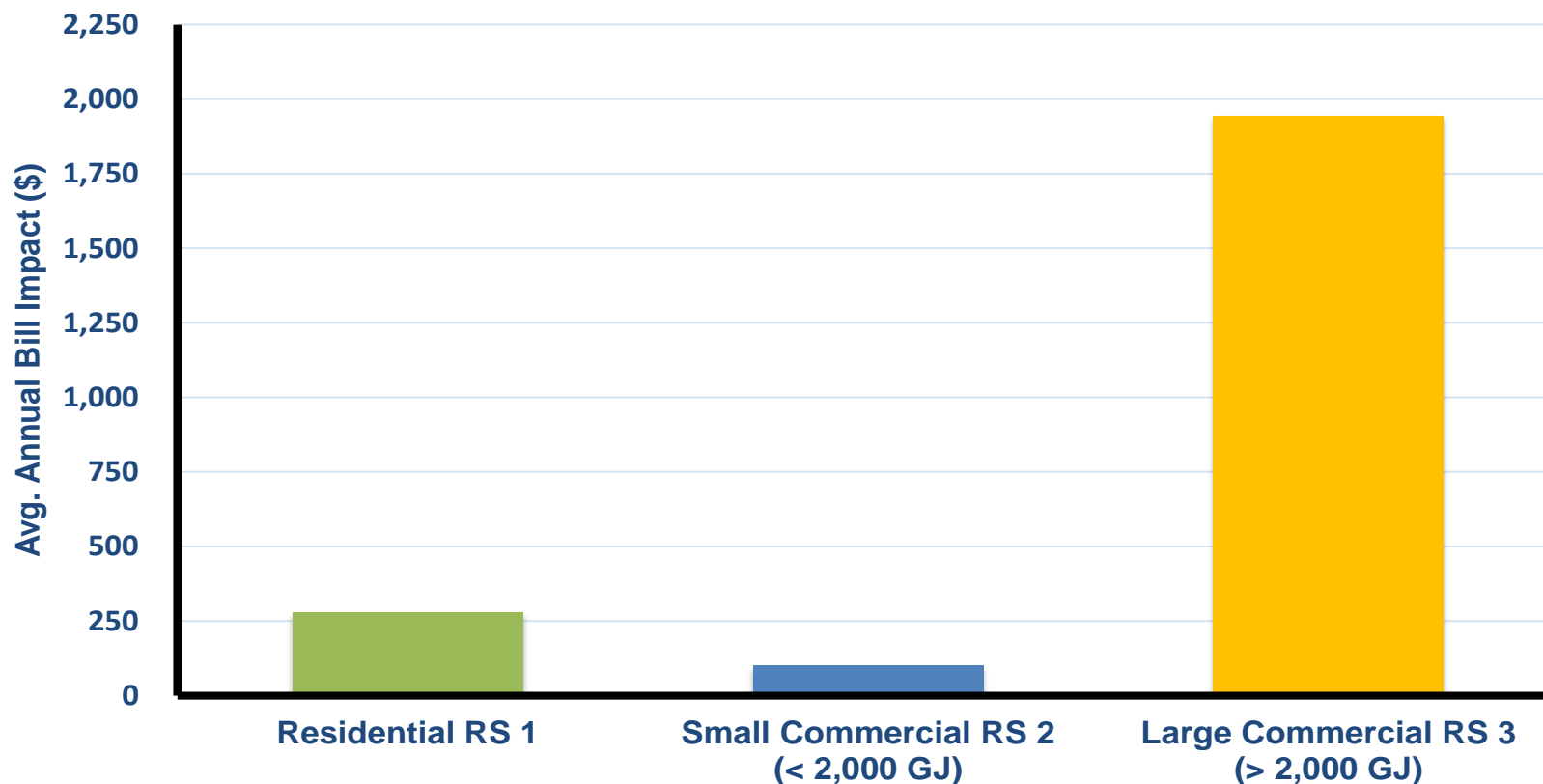
Options to Common Rates for FEFN

- Common Rates for all components (Delivery, Cost of Gas, and Storage and Transport) with phase-in
- Common Rates for Delivery and Cost of Gas Only (with or without phase-in)
- Separate phase in for residential and commercial customers

Option 1 – Common Rates for All Billing Components (Delivery, Cost of Gas and Storage & Transport)

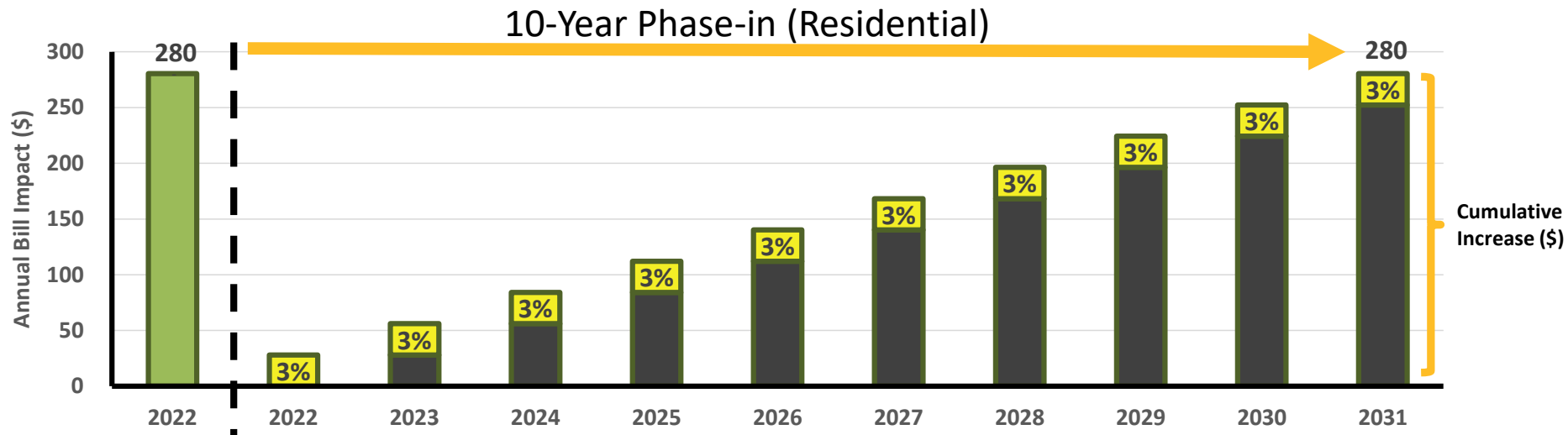
Option 1 – Common Rates for All Components

Avg. Annual Bill Impact to Fort Nelson Customers - 2022 (\$)



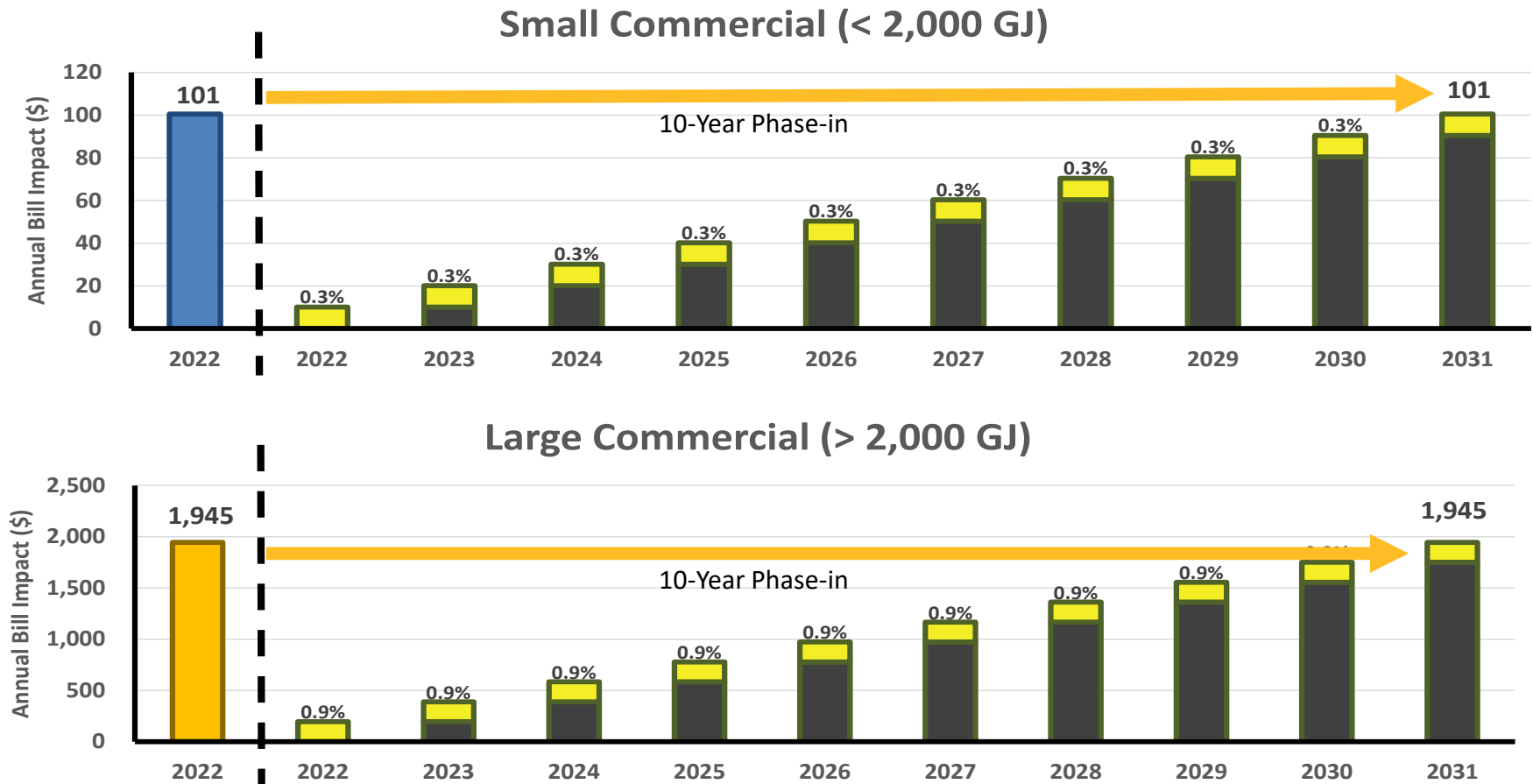
Note - Annual bill impact reflects the impact from common rates only, does not include general rate increase

Option 1 – Common Rates for all Components (With 10-year Phase-in)



Note - Annual bill impact reflects the impact from phase in of common rates only, does not include general rate increase

Option 1 – Common Rates for all Components (With 10-year Phase-in)

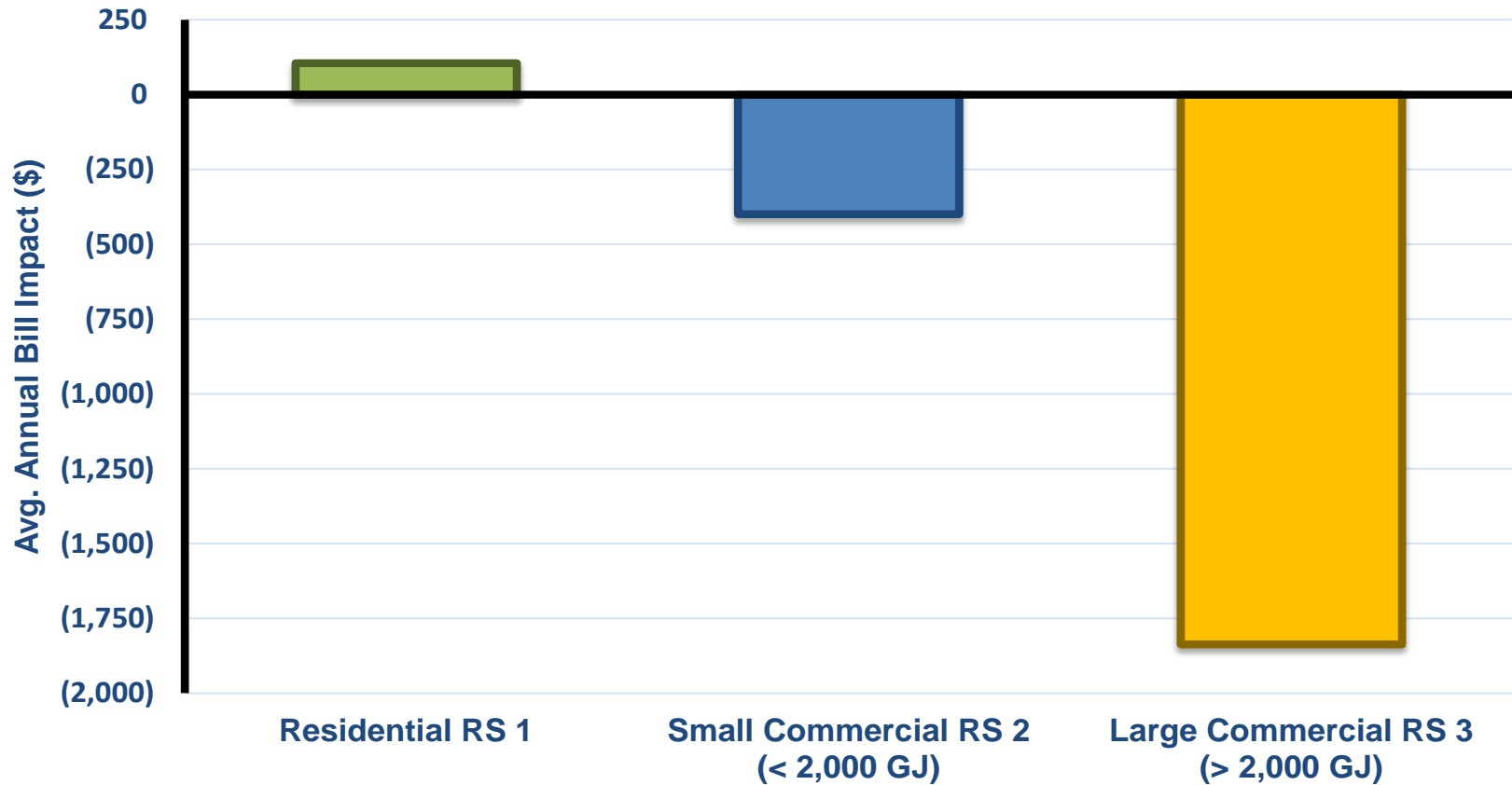


Note - Annual bill impact reflects the impact from phase in of common rates only, does not include general rate increase

Option 2 – Common Rates for Delivery and Cost of Gas only

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Avg. Annual Bill Impact to Fort Nelson Customers - 2022 (\$)



Note - Annual bill impact reflects the impact from common rates only, does not include general rate increase

Option 2 – Common Rates for Delivery and Cost of Gas Only (With 10-year Phase-in)

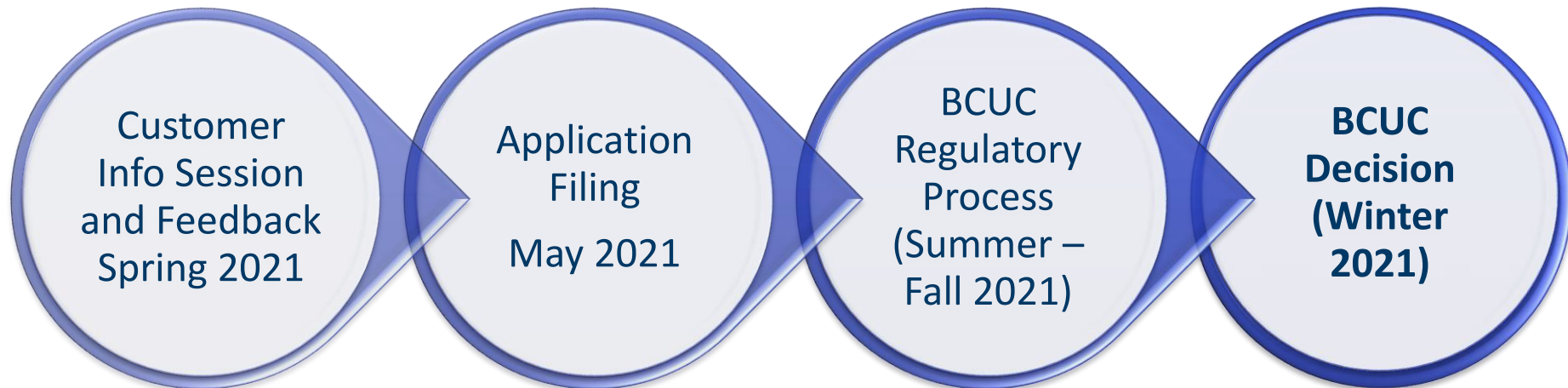


Note - Annual bill impact reflects the impact from phase in of common rates only, does not include general rate increase

Summary

- Fort Nelson is the last remaining FEI service area not under postage stamp (common) rates for natural gas service
- Common Rates provide:
 - Rate stability over time for Fort Nelson customers
 - A broader customer base to absorb localized infrastructure investments and changes in customer demand volumes
- FEI is exploring different options for Common Rates for Fort Nelson, including:
 - Common rates for a combination of delivery, cost of gas, and storage & transport
 - Phase-in options

Next Steps



Contact us at
fortnelson.customers@fortisbc.com

For application updates, check out
fortisbc.com/fortnelson

Thank you



Contacts



Matt Mason
Community &
Indigenous Relation
Manager



Sarah Walsh
Senior Manager,
Regulatory Affairs



Anthony Ho
Manager, Cost of Service,
Regulatory Affairs



Lori Harris
Manager, Customer
Experience



Diana Sorace
Communications
Advisor