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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-79-14**

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by FortisBC Energy Inc.
regarding its 2013 Fourth Quarter Gas Cost Report
and Approval of the 2014 Core Market Administration Expense Budget

BEFORE: B.A. Magnan, Panel Chair/Commissioner
C.A. Brown, Commissioner June 18, 2014
I.F. MacPhail, Commissioner

O R D E R

WHEREAS:

- A. On July 5, 2013, FortisBC Energy Inc. (FEI) filed an Application for Approval of a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018 (FEI PBR Application);
- B. In the FEI PBR Application, FEI stated that it was not seeking approval of the 2014 Core Market Administration Expense (CMAE) Budget in the FEI PBR Application as FEI believes the CMAE Budget is more appropriately reviewed as part of quarterly gas cost reports, and that it would be seeking approval of the 2014 CMAE Budget as part of the 2013 fourth quarter gas cost report;
- C. On November 22, 2013, FEI filed its 2013 Fourth Quarter Gas Cost Report on Commodity Cost Reconciliation Account (CCRA), Midstream Cost Reconciliation Account (MCRA), and Biomethane Variance Account (BVA) balances, for the Lower Mainland, Inland and Columbia Service Areas (2013 Fourth Quarter Report);
- D. The 2013 Fourth Quarter Report requested approval of the CMAE Budget for 2014 in the amount of \$4,672,200 as set out in Tab 1, Page 1 of the 2013 Fourth Quarter Report (the Application). The 2014 budgeted amount represents an increase of \$633,000 over the 2013 projected CMAE;
- E. The CMAE is allocated 10 percent to FortisBC Energy (Vancouver Island) Inc. and 90 percent to FEI gas cost recovery accounts, respectively;
- F. On November 29, 2013, the Commission issued Order G-201-13 approving the requested rate changes as outlined in the 2013 Fourth Quarter Report and determined that, given the nature of the costs included in the CMAE and the significant increase in the 2014 budgeted amount over the 2013 projected amount. The request to approve the 2014 CMAE Budget is more appropriately reviewed in a regulatory review process separate from the review of the 2013 Fourth Quarter Report;

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- G. On December 19, 2013, the Commission issued Order G-225-13 establishing a separate written hearing process with one round of Information Requests for review of the FEI request for approval of the proposed CMAE Budget for 2014, and for consideration of the appropriate regulatory review and approval process for future CMAE budgets;
- H. Three parties registered as Interveners in the proceeding: The British Columbia Pensioners' and Seniors' Organization *et al* (BCPSO), the Commercial Energy Consumers Association of British Columbia (CEC) and the Canadian Office of Professional Employees Union – Local 378 (COPE 378); and
- I. The Commission reviewed and considered the proposed 2014 CMAE Budget filed as part of the 2013 Fourth Quarter Report, the evidence and submissions of the parties, and determines the proposed 2014 CMAE Budget should be approved with certain modifications and sets out the reporting and regulatory review process going forward.

NOW THEREFORE pursuant to section 61 of the *Utilities Commission Act* and for the reasons contained in the Decision to which this Order is attached, the Commission determines as follows:

- 1. A 2014 Core Market Administration Expense (CMAE) Budget is approved for \$4,344,200.
- 2. The appropriate review process for the CMAE Budget is as part of the FortisBC Energy Inc. (FEI) Revenue Requirements Application. The CMAE Budget review and approval process is to be included within the FEI Revenue Requirements Application starting with the next such application filed by FEI.
- 3. Until such time as FEI files its next revenue requirements application, FEI is directed to submit future CMAE budgets separately to the Commission at least two weeks prior to the fourth quarter gas cost report to allow the Commission sufficient time to review the CMAE Budget and to determine if there are sufficient variances from the previous CMAE Budget to warrant a more fulsome review.
- 4. FEI is directed to file future CMAE budgets and the CMAE component of the year end Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account) status reports using the templates in Appendix A to the Decision.

DATED at the City of Vancouver, In the Province of British Columbia, this 18th day of June, 2014.

BY ORDER

Original signed by:

B.A. Magnan
Panel Chair/Commissioner