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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-94-13**

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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 Second Quarter Gas Costs Report
and Rate Changes effective July 1, 2013
for the Lower Mainland, Inland and Columbia Service Areas

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
N.E. MacMurchy, Commissioner
B.A. Magnan, Commissioner June 13, 2013
D.M. Morton, Commissioner
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. By Order G-26-12 dated March 9, 2012, the British Columbia Utilities Commission (Commission) approved a decrease in the Commodity Cost Recovery Charge for sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas to a rate of \$2.977/gigajoule (GJ), effective April 1, 2012;
- B. On June 6, 2013, FortisBC Energy Inc. (FEI) filed its 2013 Second Quarter 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 that were based on the five-day average May 15, 16, 17, 20, and 21, 2013 forward gas prices (the 2013 Second Quarter Report);
- C. By Letter L-40-11 dated May 19, 2011, the Commission revised the guidelines (Guidelines) for the review of quarterly gas costs and rate setting mechanisms that were originally established by Letter L-5-01;
- D. The 2013 Second Quarter Report forecast that commodity cost recoveries at the existing rate would be 76.1 percent of costs for the following 12 months, and the tested rate increase related to the forecast under recovery of gas costs would be \$0.936/GJ, which exceeds the rate change threshold indicating that a change to the commodity rate is required, effective July 1, 2013;

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- E. The 2013 Second Quarter Report forecast a MCRA balance at existing rates of approximately \$18 million surplus after tax at December 31, 2013, and a balance of approximately \$8 million surplus after tax at December 31, 2014;
- F. The 2013 Second Quarter Report forecast a BVA balance, based on the existing rates and after adjustment for the value of unsold biomethane volumes at December 31, 2013, of approximately \$64 thousand deficit after tax, and a balance at December 31, 2014, of approximately \$420 thousand deficit after tax;
- G. FEI requested that the biomethane project cost information in Tab 4, at Pages 4.1 and 4.2 of the 2013 Second Quarter Report, be held confidential on the basis that it contains market sensitive information;
- H. FEI requested approval to flow-through an increase of \$0.936/GJ to the Commodity Cost Recovery Charge from \$2.977/GJ to \$3.913/GJ for natural gas sales rate class customers in the Lower Mainland, Inland, and Columbia Service Areas, effective July 1, 2013;
- I. The Commodity Cost Recovery Charge would increase Lower Mainland Rate Schedule 1 rates by \$0.936/GJ, which is equivalent to an increase of approximately \$89 or 10.0 percent per year for a typical residential customer's annual bill based on an average annual consumption of 95 GJ;
- J. The Commission has reviewed the 2013 Second Quarter Report within the context of the Guidelines and considers the requested rate change is warranted.

NOW THEREFORE pursuant to section 61(4) of the *Utilities Commission Act*, the Commission orders as follows:

- 1. The requested increase to the Commodity Cost Recovery Charges is approved for sales rate classes within the Lower Mainland, Inland, and Columbia Service Areas to a rate of \$3.913/GJ, effective July 1, 2013, as set out in the 2013 Second Quarter Report.
- 2. FortisBC Energy Inc. must notify all affected customers of the rate change by way of a bill insert or bill message to be submitted to the Commission prior to its release with the next monthly gas billing.
- 3. The Commission will hold the information in Tab 4, at Pages 4.1 and 4.2 of the 2013 Second Quarter Report confidential as requested by FEI to protect commercially sensitive information.

DATED at the City of Vancouver, In the Province of British Columbia, this 13th day of June 2013.

BY ORDER

Original signed by:

D.M. Morton
Commissioner