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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-103-14**

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

and

**An Application by Sun Peaks Utilities Co., Ltd.
For Approval of a Commodity Rate Increase**

BEFORE:

D.M. Morton, Commissioner
H.G. Harowitz, Commissioner
K.A. Keilty, Commissioner
N.E. MacMurchy, Commissioner
I.F. MacPhail, Commissioner
B.A. Magnan, Commissioner
R.D. Revel, Commissioner

July 24, 2014

O R D E R

WHEREAS:

- A. By Order G-15-13 dated January 31, 2013, the British Columbia Utilities Commission (the Commission) approved a decrease in the Gas Commodity Charge – Propane to \$11.000 per gigajoule for the Sun Peaks Utilities Co., Ltd. (Sun Peaks) service area effective February 1, 2013;
- B. On June 10, 2014, Sun Peaks filed an application (Original Application) for an increase in the Total Gas Commodity Charge, effective July 1, 2014. At April 30, 2014, the balance in the Commodity portion of the Gas Cost Recovery Account (GCRA) is estimated to be a deficit of \$381,645 and the balance in the Storage portion of the GCRA is estimated to be a surplus of \$88,742 for a total net GCRA balance of \$292,903 deficit;
- C. The commodity rate increase requested by Sun Peaks in the Original Application is composed of:
- i. an increase of \$5.560 per gigajoule in the Gas Commodity Charge – Propane rate from \$11.000 to \$16.560/GJ;
 - ii. re-instatement of the Gas Commodity Charge – GCRA rate rider at \$1.030/GJ; and
 - iii. a decrease of \$1.65/GJ to the Gas Commodity Charge – Storage rate from \$3.350/GJ to \$1.700/GJ
- as a result of current and forecast propane commodity costs, current and forecast propane consumption levels, and to maintain the current GCRA at appropriate levels. The proposed rate changes included the amortization of the outstanding commodity related GCRA balance over a period of five years and amortization of the outstanding storage related GCRA balance over twenty-two months;
- D. On June 27, 2014, the Commission issued an Information Request to Sun Peaks;
- E. On July 11, 2014, Sun Peaks filed its response to the Commission Information Request and filed a revised application (Revised Application). In the Revised Application Sun Peaks seeks approval for:

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- i. an increase of \$5.560 per gigajoule in the Gas Commodity Charge - Propane rate from \$11.000 to \$16.560/GJ;
- ii. re-instatement of the Gas Commodity Charge – GCRA rate rider at \$2.079/GJ; and
- iii. a decrease of \$2.0632/GJ to the Gas Commodity Charge – Storage rate from \$3.350/GJ to \$1.2868/GJ.

The proposed rate changes include the amortization of the outstanding commodity related GCRA balance over a period of two years and amortization of the outstanding storage related GCRA balance over one year;

- F. The net Total Gas Commodity Charge increase requested in the Revised Application will increase the annual bill for a typical customer by approximately 19.3 percent for a townhouse, 28.8 percent for a detached house, 31.2 percent for a small commercial customer, 31.5 percent for a large commercial customer and 31.9 percent for a large hotel;
- G. The Commission reviewed the Original Application, the responses to the Commission Information Request and the Revised Application and finds that the requested changes to customer rates set out in the Revised Application are warranted.

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

1. The requested increase in the Sun Peaks Utilities Co., Ltd. (Sun Peaks) Gas Commodity Charge – Propane from \$11.000/GJ to \$16.560/GJ, effective July 1, 2014 is approved.
2. The requested re-instatement of the Sun Peaks Gas Commodity Charge – GCRA rate rider at \$2.0790/GJ, effective July 1, 2014 is approved.
3. The requested decrease in the Sun Peaks Gas Commodity Charge – Storage from \$3.350/GJ to \$1.2868/GJ, effective July 1, 2014 is approved.
4. Sun Peaks Utilities Co., Ltd. is to inform its customers of the approved rates in a timely fashion, by way of a customer notice.
5. Sun Peaks Utilities Co., Ltd. is directed to file a report with the Commission by November 16, 2014 on the Gas Cost Recovery Account balances, updated forecast propane costs for the following 12 months and, if necessary, proposed changes to commodity rates to be effective December 1, 2014. The report should also include an update on the status of options being evaluated to convert the community of Sun Peaks to natural gas and the need for any commodity rate changes taking into account the likelihood and timing of this potential conversion. If a conversion is likely within the following twelve months, Sun Peaks Utilities Co., Ltd. should describe its plans for transitioning the Gas Commodity Charge and outstanding GCRA balances from a propane based system to a natural gas based system, including the treatment of all commodity related costs.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of July 2014.

BY ORDER

Original signed by:

D.M. Morton
Commissioner