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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-138-14**

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

and

**Application by FortisBC Energy Inc.
for Approval of a Multi-Year Performance Based Ratemaking Plan
for the years 2014 through 2018**

BEFORE: D.M. Morton, Panel Chair/Commissioner
D.A. Cote, Commissioner September 15, 2014
N.E. MacMurchy, Commissioner

O R D E R

WHEREAS:

- A. On June 10, 2013, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (Commission) for approval of a proposed multi-year Performance Based Ratemaking (PBR) plan for the years 2014 through 2018, and for approval of a permanent natural gas delivery rate increase of approximately 0.7 percent as compared to 2013 permanent delivery rates effective January 1, 2014, pursuant to sections 59 to 61 of the *Utilities Commission Act* (Act) (Application);
- B. FEI seeks, among other things, approvals relating to:
- Allocation of costs for corporate and shared services;
 - Discontinuation, continuation and creation of deferral accounts and the amortization and disposition of balances in deferral accounts;
 - A Rate Stabilization Adjustment Mechanism rider for applicable rate classes for 2014 as set out in the Application;
- C. FEI, FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. (together, the FortisBC Energy Utilities) seek acceptance of Energy Efficiency and Conservation expenditures pursuant to section 44.2 of the Act;
- D. On July 16, 2013, FEI filed an Evidentiary Update (Exhibit B-1-3), on September 6, 2013, FEI filed a second Evidentiary Update (Exhibit B-15), and on February 21, 2014, FEI filed a third Evidentiary Update (Exhibit B-1-5). In Exhibit B-1-5, FEI requests for approval of a permanent natural gas delivery rate increase of approximately 0.6 percent as compared to 2013 permanent delivery rates effective January 1, 2014;

- E. By Order G-99-13 on June 21, 2013, the Commission established a Preliminary Regulatory Timetable for review of the FEI Application that included two rounds of Information Requests (IRs) and a Procedural Conference;
- F. On September 5, 2013, a Procedural Conference was held jointly with FEI's affiliate, FortisBC Inc. (FBC), who has also applied for approval of a PBR plan by the Commission. The Procedural Conference considered the regulatory process for both the FEI and FBC applications and the possibility of combining some parts or all of the two proceedings;
- G. By Order G-150-13, the Commission amended the Regulatory Timetables and established an Oral Hearing to review PBR related issues to be held jointly with FBC. The Commission also approved a 0.7 percent rate increase on interim and refundable basis for FEI, effective January 1, 2014;
- H. The Regulatory Timetable for review of the Application was further amended by Orders G-164-13, G-205-13, G-218-13, G-7-14, and G-9-14;
- I. The Oral Hearing on PBR issues commenced on March 10, 2014 and was completed on March 18, 2014;
- J. Between April 25, 2014 and May 22, 2014, FEI and Interveners filed their Final Submissions on both the PBR and Non PBR issues. On June 12, 2014, FEI filed its Reply Submissions on PBR and Non PBR issues.
- K. On June 19, 2014, the Commission Panel issued Panel IR No. 1 and an Oral Argument Regulatory Timetable for the Panel IRs, related responses, and the Panel's additional topics to be addressed in Oral Argument;
- L. On July 14, 2014, the Commission Panel held the Oral Argument Phase to address Panel IRs, related responses, and the Panel's additional topics;
- M. The Commission has considered the FEI Application, the evidence and submissions by all parties in this proceeding and provides its Reasons for Decision issued concurrently with this Order.

NOW THEREFORE the Commission, for the reasons stated in the Decision, orders as follows:

1. Pursuant to sections 59 to 61 of the *Utilities Commission Act*:
 - a) An amended Performance Based Rate-making mechanism for setting rates for period 2014 to 2019 is approved.
 - b) An increase of 0.6 percent compared to 2013 delivery rates, with the increase to be applied to the delivery charge, holding the basic charge at 2013 levels is not approved.

- c) A Rate Stabilization Adjustment Mechanism rider credit amount of \$0.120/GJ for customers served under FortisBC Energy Inc. (FEI) Rate Schedules 1, 1B, 1S, 1X, 2, 2B, 2U, 2X, 3, 3B, 3U, 3X and 23, effective January 1, 2014, as set out in Section E Schedule 63 of the Application is approved.
 - d) Discontinuance, modification, and creation of deferral accounts, and the amortization and disposition of balances of deferral accounts, as modified by the Decision, are approved.
 - e) Changes to the accounting policies to be used in the determination of rates for FEI as set out in the Application, as modified by the Decision, are approved, effective January 1, 2014.
 - f) Continuation of the debiting of the MCRA and crediting of the delivery margin revenue in the amount of \$3.6 million per year for the 2014-2018 PBR Period as set out in Section C2.3 of the Application is approved.
 - g) Allocation of costs for corporate services between FortisBC Holdings Inc. and FEI and for Shared Services as between FEI and FortisBC Energy (Vancouver Island) Inc., and between FEI and FortisBC Energy (Whistler) Inc. (FEW), as reflected in the Corporate Services Agreement and Shared Service Agreements as described in Section D3.6 of the Application is approved.
- 2. Pursuant to section 44.2 of the *Utilities Commission Act*, Energy Efficiency and Conservation (EEC) expenditures (excluding inflation) of \$34.353 million in 2014, \$36.537 million in 2015, \$35.839 million in 2016, \$35.388 million and in 2017 and \$35.874 million in 2018.
 - 3. FEI is directed to resubmit its financial schedules incorporating all the adjustments as outlined in the Decision, within 60 days of this Order.
 - 4. The Commission will accept, subject to timely filing, amended Tariff Rate Schedules which conform to the Decision.
 - 5. FEI is to provide notice of the rate change to customers via a bill message, to be reviewed in advance by Commission staff to confirm compliance with this Order.
 - 6. FEI must comply with all other directives contained in the Decision issued concurrently with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of September of 2014.

BY ORDER

Original signed by:

D.M. Morton
Commissioner/Panel Chair