



**ORDER NUMBER**

**G-84-19**

**IN THE MATTER OF**

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Alternative Energy Services Inc.

Application for Approval of the Fiscal 2018/2019 Revenue Requirements and Cost of Service Rates  
for the Thermal Energy Service to Delta School District No. 37

**BEFORE:**

W. M. Everett, QC, Panel Chair/Commissioner

A. K. Fung, QC, Commissioner

M. Kresivo, QC, Commissioner

on April 16, 2019

**ORDER**

**WHEREAS:**

- A. On February 8, 2018, pursuant to sections 59-61 of the *Utilities Commission Act* (UCA), FortisBC Alternative Energy Services Inc. (FAES) applied to the British Columbia Utilities Commission (BCUC) for approval of its revenue requirements and rates for the thermal energy service to Delta School District No. 37 (DSD). FAES applies to switch from the current market rate to the cost of service (COS) rate (COS Rate) of \$0.223 per kilowatt-hour (kWh), effective July 1, 2018, for the fiscal and contract year from July 1, 2018 to June 30, 2019 (Application);
- B. On April 5, 2018, pursuant to Order G-56-18, a procedural conference was held to address issues related to the appropriate level of intervention in the proceeding, the appropriate regulatory process, and whether the BCUC should approve interim rates at FAES' proposed COS Rate effective July 1, 2018. FAES and DSD attended and made submissions at the procedural conference;
- C. By Orders G-77-18, G-83-18, G-118-18, G-228-18 and G-31-19, the BCUC established a regulatory timetable which included the following: intervener registration; BCUC and intervener information requests (IRs) on the Application; the filing of DSD evidence; BCUC and FAES IRs on DSD's evidence; the filing of rebuttal evidence by FAES; BCUC and DSD IRs on FAES' rebuttal evidence; and written final and reply arguments. The BCUC also approved the existing market rate mechanism and resulting market rate on an interim and refundable basis, effective July 1, 2018;
- D. On February 15, 2019, by Order G-36-19, the BCUC further amended the regulatory timetable to provide DSD and FAES the opportunity to submit supplementary final and reply arguments on a potential phase-in of the COS Rate;

- E. Based on FAES and DSD's supplementary arguments, the BCUC issued a letter dated March 6, 2019 seeking clarification from DSD. FAES was provided an opportunity to reply to DSD's clarifying submission; and
- F. The BCUC has reviewed the evidence and arguments in the proceeding and makes the following determinations.

**NOW THEREFORE** pursuant to sections 59-61 of the UCA, for the reasons provided in the decision issued concurrently with this order, the BCUC orders as follows:

1. The Market Rate, which was approved on an interim basis by Order G-77-18, is made permanent, effective July 1, 2018.
2. The switch from the Market Rate to the COS Rate is approved, effective July 1, 2019.
3. The difference between the actual Annual Cost of Service and the revenues collected for the Fiscal 2018/19 fiscal and contract year, plus an amount for Allowance for Funds Used During Construction (AFUDC), is to be recorded in the District Deferral Account (DDA) for recovery over the remaining years of the Rate Development Agreement (RDA) term, beginning July 1, 2019.
4. FAES is directed to file the following on or before May 31, 2019:
  - a. Tariff pages reflecting the permanent Market Rate effective July 1, 2018 in compliance with the terms of this order; and
  - b. An application for approval of the Fiscal 2019/20 Annual Cost of Service and COS Rate, which includes the information contained in Appendix A to the Application, updated for Fiscal 2019/20. FAES must include a breakdown and description of the forecast 2019/20 Annual Cost of Service and the financial schedules showing the actual 2012/13 through 2017/18 results, projected 2018/19 results and the forecast for 2019/20.
5. FAES is directed to comply with all of the directives stated in the decision issued concurrently with this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 16<sup>th</sup> day of April 2019.

BY ORDER

*Original signed by:*

W. M. Everett, QC  
Commissioner