



**ORDER NUMBER
G-306-19**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Application regarding its 2019 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2020
for the Mainland and Vancouver Island Service Area

BEFORE:

B. A. Magnan, Commissioner
T. A. Loski, Commissioner
R. D. Revel, Commissioner

on November 28, 2019

ORDER

WHEREAS:

- A. On November 20, 2019, FortisBC Energy Inc. (FEI) filed its 2019 Fourth Quarter Report on Commodity Cost Reconciliation Account (CCRA), Midstream Cost Reconciliation Account (MCRA), Biomethane Energy Recovery Charge (BERC) Rates, and Biomethane Variance Account (BVA) Annual Report for the Mainland and Vancouver Island Service Area based on the five-day average November 5, 6, 7, 8, and 12, 2019 forward gas prices (Report);
- B. The British Columbia Utilities Commission (BCUC) established guidelines for gas cost rate setting in Letter L-5-01 dated February 5, 2001, and further modified the guidelines in Letter L-40-11 dated May 19, 2011 and Letter L-15-16 dated June 16, 2015 (together the Guidelines);
- C. By Order G-133-16 dated August 12, 2016, the BCUC directed FEI to file the BVA Annual Report concurrently with the fourth quarter CCRA and MCRA report setting out the Short Term BERC Rate and Long Term BERC Rate to be effective January 1st of each year;
- D. By Order G-173-17 dated November 30, 2017, the BCUC established the current Commodity Cost Recovery Charge January 1, 2018;
- E. By Order G-230-18 dated December 4, 2018 and Order G-9-19 dated January 16, 2019, the BCUC established the current midstream related charges and biomethane related charges effective January 1, 2019;
- F. In the Report, using the five-day average forward prices ending November 12, 2019, the CCRA balance is projected to be approximately \$16 million surplus after tax as of December 31, 2019. FEI calculates the CCRA

recovery-to-cost ratio at the existing rate would be 94.1 percent for the following 12 months, and the tested rate increase related to the forecast over recover of gas costs would be \$0.097/GJ of which falls within the minimum rate change thresholds set out in the Guidelines indicating that a change to the Commodity Cost Recovery Charge is not required at this time;

- G. FEI calculates the existing Storage and Transport Charges will over recover the midstream costs in 2020 by approximately \$61 million, and requests approval to flow-through decreases to the Storage and Transport Charge rates as set out in the Report in the schedule at Tab 2, Page 7;
- H. FEI calculates a MCRA balance at existing rates of approximately \$14 million surplus after tax at December 31, 2019. Based on the one-half amortization of the MCRA cumulative balances in the following year's rates, FEI requests approval to set MCRA Rate Rider 6 applicable to the sales rate classes, effective January 1, 2020, as set out in the Report in the schedule at Tab 2, Page 7;
- I. The Report requests approval to increase the Short Term Contracts BERC Rate by \$0.248/GJ, from \$10.287/GJ to \$10.535/GJ, and to maintain the Long Term Biomethane Contract Rate at \$10.00/GJ effective January 1, 2020 in accordance with Order G-133-16;
- J. The combined effects of the FEI Application for Approval of 2020 Rates on an Interim Basis, the FEI Application for Approval of the Biomethane Variance Account and the Revenue Stabilization Adjustment Mechanism Rate Riders, effective January 1, 2020, and the proposed changes to the midstream related charges (Storage and Transport Charge and MCRA Rate Rider 6) as requested in the Report would decrease the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately \$18 or 2.2 percent; and
- K. The BCUC reviewed the Report and considers that the requested rate changes are warranted, and that Tab 4, Pages 4C, 5C, and 6C of the Report should be held confidential as requested by FEI, as they contain market sensitive information.

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

1. The Commodity Cost Recovery Charge applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area, effective January 1, 2020, is to remain unchanged at \$1.549/GJ.
2. The Storage and Transport Charges applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area, effective January 1, 2020, are approved. The Storage and Transport Charge changes are set out in Appendix A of this Order.
3. The Midstream Cost Reconciliation Account Rate Rider 6 applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland (excluding Revelstoke), and Vancouver Island Service Area, effective January 1, 2020, are approved. The requested Midstream Cost Reconciliation Account Rate Rider 6 changes are set out in Appendix A of this Order.
4. The Biomethane Energy Recovery Charge applicable to all biomethane rate schedules within the Mainland and Vancouver Island Service Area is to increase from \$10.287/GJ to \$10.535/GJ effective January 1, 2020.
5. The Long Term Biomethane rate remains unchanged at \$10.00/GJ effective January 1, 2020.

6. The information in Tab 4, Pages 4C, 5C, and 6C of the Report will be held confidential as requested by FEI as it contains market sensitive information.
7. FEI is directed to notify all customers that are affected by the rate changes with a bill insert or bill message to be included with the next monthly gas billing.
8. FEI is directed to file revised tariff pages with the BCUC within 15 days of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of November 2019.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachment

FortisBC Energy Inc.
Application regarding its 2019 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2020
for Mainland and Vancouver Island Service Area

Midstream rate changes applicable to FortisBC Energy Inc. – Mainland and Vancouver Island Service Area
Effective January 1, 2020

**Midstream rates changes applicable to FortisBC Energy Inc. - Mainland and Vancouver Island Service Area
effective January 1, 2020**

		Residential		Commercial		Seasonal		General Firm Service		NGV		General Interruptible		LNG Service
	(\$/GJ)	RS-1		RS-2		RS-3		RS-5		RS-6		RS-7		RS-46
Storage and Transport Charges														
Effective January 1, 2019	\$	1.485	\$	1.490	\$	1.245	\$	1.029	\$	0.469	\$	1.029	\$	1.029
Flow-through changes		(0.398)		(0.387)		(0.325)		(0.313)		(0.132)		(0.313)		(0.313)
Proposed for January 1, 2020	\$	1.087	\$	1.103	\$	0.920	\$	0.716	\$	0.337	\$	0.716	\$	0.716
MCRA Rate Rider 6														
Effective January 1, 2019	\$	(0.023)	\$	(0.023)	\$	(0.019)	\$	(0.016)	\$	(0.007)	\$	(0.016)	\$	(0.016)
Flow-through changes		(0.045)		(0.046)		(0.039)		(0.029)		(0.014)		(0.029)		(0.029)
Proposed for January 1, 2020	\$	(0.068)	\$	(0.069)	\$	(0.058)	\$	(0.045)	\$	(0.021)	\$	(0.045)	\$	(0.045)