



**ORDER NUMBER
G-231-20**

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

and

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

BEFORE:

B. A. Magnan, Panel Chair
C. Brewer, Commissioner
E. B. Lockhart, Commissioner
R. I. Mason, Commissioner

on September 10, 2020

ORDER

WHEREAS:

- A. On September 2, 2020, FortisBC Energy Inc. (FEI) filed its 2020 Third Quarter Gas Cost Report on the Commodity Cost Reconciliation Account (CCRA) and Midstream Cost Reconciliation account (MCRA) for the Mainland and Vancouver Island service area based on a five-day average of August 17, 18, 19, 20 and 21, 2020 forward gas prices (five-day average forward prices ending August 21, 2020) (altogether, the Third Quarter Gas 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 (together the Guidelines). Letter L-5-01 also states that the Guidelines are a general guideline only, and that nothing in the Guidelines precludes a utility from filing applications for rate changes at times other than those suggested by the Guidelines or proposing alternate treatment of the Gas Cost Reconciliation Account balance in unusual circumstances;
- C. By Order G-189-20 dated July 16, 2020, the BCUC approved the current Commodity Cost Recovery Charge (CCRC) for the Mainland and Vancouver Island service area at \$2.279 per gigajoule (GJ) effective August 1, 2020;
- D. Using the five-day average forward prices ending August 21, 2020, the CCRA is projected to have an after-tax deficit balance of approximately \$8 million at September 30, 2020. FEI calculates the CCRA recovery-to-cost ratio at the existing rate to be 80.1 percent for the following 12 months, and the tested rate increase required to produce a 100 percent commodity recovery-to-cost ratio to be \$0.565/GJ. Therefore, as both

the recovery-to-cost ratio and minimum rate change each fall outside their respective thresholds as set by the Guidelines, a change to the CCRC is indicated, effective October 1, 2020;

- E. The proposed CCRC rate increase of \$0.565/GJ increases the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately \$51 or 5.9 percent; and
- F. The BCUC has reviewed the Third Quarter Gas Report and considers that an increase to the CCRC is warranted.

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

- 1. The BCUC approves the CCRC applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island service area to increase by \$0.565/GJ, from \$2.279/GJ to \$2.844/GJ, effective October 1, 2020.
- 2. FEI will 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.
- 3. FEI is directed to file with the BCUC revised tariff pages within 15 days of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of September 2020.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner