



**ORDER NUMBER
G-319-20**

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

and

FortisBC Energy Inc.
Annual Review for 2020 and 2021 Delivery Rates

BEFORE:

A. K. Fung, QC, Panel Chair
W. M. Everett, QC, Commissioner
K. A. Keilty, Commissioner

on December 8, 2020

ORDER

WHEREAS:

- A. On June 22, 2020, the British Columbia Utilities Commission (BCUC) issued its Decision and Orders G-165-20 approving a Multi-Year Rate Plan (MRP) for 2020 through 2024 (2020-2024 MRP Decision) for FortisBC Energy Inc. (FEI) and G-166-20 for FortisBC Inc. (FBC) respectively. In accordance with the 2020-2024 MRP Decision, FEI is to conduct an annual review (Annual Review) process to set the delivery rates for each year;
- B. By Order G-302-19, the BCUC, subject to the pending 2020-2024 MRP Decision, approved a 2.0 percent increase in its delivery rates over FEI's 2019 delivery rates on an interim and refundable/recoverable basis, effective January 1, 2020;
- C. By letter dated July 20, 2020, FEI proposed a regulatory timetable for the Annual Review of its 2020 and 2021 delivery rates;
- D. By Order G-209-20 dated August 10, 2020, the BCUC established the regulatory timetable for the Annual Review for FEI's 2020 and 2021 delivery rates, which included FEI filing its Annual Review materials, intervener registration, one round of information requests, a workshop, FEI's response to undertakings at the workshop, and written final and reply arguments;
- E. On August 12, 2020, FEI submitted its materials for the Annual Review for 2020 and 2021 Delivery Rates Application (Application). In the Application, proposed FEI's revenue requirements for 2020 result in a delivery rate increase of 3.27 percent over the 2019 delivery rates. FEI requests approval to make the existing 2020 interim rate permanent, effective January 1, 2020, and to capture the revenue deficiency greater than the 2 percent delivery rate increase already incorporated in the interim rate in the existing 2017 & 2018 Revenue Surplus deferral account as an offset to prior years' revenue surpluses;

- F. The Application also requests approval of a delivery rate increase of 6.59 percent over the 2020 delivery rate, effective January 1, 2021, after drawing down the remainder of the 2017 & 2018 Revenue Surplus deferral account; and
- G. The BCUC has reviewed the Application, evidence and arguments filed in the proceeding and considers the following order is warranted.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, for the reasons for decision issued concurrently with this order, the BCUC orders as follows:

1. FEI's 2020 interim delivery rate increase of 2.00 percent is approved as permanent, effective January 1, 2020.
2. FEI is approved to recover the 2021 revenue requirement and the resultant delivery rate changes on a permanent basis, effective January 1, 2021, as filed in the Application, subject to any adjustments identified by FEI during the regulatory process and from any directives or determinations made in the reasons for decision issued concurrently with this order.
3. The following FEI deferral account treatments are approved:
 - a. Creation of rate base deferral accounts for the following regulatory proceedings:
 - i. The Annual Reviews for 2020 to 2024 Rates, with the costs of each annual review to be amortized in the subsequent year;
 - ii. 2022 Long-Term Gas Resource Plan, with the amortization period to be determined in a future proceeding;
 - iii. BCUC Initiated Inquiries, with balances to be amortized in the subsequent years; and
 - iv. The City of Coquitlam Application Proceeding to capture the costs related thereto for amortization over one year, beginning January 1, 2021;
 - b. The previously approved 2020 Revenue Requirements Application deferral account is renamed to the 2020-2024 MRP Application deferral account, to be amortized over the five-year period beginning January 1, 2021; and
 - c. Draw down of the 2017 & 2018 Revenue Surplus deferral account in the amount of \$10.338 million before tax in 2020 and \$35.287 million before tax in 2021, which will bring the account balance to zero.
4. A Biomethane Variance Account Rate Rider for 2021 in the amount of \$0.022 per gigajoule (GJ) as calculated in Section 10.2.1 of the Application is approved.
5. Revenue Stabilization Adjustment Mechanism riders for 2021 in the amount of \$0.087 per GJ as calculated in Section 10.2.2 of the Application is approved.
6. FEI is approved to continue debiting of the Midstream Cost Reconciliation Account (MCRA) and crediting of Other Revenue in the amount of \$300 thousand per month for the period of January 1, 2020 to October 31, 2020 as described in section 5.3.2 of the Application.
7. Effective November 1, 2020 and for the duration of the MRP term, FEI is approved to debit the MCRA and credit Other Revenue in the amount of \$346.617 per MMcf, as described in Section 5.3.2 of the Application.

8. The 2021 Core Market Administration Expense (CMAE) budget of \$5,524 thousand, as set out in Schedule 1 in Appendix B of the Application, and the continued allocation of the CMAE costs in 2021 between FEI's Commodity Cost Reconciliation Account and MCRA based on the allocation percentages of 30 percent and 70 percent, respectively, are approved.
9. FEI is directed to include, in its next revenue requirements or MRP application following the MRP term, a comprehensive review of the CMAE costs including consideration of whether these costs are conducive to a formulaic approach or whether they should continue to be forecast with flow-through treatment, and whether the current allocation percentages to the CCRA and MCRA remain appropriate.
10. FEI is approved to record COVID-19 incremental costs and related savings from 2020 and 2021 into the previously approved COVID-19 Customer Recovery Fund Deferral Account as discussed in Section 12.2.1 of the Application.
11. FEI is directed to comply with all reporting requirements outlined in the reasons for decision issued concurrently with this order.
12. FEI is directed to file as a compliance filing the finalized financial schedules for 2021 no later than 10 days from the date of the issuance of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 8th day of December 2020.

BY ORDER

Original signed by:

A. K. Fung, Q.C.
Commissioner