



**ORDER NUMBER
G-202-21**

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

and

Stargas Utilities Ltd.
Application for Reconsideration of Delivery Rate and Regulatory Account Application
Decision and Order G-158-21

BEFORE:

A. K. Fung, QC, Panel Chair
C. M. Brewer, Commissioner

on June 30, 2021

ORDER

WHEREAS:

- A. On September 22, 2020, Stargas Utilities Ltd. (Stargas) filed an application to the British Columbia Utilities Commission (BCUC) seeking interim and permanent approval to decrease its delivery rate from \$5.77 per gigajoule (GJ) to \$4.59 per GJ, effective November 1, 2020, among other requests (2021 RRA);
- B. On May 25, 2021, the BCUC issued its decision and the accompanying Order G-158-21 on the Stargas 2021 RRA, which approved a delivery rate of \$4.21 per GJ for all ratepayers on a permanent basis, effective November 1, 2020, among other things (2021 RRA Decision). The approved rate of \$4.21 per GJ was based on a 2021 revenue requirement of \$202,939 and load forecast of 48,250 GJ of natural gas;
- C. On May 27, 2021, Stargas filed a request for reconsideration and variance of Order G-158-21 as it relates to Directives 1 and 8 pertaining to the approved delivery rate, and the credit balance and amortization of the New Services Installations regulatory account as detailed in Tables 7 and 8 of the 2021 RRA Decision. The reconsideration request was corrected with supplemental information on June 5, 2021 (together, the Reconsideration Application);
- D. In the Reconsideration Application, Stargas submits that the calculation in Table 7 of the 2021 RRA Decision includes an error in the determination of incremental revenues associated with new service installations and fails to correctly account for costs incurred in generating that incremental revenue. As a result, the delivery rate approved by Order G-158-21, as set out in Table 8, of the 2021 RRA Decision is incorrect;
- E. Stargas proposes that the difference between the delivery rate approved by Order G-158-21 and the delivery rate approved by the BCUC at the time it renders its final decision on the Reconsideration Application is either:

- a) Added to the FortisBC Energy Inc. (FEI) non-rate base deferral account, which is entitled the “Stargas Assets Acquisition Deferral Account”, that is requested in the FEI and Stargas Joint Application for Approval of an Asset Disposition and a Certificate of Public Convenience and Necessity to Facilitate the Transfer of Natural Gas Utility Assets from Stargas to FEI; or
 - b) Retroactively recovered from all Stargas’ current ratepayers;
- F. By letter dated June 9, 2021, the Panel established one round of BCUC Staff Questions to Stargas and invited interested parties and registered interveners in the Stargas 2021 RRA proceeding to provide written comments regarding their position on the Reconsideration Application;
- G. On June 14, 2021, Stargas submitted responses to BCUC Staff Questions regarding the Reconsideration Application stating that the credit balance in the New Services Installations regulatory account from Table 7 of the 2021 RRA Decision should have been \$15,000 instead of \$31,000. The amortization of the revised balance of the New Services Installations regulatory account (\$15,000) in the 2021 Revenue Requirement and the 2021 delivery rate has the effect of increasing the 2021 delivery rate as approved by Order G-158-21 by \$0.33, from \$4.21 per GJ as it was set out in Table 8 of the 2021 RRA Decision, to \$4.54 per GJ;
- H. No comments on the Reconsideration Application were received; and
- I. The BCUC has reviewed the Reconsideration Application and evidence filed in the proceeding and determines that a variance to Order G-158-21 to reflect the error in the calculation detailed in Table 7 of the 2021 RRA Decision and the resulting 2021 delivery rate in Table 8 is warranted.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act* and section 25.02 of the BCUC Rules of Practice and Procedure, the BCUC orders as follows:

1. Table 7 of the 2021 RRA Decision is replaced in its entirety by the amended Table 7 attached in Appendix A to this order.
2. Table 8 of the 2021 RRA Decision is replaced in its entirety by the amended Table 8 attached in Appendix A to this order.
3. Directive 1 of Order G-158-21 is varied to state “Stargas is approved to charge a delivery rate of \$4.54 per GJ to all ratepayers on a permanent basis, effective November 1, 2020, as set out in the amended Table 8 of Order G-202-21.”
4. Directive 8 of Order G-158-21 is varied to state “Stargas is directed to record a credit of \$15,000 in the previously directed New Services Installations regulatory account, and to amortize the full balance in the 2021 Revenue Requirement and 2021 delivery rate, effective November 1, 2020, as set out in the amended Table 8 of Order G-202-21.”
5. Directive 3 of Order G-158-21 is varied to state “Stargas’ request to record the approved 2021 CMI regulatory costs in a regulatory account and to defer the recovery mechanism until a future application is denied. Stargas is directed to include \$17,500 of forecast 2021 CMI regulatory costs in the 2021 Revenue Requirement and 2021 delivery rate, effective November 1, 2020, as set out in the amended Table 8 of Order G-202-21.”

6. Directive 7(b) of Order G-158-21 is varied to state “Stargas is directed to include the full amortization of the regulatory account in the 2021 Revenue Requirement and 2021 delivery rate, effective November 1, 2020, as set out in the amended Table 8 of Order G-202-21.”
7. Stargas is directed to collect from all Stargas’ current ratepayers the difference between the delivery rate of \$4.21 per GJ approved by Order G-158-21 and the permanent delivery rate of \$4.54 per GJ as varied by Directive 3 of this order, with interest at the average prime rate of Stargas’ principal bank for the most recent year, in the billing period immediately following the issuance of this order.
8. Stargas is directed to file with the BCUC, within 10 business days of the issuance of this order, amended Tariff pages and finalized financial schedules for the 2021 Revenue Requirement and the 2021 delivery rate in accordance with the terms of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of June 2021.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner

Attachment

Stargas Utilities Ltd.
Application for Reconsideration of Delivery Rate and Regulatory Account Application
Decision and Order G-158-21

AMENDED TABLES – 2021 RRA DECISION

Amended Table 7: BCUC 2017 New Service Installations Regulatory Account

As outlined in Directive 1 of the attached order, Table 7 of the 2021 RRA Decision is amended as follows:¹

Component**	12-months May 31, 2019	12-months May 31, 2020	5-months Oct 31, 2020
Number of New Customer Additions ⁽¹⁾	32	22	20
Cumulative New Customer Additions ⁽²⁾	16	43	64
Average consumption (GJs) per New Customer ⁽³⁾	71.0	75.0	15.0
Delivery Rate per GJ ⁽⁴⁾	\$ 5.77	\$ 5.77	\$ 5.77
Incremental Revenue			
Incremental Variable Revenue from New Customers (Rounded) ⁽⁵⁾	\$ 6,000	\$ 18,000	\$ 6,000
Incremental Fixed Revenue from New Customers (Rounded) ⁽⁶⁾	\$ 2,880	\$ 7,740	\$ 4,800
Total Incremental Revenue (Rounded)	\$ 9,000	\$ 26,000	\$ 10,800
Incremental Costs			
<i>Incremental Operating Costs</i>			
Incremental Variable Charges for Contracted Services (Rounded) ⁽⁷⁾			
Variable operating cost component (\$1.49 per GJ)	\$ 1,549	\$ 4,648	\$ 1,549
Fixed cost component (\$15/month/customer)	\$ 3,000	\$ 3,870	\$ -
Incremental CMI Administrative Fees (Rounded) ⁽⁸⁾	\$ -	\$ -	\$ -
<i>Incremental Rate Base Costs</i>			
Approximate Rate Base Installation Costs (Rounded) ⁽⁹⁾	\$ 46,000	\$ 32,000	\$ 16,000
Cumulative Approximate Rate Base Installation Costs (Rounded) ⁽¹⁰⁾	\$ 23,000	\$ 62,000	\$ 86,000
Incremental Amortization Expense From Cumulative Rate Base Installation Costs (Rounded) ⁽¹¹⁾	\$ 1,000	\$ 2,000	\$ 2,000
Stargas WACC ⁽¹²⁾	6.43%	6.43%	6.43%
Incremental Return on Cumulative Rate Base Installation Costs (Rounded) ⁽¹³⁾	\$ 1,000	\$ 4,000	\$ 6,000
Total Incremental Costs	\$ 6,549	\$ 14,518	\$ 9,549
Incremental Revenues Less Incremental Costs	\$ 2,451	\$ 11,482	\$ 1,251
Regulatory Account Balance, beginning of year	\$ -	\$ 2,451	\$ 13,932
Regulatory Account Balance, end of year	\$ 2,451	\$ 13,932	\$ 15,183
Rounded Balance at October 31, 2020 - as above			\$ 15,000

¹ Exhibit B-2, BCUC Staff Question 2.5. Note the purple highlights in the table are in the original response to BCUC Staff Question 2.5 and have no meaning for the purpose of this appendix.

Amended Table 8: Final Revenue Requirement, Revenue Surplus and Approved Delivery Rate

As outlined in Directive 2 of the attached order, Table 8 of the 2021 RRA Decision is amended as follows:

	Revenue Requirement	Revenue (Surplus)
2021 Proposed	\$221,235	\$(57,168)
Disallowed Incremental CMI Administration Fees	(12,682)	(12,682)
Disallowed CMI Administration Fee Contingency	(2,561)	(2,561)
Disallowed Office Lease Costs	(6,240)	(6,240)
Recognition of Forecast Regulatory Costs	17,500	17,500
Amortization of 2018 Incident Shortfall Regulatory Account	16,687	16,687
Amortization of the 2017 New Service Installations Regulatory Account	(15,000)	(15,000)
2021 Approved	\$218,939	\$(59,464)
2021 Approved Load Forecast	48,250 GJ	48,250 GJ
Reduction compared to 2017 Delivery Rate per GJ		\$(1.23)
2021 Approved Delivery Rate per GJ	\$4.54	