

ORDER NUMBER
G-354-21

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

and

FortisBC Energy Inc.
Application regarding its 2021 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2022
for the Mainland and Vancouver Island Service Area

BEFORE:

B. A. Magnan, Panel Chair
T. A. Loski, Commissioner
R. I. Mason, Commissioner
A. Pape-Salmon, Commissioner

on December 2, 2021

ORDER

WHEREAS:

- A. On November 24, 2021, FortisBC Energy Inc. (FEI) filed its 2021 Fourth Quarter Report on the 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 of November 9, 10, 12, 15, and 16, 2021 forward gas prices (Five-Day Average Forward Prices ending November 16, 2021) (altogether, the Fourth 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, then modified the guidelines in Letter L-40-11 dated May 19, 2011 and L-15-16 dated June 16, 2016 (together the Guidelines);
- C. By Order G-314-20 dated December 3, 2020, the BCUC established the current midstream related charges and biomethane related charges effective January 1, 2021;
- D. By Order G-266-21, the BCUC approved the current Commodity Cost Recovery Charge (CCRC) for the Mainland and Vancouver Island service area at \$3.844 per gigajoule (\$/GJ) effective October 1, 2021;
- E. In the Fourth Quarter Gas Report, using the Five-Day Average Forward Prices ending November 16, 2021, the CCRA is projected to have an after-tax deficit balance of approximately \$59 million at December 31, 2021. Based on the existing CCRC of \$3.844/GJ, FEI calculates the CCRA recovery-to-cost ratio to be 85.4 percent for the following 12 months. FEI calculates the tested rate increase required to produce a 100 percent commodity recovery-to-cost ratio to be \$0.659/GJ, which exceeds the minimum rate change

threshold set out in the Guidelines, and requests approval to flow-through the increase to the CCRC effective January 1, 2022;

- F. The Fourth Quarter Gas Report requests approval to increase the Short Term Contracts BERC Rate by \$1.978/GJ, from \$11.830/GJ to \$13.808/GJ, and to increase the Long Term Biomethane Contract Rate by \$1.978/GJ from \$10.830/GJ to \$12.808/GJ effective January 1, 2022 in accordance with Order G-133-16;
- G. The combined effects of the proposed FEI Annual Review for 2022 Delivery Rates effective January 1, 2022, and the proposed changes to the Commodity Cost Recovery Charge, Storage and Transport Charges and MCRA Rate Rider 6, as requested in the Fourth Quarter Gas Report, would increase the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately \$100 or 9.3 percent;
- H. The BCUC reviewed the Fourth Quarter Gas Report and considers that the requested rate changes are warranted, and that Tab 5 and Tab 6 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 British Columbia Utilities Commission orders as follows:

1. The BCUC approves 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 to increase \$0.659/GJ, from \$3.844/GJ to \$4.503/GJ, effective January 1, 2022.
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, 2022, 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 and Vancouver Island Service Area, effective January 1, 2022, is 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 and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area is approved to increase the Short Term Contracts BERC Rate from \$11.830/GJ to \$13.808/GJ effective January 1, 2022.
5. The Long Term Biomethane Contract rate is approved to increase from \$10.830/GJ to \$12.808/GJ effective January 1, 2022.
6. 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.
7. The BCUC will hold confidential the information in Tab 5 and Tab 6 of the Fourth Quarter Report, as requested by FEI, as it contains market sensitive information.
8. 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 2nd day of December 2021.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachment

FortisBC Energy Inc.
Application regarding its 2021 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2022
for Mainland and Vancouver Island Service Area

Midstream rate changes applicable to FortisBC Energy Inc. – Mainland and Vancouver Island Service Area
Effective January 1, 2022

		Residential		Commercial		Seasonal	General	NGV		General	LNG	
	(\$/GJ)	RS-1/ 1B/ 1U	RS-2/ 2B/ 2U	RS-3/ 3B/ 3U	RS-4	RS-5/ 5B	RS-6P-E360S	RS-6/ 6P-Surrey	RS-7	RS-46		
Storage and Transport Charges												
Effective January 1, 2021	\$	1.350	\$	1.373	\$	1.148	\$	0.830	\$	0.418	\$	0.830
Flow-through changes		0.155		0.169		0.164		0.082		0.052		0.082
Proposed for January 1, 2022	\$	1.505	\$	1.542	\$	1.312	\$	0.912	\$	0.470	\$	0.912
MCRA Rate Rider 6												
Effective January 1, 2021	\$	0.047	\$	0.047	\$	0.040	\$	0.029	\$	0.014	\$	0.029
Flow-through changes		(0.201)		(0.205)		(0.175)		(0.123)		(0.062)		(0.123)
Proposed for January 1, 2022	\$	(0.154)	\$	(0.158)	\$	(0.135)	\$	(0.094)	\$	(0.048)	\$	(0.094)