



ORDER NUMBER
G-254-23

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

and

FortisBC Alternative Energy Services Inc.
Fiscal 2023-2024 Annual Cost of Service Rate for the Thermal Energy Service
to Delta School District No. 37

BEFORE:

A. K. Fung, KC, Panel Chair
E. B. Lockhart, Commissioner
W. M. Everett, KC, Commissioner

on September 22, 2023

ORDER

WHEREAS:

- A. On June 15, 2023, pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (UCA), FortisBC Alternative Energy Services Inc. (FAES) applied to the British Columbia Utilities Commission (BCUC) for approval, on an interim and permanent basis, to increase the cost of service (COS) rate (COS Rate) for the thermal energy service provided by FAES to Delta School District No. 37 (DSD) for the fiscal and contract year from July 1, 2023 to June 30, 2024 (Fiscal 2023/24) by approximately 2 percent, from \$0.222 to \$0.227 per kilowatt hour (kWh), effective July 1, 2023 (Application);
- B. FAES states that the proposed rate change is based on its forecast annual COS to serve DSD for the Fiscal 2023/24 period, inclusive of an equity return using FAES' current approved capital structure and negotiated return on equity (ROE) premium of 50 basis points on the benchmark utility (Benchmark Utility) ROE;
- C. By Order G-164-23 dated June 28, 2023, the BCUC approved the COS Rate for DSD of \$0.227 per kWh, effective July 1, 2023, on an interim and refundable or recoverable basis, pending completion of the BCUC's review of the Application;
- D. By Order G-183-23 dated July 18, 2023, the BCUC established, among other matters, a regulatory timetable for the review of the Application, which included one round of BCUC information requests (IRs) to FAES, a letters of comment process, and further process to be determined. The BCUC received no letters of comment by the August 23, 2023 deadline;
- E. By Order G-66-21 dated March 8, 2021, the BCUC established a Generic Cost of Capital (GCOC) proceeding. Stage 1 of the GCOC proceeding will determine the deemed capital structure and allowed ROE of FortisBC Energy Inc. and FortisBC Inc. Stage 2 will determine matters related to the Benchmark Utility and establish the cost of capital for other utilities in British Columbia;

- F. On August 16, 2023, FAES filed its responses to BCUC IRs resulting in an amended request for an interim rate pending the BCUC's final decision on this Application, as well as Stage 1 of the BCUC's GCOC proceeding. There was no change to the forecast annual COS to serve DSD or the requested COS Rate;
- G. On September 5, 2023, the BCUC issued Decision and Order G-236-23 related to Stage 1 of the BCUC's GCOC proceeding. In that decision, the BCUC directed that all other utilities that currently use the Benchmark Utility (which includes FAES) will have interim rates, effective January 1, 2024, on a refundable or recoverable basis, pending the BCUC's final decision on Stage 2 of the GCOC proceeding. Therefore, effective January 1, 2024, the COS Rate for DSD in Fiscal 2023/24 will be interim on a refundable or recoverable basis pending the BCUC's decision on Stage 2 of the GCOC proceeding; and
- H. The BCUC has reviewed the Application and evidence filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 61 of the UCA, the BCUC orders as follows:

1. FAES's application for a COS Rate for DSD of \$0.227 per kWh for Fiscal 2023/24, is approved on a permanent basis, effective July 1, 2023, until December 31, 2023.
2. Pursuant to Order G-236-23, as of January 1, 2024 the COS Rate for DSD of \$0.227 per kWh is confirmed as an interim rate, on a refundable or recoverable basis pending the BCUC's final decision on Stage 2 of the GCOC proceeding.
3. FAES is directed to file, within 30 days of the date of this order, tariff pages for endorsement with the BCUC reflecting the approved Fiscal 2023/24 permanent COS Rate from July 1, 2023 to December 31, 2023 and interim COS Rate for DSD effective January 1, 2024.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of September 2023.

BY ORDER

Original signed by:

A. K. Fung, KC
Commissioner