



**ORDER NUMBER
G-276-23**

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

and

FortisBC Inc.
Implementation of Capital Structure, Return on Equity and Permanent Rates Effective January 1, 2023

BEFORE:
T. A. Loski, Panel Chair

on October 17, 2023

ORDER

WHEREAS:

- A. On September 29, 2023, FortisBC Inc. (FBC) filed a compliance filing with the British Columbia Utilities Commission (BCUC) in accordance with Directive 3 of Order G-236-23 (Compliance Filing) addressing permanent rates for January 1, 2023;
- B. On December 22, 2022, the BCUC issued its Decision and Order G-382-22 approving, among other things:
 - i. A permanent rate increase of 3.98 percent, effective January 1, 2023, subject to certain adjustments (Directive 1); and
 - ii. The establishment of a rate base deferral account to capture the difference between FBC's 2023 permanent rates and any future rate impact resulting from the BCUC's final determinations on Stage 1 of the BCUC's Generic Cost of Capital (GCOC) proceeding (Directive 2);
- C. On April 19, 2023, the BCUC issued Decision and Order G-87-23 rescinding Directives 1 and 2 of Order G-382-22 and approved FBC to increase its rates for 2023 by 3.98 percent on an interim and refundable/recoverable basis, effective January 1, 2023, pending the outcome of Stage 1 of the BCUC's GCOC proceeding;
- D. On September 5, 2023, the BCUC issued its Decision and Order G-236-23 in Stage 1 of the BCUC's GCOC proceeding (GCOC Stage 1 Decision), setting for FBC a common equity component of 41.0 percent and establishing an allowed return on equity (ROE) of 9.65 percent, effective January 1, 2023;
- E. Directive 3 of Order G-236-23 directed FBC to file, within 30 days of the GCOC Stage 1 Decision, the Compliance Filing for January 1, 2023 permanent rates and to reflect and implement the deemed capital structure and allowed ROE and, if applicable, to file an evidentiary update to FBC's Annual Review for 2024 Rates proceeding;

- F. In the Compliance Filing, FBC submits its proposals to reflect and implement the deemed capital structure and allowed ROE, and the treatment of the 2023 revenue deficiency. FBC seeks the following approvals from the BCUC pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA):
- i. The establishment of a non-rate base deferral account, entitled 2023 Revenue Deficiency deferral account, attracting FBC's weighted average cost of capital (WACC), to record the 2023 incremental revenue deficiency of \$6.213 million; and
 - ii. To make permanent the existing interim rate increase of 3.98 percent, effective January 1, 2023; and
- G. The BCUC has reviewed the Compliance Filing and makes the following determinations.

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

1. FBC is approved to establish a new non-rate base deferral account entitled the 2023 Revenue Deficiency deferral account, attracting FBC's WACC, to record the 2023 incremental revenue deficiency of \$6.213 million. The disposition of this deferral account will be reviewed in FBC's Annual Review for 2024 Rates proceeding.
2. FBC is approved to make permanent the existing interim rate increase of 3.98 percent, effective January 1, 2023.
3. FBC is directed to file with the BCUC revised tariff pages for endorsement within 15 days of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of October 2023.

BY ORDER

Original signed by:

T. A. Loski
Commissioner