



**ORDER NUMBER**  
**G-327-23**

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

and

FortisBC Energy Inc.  
2023 Fourth Quarter Gas Cost Report and Rate Changes effective January 1, 2024  
for the Mainland and Vancouver Island Service Area, and the Fort Nelson Service Area

**BEFORE:**

B. A. Magnan, Panel Chair  
E. A. Brown, Commissioner  
E. B. Lockhart, Commissioner

on November 30, 2023

**ORDER**

**WHEREAS:**

- A. On November 22, 2023, FortisBC Energy Inc. (FEI) filed its 2023 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, and the Fort Nelson (FEFN) Service Area based on the five-day average of November 1, 2, 3, 6, and 7, 2023 forward gas prices (Five-Day Average Forward Prices ending November 7, 2023) (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-133-16 dated August 12, 2016, the BCUC directed FEI to file the BVA Annual Report concurrently with the fourth quarter CCRA and MCRA report setting out the Short Term BERC Rate and Long Term BERC Rate to be effective January 1st of each year;
- D. By Order G-347-22 dated December 2, 2022, the BCUC established the midstream related charges and biomethane-related charges for the Mainland and Vancouver Island Service Area effective January 1, 2023;
- E. By Order G-244-23, the BCUC approved the Commodity Cost Recovery Charge (CCRC) for the Mainland and Vancouver Island Service Area, and the Fort Nelson Service Area at \$2.230 per gigajoule (\$/GJ) effective October 1, 2023;
- F. In the Fourth Quarter Gas Report, using the Five-Day Average Forward Prices ending November 7, 2023 and forecast demand, the CCRA is projected to have an after-tax deficit balance of approximately \$8 million at December 31, 2023. Based on the Mainland and Vancouver Island Service Area CCRC of \$2.230/GJ, FEI

calculates the CCRA recovery-to-cost ratio to be 88.5 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 \$0.290/GJ, which falls within the minimum rate change threshold set out in the Guidelines, and requests the CCRC to remain unchanged from the current rate of \$2.230 effective January 1, 2023;

- G. FEI calculates the Storage and Transport Charges will over recover the midstream costs in 2024 by approximately \$67 million, and requests approval to flow-through decreases to the Storage and Transport Charges, effective January 1, 2024, as set out in Appendix A;
- H. FEI calculates a MCRA balance at existing rates of approximately \$190 million surplus after tax at December 31, 2023. Based on the one-half amortization of the MCRA cumulative balance in the following year's rates, FEI requests approval to set MCRA Rate Rider 6, effective January 1, 2024, as set out in Appendix A;
- I. The Fourth Quarter Gas Report requests approval to decrease the Short-Term Contracts BEREC Rate by \$2.250/GJ, from \$14.718/GJ to \$12.468/GJ, and to decrease the Long-Term Biomethane Contract Rate by \$2.250/GJ from \$13.718/GJ to \$11.468 effective January 1, 2024, in accordance with Order G-133-16;
- J. The combined effects of the proposed FEI Annual Review for 2024 Delivery Rates effective January 1, 2024, and the proposed changes to the CCRC, Storage and Transport Charges and MCRA Rate Rider 6 as requested in the Fourth Quarter Gas Report would result in the following changes:
  - i. Decrease the total annual bill for a typical Mainland and Vancouver Island residential customer with an average annual consumption of 90 gigajoules by approximately \$11 or 1.1 percent;
  - ii. Increase the total annual bill for a typical Fort Nelson residential customer with an average annual consumption of 125 gigajoules by approximately \$117 or 11.4 percent; and
  - iii. Decrease the total annual bill for a typical Mainland and Vancouver Island Biomethane Service Rate Schedule 1B residential customer with an average annual consumption of 90 gigajoules by approximately \$31 or 2.8% or 1.1 percent;
- K. FEI requests that Tabs 5, 6 and 7 of the Fourth Quarter Gas Report be kept confidential as they contain market sensitive information; and
- L. The BCUC reviewed the Fourth Quarter Gas Report and considers that the following determinations are warranted.

**NOW THEREFORE** pursuant to section 61(4) of the *Utilities Commission Act*, the BCUC orders as follows:

1. The BCUC approves the CCRC applicable to the Sales Rate Classes and Rate Schedule 46 Liquefied natural gas (LNG) Service within the Mainland and Vancouver Island Service Area, and the Fort Nelson Service Area to remain unchanged at the common CCRC of \$2.230/GJ, effective January 1, 2024.
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, and the Fort Nelson Service Area effective January 1, 2024, are approved. The Storage and Transport Charge changes are set out in Appendix A of this Order.

3. The MCRA Rate Rider 6 applicable to the Sales Rate Classes and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area and the Fort Nelson Service Area, effective January 1, 2024, are approved. The requested Midstream Cost Reconciliation Account Rate Rider 6 changes are set out in Appendix A of this Order.
4. The BERC applicable to all biomethane rate schedules and Rate Schedule 46 LNG Service within the Mainland and Vancouver Island Service Area is approved to decrease the Short-Term Contracts BERC Rate from \$14.718/GJ to \$12.468 effective January 1, 2024.
5. The Long-Term Biomethane Contract rate is approved to decrease from \$13.718/GJ to \$11.468/GJ effective January 1, 2024.
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, Tab 6, and Tab 7 of the Fourth Quarter Gas Report, as requested by FEI, as it contains market-sensitive information, until such time as BCUC determines otherwise.
8. FEI is directed to file with the BCUC revised tariff pages by the earliest of December 22, 2023 or the filing date that is specified in the FEI Annual Review for 2024 Delivery Rates decision.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of November 2023.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner

Attachment

FortisBC Energy Inc.  
2023 Fourth Quarter Gas Cost Report and Rate Changes effective January 1, 2024  
for Mainland, Vancouver Island, and Fort Nelson Service Areas

Midstream rate changes applicable to FortisBC Energy Inc. – Mainland and Vancouver Island, and Fort Nelson Service Areas, effective January 1, 2024

	(\$/GJ)	RS-1/ 1B/ 1U	FEFN RS-1	RS-2/ 2B/ 2U	FEFN RS-2	RS-3/ 3B/ 3U	FEFN RS-3	Seasonal RS-4	General Firm Service RS-5/ 5B	RS-6P Fueling Stations	NGV RS-6/ RS 6P-Surrey	General Interruptible RS-7/ 7B	LNG Service RS-46
<b>Storage and Transport Charges</b>													
Effective January 1, 2023	\$	1.543	\$ 0.077	\$ 1.591	\$ 0.080	\$ 1.340	\$ 0.067	\$ 0.925	\$ 0.925	\$ 0.925	\$ 0.489	\$ 0.925	\$ 0.925
Flow-through changes		(0.441)	(0.022)	(0.457)	(0.023)	(0.383)	(0.019)	(0.282)	(0.282)	(0.282)	(0.144)	(0.282)	(0.282)
<b>Proposed for January 1, 2024</b>	<b>\$</b>	<b>1.102</b>	<b>\$ 0.055</b>	<b>\$ 1.134</b>	<b>\$ 0.057</b>	<b>\$ 0.957</b>	<b>\$ 0.048</b>	<b>\$ 0.643</b>	<b>\$ 0.643</b>	<b>\$ 0.643</b>	<b>\$ 0.345</b>	<b>\$ 0.643</b>	<b>\$ 0.643</b>
<b>MCRA Rate Rider 6</b>													
Effective January 1, 2023	\$	(0.409)	\$ (0.020)	\$ (0.422)	\$ (0.021)	\$ (0.356)	\$ (0.018)	\$ (0.246)	\$ (0.246)	\$ (0.246)	\$ (0.130)	\$ (0.246)	\$ (0.246)
Flow-through changes		(0.454)	(0.023)	(0.487)	(0.023)	(0.393)	(0.019)	(0.258)	(0.258)	(0.258)	(0.140)	(0.258)	(0.258)
<b>Proposed for January 1, 2024</b>	<b>\$</b>	<b>(0.863)</b>	<b>\$ (0.043)</b>	<b>\$ (0.889)</b>	<b>\$ (0.044)</b>	<b>\$ (0.749)</b>	<b>\$ (0.037)</b>	<b>\$ (0.504)</b>	<b>\$ (0.504)</b>	<b>\$ (0.504)</b>	<b>\$ (0.270)</b>	<b>\$ (0.504)</b>	<b>\$ (0.504)</b>