



**ORDER NUMBER
G-340-23**

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

and

FortisBC Inc.
2024 Annual Review of Rates

BEFORE:

A. K. Fung, KC, Panel Chair
T. A. Loski, Commissioner
W. E. Royle, Commissioner

on December 12, 2023

ORDER

WHEREAS:

- A. On June 22, 2020, the British Columbia Utilities Commission (BCUC) issued its Decision and Order G-165-20 for FortisBC Energy Inc. and G-166-20 for FortisBC Inc. (FBC), approving a Multi-Year Rate Plan (MRP) for 2020 through 2024 (MRP Decision). In accordance with the MRP Decision, FBC is to conduct an annual review (Annual Review) process to set rates for each year;
- B. By letter dated June 28, 2023, FBC proposed a regulatory timetable for the 2024 Annual Review of Rates;
- C. By Orders G-191-23 and G-249-23, the BCUC established and amended the regulatory timetable for the FBC 2024 Annual Review of Rates, which included FBC filing its Annual Review materials, intervener registration, one round of information requests, a workshop, FBC's response to undertakings at the workshop, and intervener final arguments and FBC reply argument;
- D. On August 4, 2023, FBC submitted its materials for the 2024 Annual Review of Rates (Application). In the Application, FBC requests, among other things, a 4.83 percent rates increase over the 2023 rates on a permanent basis, effective January 1, 2024;
- E. On September 5, 2023, the BCUC issued its Generic Cost of Capital (GCOC) Stage 1 Decision and Order G-236-23 (GCOC Stage 1 Decision), which approved, among other matters, a deemed equity component of 41 percent and an allowed return on equity of 9.65 percent for FBC, effective January 1, 2023;
- F. On October 10, 2023, FBC filed an evidentiary update (Evidentiary Update) to the Application to incorporate, among other things, the impacts of the GCOC Stage 1 Decision in the 2024 revenue requirements and rates. In the Evidentiary Update, FBC proposed an amended 2024 rates increase of 6.74 percent on a permanent basis;

- G. On October 17, 2023, by Order G-276-23, the BCUC approved FBC's permanent rates for 2023 and for FBC to establish a non-rate base deferral account entitled the 2023 Revenue Deficiency deferral account, attracting FBC's weighted average cost of capital, to record the 2023 incremental revenue deficiency of \$6.213 million resulting from the GCOC Stage 1 Decision impact; and
- H. The BCUC has reviewed the Application, evidence and arguments filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, for the reasons stated in the decision issued concurrently with this order, the BCUC orders as follows:

1. FBC is approved to increase its rates for 2024 by 6.74 percent on a permanent basis, effective January 1, 2024.
2. FBC is approved to:
 - a. Establish the following rate base deferral accounts:
 - i. 2025 MRP Application deferral account, with the amortization period to be determined in a future proceeding;
 - ii. 2024 Mandatory Reliability Standards Audit deferral account, with an amortization period of three years, commencing January 1, 2024;
 - iii. Provincial Sales Tax Rebate on Select Machinery and Equipment deferral account, with an amortization period of one year, commencing January 1, 2024;
 - iv. BC Cost of Living Credit deferral account, with an amortization period of one year, commencing January 1, 2024; and
 - v. Climate Change Operational Adaptation Plan deferral account, with an amortization period of four years, commencing January 1, 2024.
 - b. Amortize the existing 2023 Revenue Deficiency deferral account over a three-year period, commencing January 1, 2024.
3. FBC is directed to file as a compliance filing amended tariff pages in accordance with the terms of this order for the BCUC's endorsement within 30 days from the date of the issuance of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of December 2023.

BY ORDER

Original signed by:

A. K. Fung, KC
Commissioner