



British Columbia
Utilities Commission

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VIA EMAIL

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September 9, 2016

Ms. Diane Roy
Director, Regulatory Services
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account
for the Mainland, Vancouver Island, and Whistler Service Areas
2016 Third Quarter Gas Cost Report

Further to your August 30, 2016 filing of the 2016 Third Quarter Report on the Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account quarterly gas costs for the Mainland, Vancouver Island, and Whistler service areas, enclosed please find Commission Order G-145-16.

Yours truly,

Laurel Ross

CM/cms
Enclosure



ORDER NUMBER
G-145-16

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

and

FortisBC Energy Inc.
Application for Approval of the 2016 Third Quarter Gas Cost Report
and Commodity Cost Recovery Rate Change effective October 1, 2016
for the Mainland, Vancouver Island, and Whistler Service Areas

BEFORE:

D. M. Morton, Commissioner
H. G. Harowitz, Commissioner
M. Kresivo, Commissioner
R. D. Revel, Commissioner

on September 8, 2016

ORDER

WHEREAS:

- A. On August 30, 2016, FortisBC Energy Inc. (FEI) filed its 2016 Third Quarter Report on Commodity Cost Reconciliation Account (CCRA) and Midstream Cost Reconciliation Account Quarterly Gas Costs for the Mainland, Vancouver Island, and Whistler Service Areas based on a five-day average of the August 17, 18, 19, 22, and 23, 2016 forward gas prices (2016 Third Quarter Report);
- B. The British Columbia Utilities Commission (Commission) established guidelines for gas cost rate setting in Letter L-5-01 dated February 5, 2001, and further modified the guidelines in Letter L-40-11 dated May 19, 2011 (together the Guidelines);
- C. The gas cost rate setting mechanism described in the Guidelines sets rates at a level required to ensure recovery of projected gas costs over the 12 month period following the effective date while taking into consideration outstanding balances in the gas cost deferral account;
- D. By Order G-37-16 dated March 18, 2016, the Commission approved a decrease in the Commodity Cost Recovery Charge applicable to Sales Rate Classes within the FEI Mainland, Vancouver Island, and Whistler Service Areas to a rate of \$1.141 per gigajoule (GJ), effective April 1, 2016;
- E. Additional criteria and thresholds specific to the FEI Mainland, Vancouver Island, and Whistler Service Areas' CCRA and the setting of the Commodity Cost Recovery Charge, including a rate change cap of \$1.00/GJ, were added to the Guidelines via Commission Letter L-15-16 dated June 17, 2016, as determined in the Commission's decision for the FEI 2015 Price Risk Management Application;

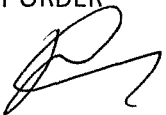
- F. In the 2016 Third Quarter Report, FEI forecasts that the commodity cost recoveries at the existing rate will be 55.6 percent of costs for the following 12 months, which exceeds the 95 to 105 percent recovery to cost ratio threshold set out in the Guidelines. The tested rate decrease, in relation to the forecast over recovery of gas costs using the rate setting mechanism set out in the Guidelines, is an increase of \$0.909/GJ to the Commodity Cost Recovery Charge, which falls above the rate change threshold of \$0.50/GJ indicating that a change to the Commodity Cost Recovery Charge is warranted, effective October 1, 2016;
- G. The proposed Commodity Cost Recovery Charge would be equivalent to an increase of approximately \$82 or 11.9 percent in the total annual bill for a typical residential customer with an average annual consumption of 90 GJ; and
- H. The Commission reviewed the 2016 Third Quarter Report and considers the requested rate change is warranted and should be approved.

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

1. FortisBC Energy Inc.'s application to increase the Commodity Cost Recovery Charge for the Mainland, Vancouver Island, and Whistler Service Areas by \$0.909 per gigajoule to \$2.050 per gigajoule effective October 1, 2016, is approved.
2. FortisBC Energy Inc. must notify all customers affected by the rate change by way of a bill insert or bill message to be included with the next monthly gas billing.
3. FortisBC Energy Inc. must file with the Commission, no later than 45 days from the date of this order, amended Gas Tariff pages in accordance with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 8TH day of September 2016.

BY ORDER



D. M. Morton
Commissioner