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VIA EMAIL

gas.regulatory.affairs@fortisbc.com

December 4, 2015

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

Dear Ms. Roy:

Re: FortisBC Energy Inc.
An Application regarding the 2015 Fourth Quarter Gas Cost Report and
Rate Changes effective January 1, 2016 for the Fort Nelson Service Area

Further to your November 25, 2015 filing of the 2015 Fourth Quarter Gas Cost Report for the Fort Nelson Service Area, enclosed please find Commission Order G-189-15.

Yours truly,

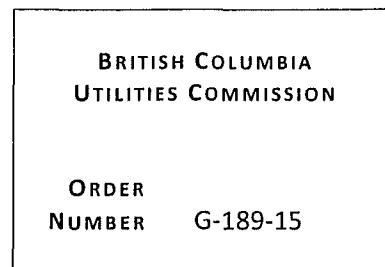
A handwritten signature in black ink, appearing to read "Erica Hamilton".

Erica Hamilton

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Enclosure



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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

FortisBC Energy Inc.
An Application regarding the 2015 Fourth Quarter Gas Cost Report and
Rate Changes effective January 1, 2016 for the Fort Nelson Service Area

BEFORE: L. F. Kelsey, Commissioner
H. G. Harowitz, Commissioner December 3, 2015
K. A. Keilty, Commissioner
D. M. Morton, Commissioner

O R D E R

WHEREAS:

- A. On November 25, 2015, FortisBC Energy Inc. (FEI) filed its 2015 Fourth Quarter Report on the Gas Cost Reconciliation Account (GCRA) balance and Gas Cost Recovery Charge (GCR Charge) for the Fort Nelson Service Area effective January 1, 2016, that were based on the five-day average of the November 12, 13, 16, 17, and 18, 2015 forward gas prices (the 2015 Fourth Quarter Report);
- B. In the 2015 Fourth Quarter Report, FEI also requests approval of a \$0.039/GJ increase in the Rate Stabilization Adjustment Mechanism (RSAM) Rate Rider 5 from the current amount of \$0.039/GJ to \$0.078/GJ, effective January 1, 2016;
- C. With respect to the RSAM, by Order G-97-15 dated June 10, 2015, the British Columbia Utilities Commission (Commission) approved permanent 2015 and 2016 delivery rates for the Fort Nelson Service Area effective January 1, 2015 and January 1, 2016, respectively. The Commission also approved on a permanent basis the RSAM Rate Rider 5 in the amount of \$0.039/GJ, effective January 1, 2015;
- D. With respect to gas cost, by Order G-40-15 dated March 16, 2015, the Commission approved the GCR Charge at \$2.579/GJ for the Fort Nelson Service Area, effective April 1, 2015;
- E. By Letter L-40-11 dated May 19, 2011, the Commission revised the guidelines (Guidelines) for the review of quarterly gas costs and rate setting mechanisms that were originally established by Letter L-5-01;
- F. With respect to gas cost in the 2015 Fourth Quarter Report, using the five-day average forward prices ending November 18, 2015 and based on existing GCR Charge, FEI calculates a projected after tax deferral balance surplus of \$371,900 at December 31, 2015 and a projected after tax deferral balance surplus of \$567,800 at December 31, 2016. FEI forecasts that the recovery-to-cost ratio at the existing rate would be

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199.3 percent for the following 12 months, which falls outside the rate change trigger mechanism of 95 to 105 percent and exceeds the minimum rate change threshold of \$0.50/GJ;

- G. With respect to gas cost in the 2015 Fourth Quarter Report, FEI requests approval for a decrease of \$1.285/GJ from \$2.579/GJ to 1.294/GJ in the GCR Charge for natural gas customers in the Fort Nelson Service Area, effective January 1, 2016, which would reset the recovery-to-cost to 100 percent;
- H. The proposed GCR Charge within the 2015 Fourth Quarter Report combined with the approved and proposed delivery related charges, effective January 1, 2016, would be equivalent to a decrease of approximately \$131 or 15.7 percent per year for a typical Fort Nelson residential customer's annual bill based on an average annual consumption of 140 GJ;
- I. FEI requests that the forecast gas cost information in Tab 6 of the 2015 Fourth Quarter Report be held confidential, on the basis that it contains market sensitive information; and
- J. The Commission reviewed the 2015 Fourth Quarter Report within the context of the Guidelines and the RSAM Rate Rider 5 and considers that the requested rate changes are warranted and that Tab 6 of the 2015 Fourth Quarter Report should be held confidential.

NOW THEREFORE the British Columbia Utilities Commission orders as follows:

1. Pursuant to section 61(4) of the *Utilities Commission Act*, the requested rate decrease from \$2.579/GJ to 1.294/GJ in the Gas Cost Recovery Charge for natural gas customers in Fort Nelson Service Area, effective January 1, 2016, is approved.
2. Pursuant to sections 59 to 61 of the *Utilities Commission Act*, the requested rate increase from \$0.039/GJ to \$0.078/GJ in the Rate Stabilization Adjustment Mechanism Rate Rider 5 applicable to the affected rate classes within the Fort Nelson Service Area, effective January 1, 2016, is approved.
3. FortisBC Energy Inc. (FEI) must notify all customers that are affected by the rate change by way of a bill insert or bill message included with the next monthly gas billing.
4. The information in Tab 6 of the 2015 Fourth Quarter Report will be held confidential as requested by FEI as it contains market sensitive information.

DATED at the City of Vancouver, In the Province of British Columbia, this 3rd day of December 2015.

BY ORDER



D. M. Morton