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VIA EMAIL

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August 13, 2015

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

Dear Ms. Roy:

Re: FortisBC Energy Inc.
Application for Reconsideration of G-187-14
Amend the Balancing Gas Charges for Rate Schedules 23, 25, 26 and 27

Further to your May 20, 2015 application on the above noted matter, enclosed please find Commission Order G-135-15 with Reasons.

Yours truly,

Erica Hamilton

/s
Enclosure

cc: Registered interveners
(FEI-BalancingCharges-RI)

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-135-15**

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

and

FortisBC Energy Inc.
An Application for Reconsideration of Order G-187-14
Amend the Balancing Gas Charges for Rate Schedules 23, 25, 26 and 27

BEFORE: R. D. Revel, Panel Chair/Commissioner August 13, 2015
H. G. Harowitz, Commissioner
K. A. Keilty, Commissioner

O R D E R

WHEREAS:

- A. On February 26, 2014, by Order G-21-14, the British Columbia Utilities Commission (Commission) approved the amalgamation of FortisBC Energy Inc. (FEI) and related natural gas utilities, subject to certain conditions. Order G-21-14, among other things, directed the amalgamated entity to file a rate design application (Comprehensive Rate Design Application) no later than two years after the effective date of the amalgamation;
- B. On December 8, 2014, FEI filed a compliance filing in regard to Order G-21-14, informing the Commission that the date of legal amalgamation is December 31, 2014;
- C. On May 13, 2014, FEI filed an application (Original Application) seeking to amend the charges for Balancing Gas incurred under FEI's monthly balanced transportation service provided under Rate Schedules 23, 25, 26 and 27 (Monthly Balanced Transportation Service);
- D. On December 1, 2014, the Commission issued its decision and accompanying Order G-187-14 (Decision), which denied FEI's request to amend the Balancing Gas charge as applied for in the Original Application;
- E. Among other things, in Directive No. 2 of the Decision, the Commission also directed FEI to file a rate design application on Monthly Balanced Transportation Service (Monthly Balancing Rate Design Application) "by no later than one year from the date of the Decision" (which is December 1, 2015), and the Decision further determined that the rate design review of Monthly Balanced Transportation Service should be a separate process from that of the broader rate design application directed in Commission Order G-21-14;

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- F. On May 20, 2015, FEI filed an application to reconsider Order G-187-14 (Reconsideration Application). In particular, FEI seeks to reconsider and vary Directive No. 2 and requests that the deadline for the filing of the Monthly Balancing Rate Design Application be extended to December 31, 2016 and that FEI have the option of either filing it as part of the Comprehensive Rate Design Application or as a separate application filed along with the Comprehensive Rate Design Application;
- G. The Commission process for reviewing a reconsideration application, as revised in July 2002 and published on the Commission's website, is a two phase process described in the Reconsideration and Appeals section of "Understanding Utility Regulation: A Participant's Guide to the B.C. Utilities Commission." Phase 1 of the process establishes whether there is a *prima facie* case for reconsideration and in Phase 2 the merits of the application are examined;
- H. On June 3, 2015 the Commission issued Order G-94-15 accepting that FEI established a *prima facie* case to warrant proceeding to Phase 2 of the reconsideration process and set out a regulatory timetable for a written hearing, including one round of information requests;
- I. The British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO) and the Commercial Energy Consumers Association of British Columbia (CEC) registered as interveners in the Reconsideration Application and filed information requests and final argument;
- J. The argument phase of the Reconsideration Application concluded with FEI's filing its reply argument on July 10, 2015; and
- K. The Commission reviewed the Reconsideration Application, the additional evidence and the arguments of FEI and the interveners and is satisfied that approval of the Reconsideration Application is warranted.

NOW THEREFORE, pursuant to section 99 of the *Utilities Commission Act*, and for the reasons attached as Appendix A, the British Columbia Utilities Commission orders as follows:

1. The deadline for FortisBC Energy Inc. to file a Monthly Balancing Rate Design Application is extended to December 31, 2016.
2. FortisBC Energy Inc. shall apply for a rate design on Monthly Balanced Transportation Service either as part of a broader rate design application as ordered by G-21-14, or as a separate filing along with the broader rate design application no later than December 31, 2016.
3. FortisBC Energy Inc. is directed to add the following to the list of issues to be reviewed in the rate design on Monthly Balanced Transportation Service:
 - The appropriateness of the business practice of allowing transfers of imbalances between daily balanced and monthly balanced accounts.

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- The extent of FEI's use of core gas cost resources to balance the overall transportation service imbalances for each day and the cost to the core customers.
4. All other directives and determinations in the Decision and Order G-187-14 dated December 1, 2014 remain effective.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of August 2015.

BY ORDER

Original signed by:

R. D. Revel
Commissioner/Panel Chair

Attachment

FortisBC Energy Inc.
An Application for Reconsideration of Order G-187-14
Amend the Balancing Gas Charges for Rate Schedules 23, 25, 26 and 27

REASONS FOR DECISION

1.0 BACKGROUND

These Reasons pertain to an application by FortisBC Energy Inc. (FEI) for reconsideration of a British Columbia Utilities Commission (Commission) directive in the decision and accompanying Order G-187-14 regarding the Balancing Gas charge for monthly balancing transportation service in which FEI is directed to file a rate design application on Monthly Balanced Transportation Service effectively by no later than December 1, 2015.

On May 13, 2014, FEI filed an application for approval to increase the existing charge for Balancing Gas supplied under Rate Schedules 23, 25, 26 and 27; a group of rate schedules collectively referred to as Monthly Balanced Transportation Service (Original Application). FEI maintained that the increase was required to incent Monthly Balanced Transportation Service customers, also known as Shippers, and/or their Shipper Agents to become accountable to balance deliveries with customer load in accord with the spirit and intent of the rate schedules. FEI was of the view that several Shipper/Shipper Agents may be using the Balancing Gas service in a manner that is inappropriate and contrary to the intent of the tariffs. In support of their position, FEI described two possible specific abuses the Balancing Gas charge increase was meant to curb as using Balancing Gas as a lower commodity supply alternative or, alternatively, exploiting price arbitrage opportunities between the daily market supply price and the Balancing Gas charge.

The Commission issued its decision and accompanying Order G-187-14 on December 1, 2014 (Original Decision) in which it denied FEI's application to amend the Balancing Gas charge and directed FEI to file a rate design application on Monthly Balanced Transportation Service (Monthly Balancing Rate Design Application) by no later than one year from the date of the decision. The Commission acknowledged that, although there may be a possibility for abuse, there was insufficient evidence presented by FEI to persuade the Commission that abuse has been occurring or that end-of month imbalances are an accurate measure of such abuse. The Commission also concluded that it is questionable that a change to the Balancing Charge would address the potential for abuse as described by FEI.

In the Original Decision FEI was directed to address certain matters in the Monthly Balancing Rate Design Application including the ongoing need for continuing to offer Monthly Balanced Transportation Service, the cost to the core customers of providing the service and the appropriate rate design mechanism for incenting the appropriate behaviour not just at month-end but during the month as well. The Commission also concluded that a smaller and dedicated rate design application focussed on Monthly Balanced Transportation Service would allow impacted stakeholders to participate more effectively in a regulatory process that would conclude prior to the rate design application directed in Order G-21-14 in regard to the amalgamation of the FortisBC Energy Utilities (Comprehensive Rate Design Application).

On May 20, 2015, FEI filed an application with the Commission to reconsider Order G-187-14 (Reconsideration Application) pursuant to section 99 of the *Utilities Commission Act*. In the Reconsideration Application FEI seeks to reconsider and vary Directive No. 2 of Order G-187-14, which directs FEI to file a rate design application on Monthly Balanced Transportation Service by no later than December 1, 2015. FEI requests that the filing date of such application be extended to December 31, 2016 and that FEI have the option of either filing it as part of the broader rate design application directed in Order G-21-2014 (Comprehensive Rate Design Application) or as a separate application filed along with the Comprehensive Rate Design Application.¹ FEI states that the particular direction at issue is on page 22 of the Original Decision² where it states:

The Panel determines that the rate design review of Monthly Balanced Transportation Service is necessary and that this process should be a separate process from that of the broader rate design application directed in Commission Order G-21-14. FEI is directed to file a rate design application on Monthly Balanced Transportation Service by no later than one year from the date of the order accompanying this decision.

FEI contends that there are two possible grounds upon which to grant the reconsideration of Directive No. 2 of Order G-187-14:

- Directive No. 2 raises a new principle.
- Directive No. 2 provides just cause to reconsider Order G-187-14.³

The new principle, FEI contends, is that a rate design review of the Monthly Balanced Transportation Service should proceed earlier than FEI's Comprehensive Rate Design Application and that this "would allow impacted stakeholders to participate more effectively." FEI contends that the reasonableness of this approach was not explored in the review of the Original Application as FEI's purpose in the Original Application was narrow.⁴ In the event the Commission determines a new principle is not raised, FEI submits, alternatively, there is just cause for reconsideration.⁵

2.0 REGULATORY PROCESS

The Commission process for reviewing a reconsideration application, as revised in July 2002 and published on the Commission's website, is a two phase process described in the Reconsideration and Appeals section of "Understanding Utility Regulation: A Participant's Guide to the B.C. Utilities Commission."⁶ Phase 1 of the process establishes whether there is a *prima facie* case for reconsideration and in Phase 2 the merits of the application are examined.

The Panel, exercising its discretion, determined that there was just cause for proceeding to Phase 2 of the reconsideration process. On June 3, 2015, the Commission issued Order G-94-15 accepting that FEI established a

¹ FEI Final Argument, pp. 4–5.

² Exhibit B-1, p. 1.

³ *Ibid.*, p. 5.

⁴ *Ibid.*

⁵ FEI Final Argument, p. 3.

⁶ Understanding Utility Regulation: A Participants' Guide to the British Columbia Utility Commission, revised February 1999, p. 34. Available at: http://www.bcuc.com/Documents/Guidelines/Participant_Guide.pdf.

prima facie case to warrant proceeding to Phase 2 of the reconsideration process and set out a regulatory timetable for a written hearing, including one round of information requests. The British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO) and the Commercial Energy Consumers Association of British Columbia (CEC) registered as interveners in the Reconsideration Application.

3.0 PHASE 2 OF RECONSIDERATION APPLICATION

3.1 FEI evidence and argument

FEI submits that in light of new evidence and submissions of FEI, the Commission should reconsider the reasonableness of the direction for FEI to prepare and review the Monthly Balancing Rate Design Application separately from, and prior to, the Comprehensive Rate Design Application. FEI states it does not object to filing the Monthly Balancing Rate Design Application as a separate component of the Comprehensive Rate Design Application or as a separate application along with the Comprehensive Rate Design Application.⁷ However, FEI submits that the timing for the preparation, filing and review of the Monthly Balancing Rate Design Application should be co-ordinated with that of the Comprehensive Rate Design Application because of the interrelationship between the two rate design applications and to avoid the potential for wasted resources.⁸ Further, FEI submits that extending the review of the Monthly Balancing Rate Design Application for one year will have no or little impact on FEI's core customers and will better achieve the Commission's intent in the Original Decision that "further review is needed to set an appropriate [b]alancing [g]as charge including the pricing structure for [m]onthly [b]alancing service that is fair to the transportation service customers, core customers and other stakeholders while encouraging the gas supply operations are efficiently and effectively managed."⁹

Degree of interrelationship

FEI submits that the Monthly Balancing Rate Design Application should proceed at the same time as the Comprehensive Rate Design Application because the two rate designs are interrelated. FEI further submits that a single application would be the most effective option to ensure that the Monthly Balancing Rate Design Application is consistent with the overall rate design for all customers and, in particular, for all transportation customers.¹⁰

FEI notes that Monthly Balanced Transportation Service is part of the larger transportation service that includes Rate Schedule 22 and that rate design for the Balancing Gas service provided under Monthly Balanced Transportation Service will affect all transportation rate schedules, whether daily balanced or monthly balanced, as well as the core customers for which the costs and recoveries of Balancing Gas service are embedded in the gas costs.¹¹ The comprehensive nature of the rate design directed in Order G-21-14 as contemplated by FEI will

⁷ Exhibit B-1, p. 5.

⁸ FEI Final Argument, p. 4.

⁹ *Ibid.*, p. 7.

¹⁰ *Ibid.*, p. 5.

¹¹ Exhibit B-1, p. 6.

examine Monthly Balanced Transportation Service as one component of many in the iterative relationship between costs, allocations and rates.¹²

Regulatory efficiency and avoidance of wasted expenditures

FEI describes some potential outcomes of the Comprehensive Rate Design Application, including the discontinuance of Monthly Balancing Transportation Service or alternatively the extension of the monthly balancing requirement to all transportation service customers, which may result in changes arising from an earlier Monthly Balancing Rate Design Application being only in place for a limited time. This is not only a potential waste of resources but could cause customer confusion.¹³

With regard to how to accommodate an impacted stakeholder that is only interested in the Monthly Balancing Rate Design Application, FEI proposes several options to allow this stakeholder to participate in the Comprehensive Rate Design Application with minimal additional effort as compared to participating in a standalone Monthly Balancing Rate Design Application such as:

- a separate section (with supporting Appendix if necessary) pertaining to ancillary services (including Monthly Balancing) that is easy and sufficient for the Transportation customers to review without the need for reviewing the entire application;
- well scoped and organized workshops that focus on pre-defined issues within the general categories of the Comprehensive RDA such as cost of service allocation, customer segmentation, rate design and terms and conditions of service; and
- categorization of information requests by topics (e.g., ancillary services) such that any stakeholder could review and filter all questions by high level categories.¹⁴

FEI provided estimates of the incremental costs of the three potential options for the Monthly Balancing Rate Design Application:

- \$125,000 to \$150,000 for a stand-alone application filed by December 2015,
- \$25,000 to \$50,000 for a separate application filed along with the Comprehensive Rate Design Application, and
- no incremental cost if reviewed as a component of the Comprehensive Rate Design Application.¹⁵

Potential for harm arising from delay

FEI states that a one year extension “will have little or no impact on FEI’s balancing gas transportation service and core customers.”¹⁶ FEI states that since the Original Decision was issued on December 1, 2014 “[t]he inventory levels of the Shipper Agents have been maintained within reasonable limits and the monthly balancing

¹² Ibid., p. 8.

¹³ FEI Final Argument, p. 6.

¹⁴ Exhibit B-2, BCUC 1.3.5.

¹⁵ FEI Final Argument, p. 5.

¹⁶ Ibid., p. 7.

gas volumes have not been significant enough to warrant use of the tools [available] under the tariff.”¹⁷ FEI argues that, although it cannot opine definitely whether there is a trend or not, the decrease in the monthly Balancing Gas quantities expressed as a percentage of total load from 1.12% in 2014 to 0.24% for the period from January to April 2015 is evidence that the potential impact from the Monthly Balancing Transportation Service on the core natural gas customers is less in recent months.¹⁸

FEI further submits that “FEI will continue to frequently monitor imbalances throughout the month and at month end to ensure inventory levels of monthly and daily balanced customers are managed and maintained within reasonable levels, and will contact customers for adjustment or utilize the existing provisions of the tariff to ensure compliance where appropriate.”¹⁹ FEI states it “requests Shippers and/or Shipper Agents to manage an overall inventory pack on the FEI system to 2-3 days of their average daily burn. FEI continues to maintain this expectation as done so in the past.”²⁰ FEI states it has not identified any additional business practice improvements to implement between now and December 31, 2016.²¹

In response to Commission information requests, FEI provided details of the daily imbalances between the load requirement and the energy delivered to FEI for each Shipper/Shipper Agent over the winter of 2014/15.²²

3.2 Intervener views

BCOAPO agrees with FEI that a new principle has been raised that was not examined in the initial proceeding, specifically, whether a component of rate design should be considered in isolation and at an earlier time than the remaining components of rate design. BCOAPO submits that the deadline for filing the Monthly Balancing Rate Design Application should be extended to December 31, 2016 and FEI should have the option of filing such application as part of the Comprehensive Rate Design Application. BCOAPO notes the merits of granting the reconsideration are: cost efficiency; simplicity, transparency and understandability; and the interrelated nature of a Monthly Balancing Rate Design Application and the Comprehensive Rate Design Application.²³

The CEC submits that there is no new principle raised, but there may be just cause in the merits of the reconsideration. Additionally, CEC submits that there has been a fundamental change in facts since the Original Decision, which is now on the evidentiary record, and which satisfies the purpose of the Commission’s original directive. Consequently CEC considers that it is no longer necessary to specifically direct FEI to review Monthly Balanced Transportation Service.

With regard to the CEC claim of just cause, the CEC submits that:

¹⁷ Exhibit B-2, BCUC 1.1.4

¹⁸ FEI Final Argument, p. 8.

¹⁹ Ibid., p. 7.

²⁰ Exhibit B-2, BCUC 1.1.1.

²¹ Ibid., BCUC 1.1.2.

²² Ibid., BCUC 1.1.6.

²³ BCOAPO Final Argument, pp.1–2.

... there is just cause for the Commission to reconsider and vary its order on the basis of a fundamental change of facts relating to the sufficiency of the existing rate, rate design and tools available to FEI under the current monthly balancing gas tariff to ensure compliance and prevent arbitrage and/or harm to core customers ... The CEC submits that the new facts effectively resolve the issue and urgency being addressed by the Commission directive in the Balancing Gas Decision, and as such the directive is no longer required.²⁴

3.3 Commission discussion

On the basis of the information presented in this Reconsideration Application, the Panel is satisfied that, due to the interrelationship between the Monthly Balanced Transportation Service rate design and the Comprehensive Rate Design Application, and the potential for added costs and wasted resources, FEI's requests as set out in the Reconsideration Application should be granted.

It is not clear whether the potential abuse that was identified in the Original Application proceeding has lessened, or whether the potential for harm remains. The Panel does acknowledge that the evidence shows the amount of Balancing Gas incurred over the period since the Original Decision was issued has decreased.

However, as observed by the Commission in the Original Decision:

[T]he negative inventory or amount cashed out at the end of the month as Balancing Gas is not a full reflection of the degree to which FEI needed to use the core's Midstream resources to balance the Shipper/Shipper Agent's aggregate load with the supply provided by that Shipper/Shipper Agent on a daily basis over the course of the month.²⁵

The Panel notes the evidence provided in this proceeding further supports the Commission's view that the potential for harm is not only reflected by the magnitude of the Balancing Gas volumes incurred. The response to BCUC IR 1.1.6 provides the daily imbalances between the load requirement and the energy delivered to FEI for each Shipper/Shipper Agent over the winter of 2014/15. Based on this data, the Panel makes the observation that for the most part there appears to be little, if any, correlation between the magnitude of daily imbalances for Monthly Balanced Transportation Service over the course of a month, or even the cumulative imbalance outstanding at the end of the month, and the quantity of Balancing Gas incurred for the month by a particular Shipper/Shipper Agent.

The December 2014 data provided in response to BCUC IR 1.1.6 illustrate the lack of a relationship between the month-end imbalance and the amount of Balancing Gas incurred.

²⁴ CEC Final Argument, p. 2.

²⁵ Decision accompanying Order G-187-14 dated December 1, 2014(Original Decision), p. 16.

Table 1 – Monthly Balanced Transportation Service Month-end Imbalances and Balancing Gas

	December 2014	
Shipper Agent	Sum of Daily Imbalances between Load Requirement and Energy Delivered to FEI System for the Month* (GJ)	Monthly Balancing Gas Incurred by Shipper Agent (GJ)
Shipper Agent A	7,008.2	-
Shipper Agent B	(49,093.6)	8,378.1
Shipper Agent C	(2,292.1)	-
Shipper Agent D	(4,260.7)	-
Shipper Agent E	(124,216.5)	2,905.5
Shipper Agent F	(35,663.8)	-
FEI	(2,261.0)	2,598.4
Shipper Agent H	699.0	-
Shipper Agent I	5,957.6	-
Shipper Agent J	6,032.0	-
Shipper Agent K	(362,133.9)	38,786.0
Shipper Agent L	86.5	-

*Negative imbalance indicates less energy was delivered to FEI by the Shipper Agent than was consumed by the customers in the Shipper Agents' monthly balanced group.

Under the terms and conditions of the Monthly Balancing Transportation Service rate schedules, groups with Shippers on Monthly Balanced Transportation Service are sold Balancing Gas from FEI at the Balancing Gas charge at the end of each month "for underdeliveries (the sum of the Authorized Quantities is less than the Shipper's actual Monthly consumption as measured by FortisBC Energy)".²⁶ Authorized Quantities are deliveries off the interconnecting transport pipeline to FEI to the Shipper's account.

The explanation for the disconnect between the cumulative imbalance at month-end and the monthly Balancing Gas incurred by each Shipper/Shipper Agent is provided by FEI in response to BCUC IR 1.1.6 where FEI states:

As shown in the attached tables, some Shippers/Shipper Agents show a consistent pattern of incurring a cumulative daily negative imbalance resulting in a large month end imbalance. This is due to the existing Monthly Balancing provisions in the tariff where Shippers/Shipper Agents are not required to balance on a daily basis but instead by month end. Many of these Shippers/Shipper Agents also have Daily Balanced groups in which the opposite pattern occurs; a daily over-supply or pack, resulting in a large positive imbalance at month end. At the end of the month, Shippers/Shipper Agents typically transfer inventory from their Daily to their Monthly groups to make up for most if not all of the negative imbalance.²⁷

²⁶ Original Application, Exhibit B-2, Attachment 1.1, Rate Schedule 23, p. R-23.10.

²⁷ Exhibit B-2, BCUC 1.1.6, p. 6. Emphasis added.

This practice of transferring balances between monthly balanced groups and daily balanced groups at month-end before the Balancing Gas quantities for the monthly balanced groups are determined shows the interrelationships between the two service offerings is likely more significant than the Commission observed in the Original Decision when it stated “FEI business practices permit imbalances to be transferred between daily and monthly groups indicating the relationship of daily and monthly balancing business practices may be more complex than is apparent in this [Original] Application.”²⁸ Additionally, the Panel questions whether this practice of transferring imbalances between daily balanced and monthly balanced groups is within the stated spirit and intent of the tariff as expressed by FEI in the Original Application. In the Original Application FEI described the spirit and intent of Monthly Balanced Transportation Service as being expressed in Article 7.2 of Rate Schedule 23: *“The Shipper's Requested Quantity for each Day will equal the Shipper's best estimate, at the time of notification to FortisBC Energy of the Requested Quantity, of the quantity of Gas the Shipper will actually consume on such Day.”*²⁹

In response to the request for an update on FEI’s experience with Monthly Balancing Transportation Service, FEI states that it “has been actively monitoring imbalances throughout the month and at month end. For the period from April 2014 to present, FEI has contacted many Shipper Agents on a monthly basis to make requests for adjustments in nomination to reduce imbalances.”³⁰ The Commission infers that this statement and FEI’s response to BCUC IR 1.1.1 stating Shipper Agents are requested to manage an overall inventory pack on the FEI system to 2 to 3 days of their average daily consumption indicate that FEI’s references to monitoring may be in regard to the Shipper Agent’s total imbalance for the daily balanced group and monthly balanced group. Given the Panel did not obtain evidence of the Shipper Agent’s overall imbalances, the Panel cannot reach a conclusion as to whether abuses during the month continue to occur or not. Similarly, since the Panel does not have data showing the total imbalances for transportation service as a whole, the Panel cannot make any conclusions regarding whether there is a change in the impact on the core or other transportation ratepayers.

The Panel concludes that, under currently accepted business practices, the spirit and intent of the Monthly Balanced Transportation Service rate schedules does not appear to be applied or adhered to by many Shipper/Shipper Agents at the Monthly Balanced Transportation Service group level and there is no evidence the practice of incurring a significant negative cumulative imbalance through the course of a month for Monthly Balanced Transportation Service groups is discouraged by FEI. Given FEI’s contention that the existing tariff provisions permit the business practice of transferring imbalances at month-end, it is clear that an effective review of Monthly Balancing Rate Design Application must be broader than just a review of Monthly Balanced Transportation Service and must include, at a minimum, a review of daily balanced transportation service in order to be meaningful. This supports FEI’s contention that a review of the Monthly Balanced Rate Design Application requires a broader view.

The Panel disagrees with CEC’s submission that the “new facts effectively resolve the issue and urgency being addressed by the Commission directive in the Balancing Gas Decision, and as such the directive is no longer

²⁸ Original Decision, p. 22.

²⁹ Original Application, Exhibit B-3, CEC IR 1.6.1. Emphasis added by FEI.

³⁰ Exhibit B-2, BCUC 1.1.3.

required.”³¹ The Panel instead concludes that the Commission’s determination in the Original Application that FEI did not present sufficient evidence that abuse is occurring or that the quantities of Balancing Gas incurred are an accurate measure of such abuse is further supported by the evidence presented in the Reconsideration Application. And as already noted, without evidence showing the total daily imbalances of Shippers/Shipper Agents for the sum of their daily and monthly balanced groups both on an individual Shipper/Shipper Agent basis and for transportation service as a whole, it is not possible for the Panel to determine whether the core customers have been harmed or not. The Panel finds that a review of this information is a necessary element of any review of a Monthly Balancing Rate Design Application, regardless whether it is as a component of the Comprehensive Rate Design Application or as a separate application, in order to assess the degree of harm incurred by the core customers. For the purposes of the review of the Reconsideration Application, the Panel is of the view that other factors such as the degree of inter-relationship with the areas covered by the Comprehensive Rate Design Application and the potential incremental cost and inefficiency of a separate application outweigh the Panel’s concerns regarding the possible extent of harm arising from a delay in the filing of a Monthly Balancing Rate Design Application.

While the Panel agrees that the requested reconsideration should be granted, the Panel is of the opinion that the needs of Monthly Balanced Transportation Service stakeholders who may not have the resources to fully participate in the Comprehensive Rate Design Application should be considered through one or a combination of the alternatives presented by FEI.

Commission determination

After considering the Reconsideration Application, new evidence proffered during the interrogatory process and in consideration of the positions of the interveners, **the Panel determines that the deadline for FEI to file a Monthly Balancing Rate Design Application is extended to December 31, 2016. FEI shall apply for a rate design on Monthly Balanced Transportation Service either as part of a broader rate design application as ordered by G-21-14, or as a separate filing along with the broader rate design application no later than December 31, 2016.**

In the Original Decision, the Commission directed FEI to include a review or discussion of a number of items in the Monthly Balancing Rate Design Application. The Panel confirms the items listed in the Original Decision and reiterates the need to include a review of the following:

- Whether Monthly Balanced Transportation Service should continue to be offered and, if so, what the appropriate rate and rate structure should be for the balancing service being provided under this service offering.
- An understanding of the relationship between Monthly Balanced Transportation Service and daily balanced transportation service.

The Panel directs FEI to add the following items to the list of issues to be reviewed the rate design on Monthly Balanced Transportation Service:

³¹ CEC Final Argument, p. 2.

- **The appropriateness of the business practice of allowing transfers of imbalances between daily balanced and monthly balanced accounts.**
- **The extent of FEI's use of core gas cost resources to balance the overall transportation service imbalances for each day and the cost to the core customers.**