



**ORDER NUMBER
G-179-16**

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

and

FortisBC Energy Inc.
Application regarding its 2016 Fourth Quarter Gas Cost Report
and Rate Changes effective January 1, 2017
for the Revelstoke Service Area

BEFORE:

D. M. Morton, Commissioner
W. M. Everett, Commissioner
H. G. Harowitz, Commissioner
M. Kresivo, Commissioner
R. I. Mason, Commissioner
R. D. Revel, Commissioner

on December 1, 2016

ORDER

WHEREAS:

- A. On November 23, 2016, FortisBC Energy Inc. (FEI) filed its 2016 Fourth Quarter Gas Cost Report for the Revelstoke Service Area (Report) and applied for approval of an increase in the propane reference price effective January 1, 2017;
- B. By Order G-33-16 dated March 10, 2016, the British Columbia Utilities Commission (Commission) approved the current propane reference price for Revelstoke effective April 1, 2016. This commodity rate was maintained unchanged at July 1, 2016 and October 1, 2016 through Letters L-14-16 and L-22-16, respectively;
- C. By Letter L-40-11 dated May 19, 2011, the Commission revised the guidelines for the review of quarterly gas costs and rate setting mechanisms that were originally established by Letter L-05-01 (Guidelines);
- D. Using a propane price forecast based on November 15, 2016 NYMEX B0 - Mt. Belvieu propane swap prices, and based on existing rates, the projected after tax deferral balance at December 31, 2016 of \$215,057 surplus is forecast to change to \$159,256 deficit by December 31, 2017. The rate change trigger mechanism is calculated to be 85.5 percent which falls outside the deadband range of 95 percent to 105 percent. The proposed rate increase is calculated to be \$0.993/GJ, which is greater than the minimum \$0.50/GJ threshold established in the Guidelines;
- E. In the Report, FEI indicates that current propane cost recovery rates will under recover costs and a propane rate increase is required, effective January 1, 2017;

- F. The proposed increase in the propane reference price is equivalent to an increase of approximately \$50 or 7.2 percent in the annual bill for a typical Revelstoke customer with annual consumption of 50 GJ;
- G. FEI requests that the forecast gas cost information in Tab 2 of the Report be held confidential on the basis that it is market sensitive information; and
- H. The Commission reviewed the Report within the context of the Guidelines and considers that the applied-for commodity rate change is warranted.

NOW THEREFORE pursuant to sections 61(4) and 71(5) of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

1. The propane reference price for the Revelstoke Service Area is increased by \$0.0244 per litre from \$0.1444 per litre to \$0.1688 per litre, which corresponds to an increase of \$0.993 per gigajoule in customer rates, effective January 1, 2017.
2. FortisBC Energy Inc. 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 billing.
3. The Commission will hold confidential the information in Tab 2 of the 2016 Fourth Quarter Gas Cost Report as it contains market sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of December 2016.

BY ORDER



D. M. Morton
Commissioner