



**ORDER NUMBER
G-31-17**

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

and

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

BEFORE:

D. M. Morton, Commissioner
H. G. Harowitz, Commissioner
M. Kresivo, Commissioner
B. A. Magnan, Commissioner
R. I. Mason, Commissioner
R. D. Revel, Commissioner

on March 9, 2017

ORDER

WHEREAS:

- A. On March 1, 2017, FortisBC Energy Inc. (FEI) filed its 2017 First Quarter Gas Cost Report for the Revelstoke Service Area (Report) and applied for approval of an increase in the propane reference price, effective April 1, 2017;
- B. By Order G-179-16 dated December 2, 2016, the British Columbia Utilities Commission (Commission) approved the current propane reference price for Revelstoke effective January 1, 2017;
- 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-5-01 (Guidelines);
- D. Using a propane price forecast based on February 22, 2017 NYMEX B0 - Mt. Belvieu propane swap prices, and based on the existing rates, the projected after-tax deferral balance of \$12,419 surplus at March 31, 2017, is forecast to change to a \$515,422 deficit at March 31, 2018. The revenue/cost rate change trigger mechanism is calculated to be 68.2 percent, which falls outside the deadband range of 95 percent to 105 percent. The proposed rate increase is calculated to be \$3.210 per gigajoule (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 April 1, 2017;
- F. The proposed increase in the propane reference price is equivalent to an increase of approximately \$161 or 21.4 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 for Revelstoke 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 proposed commodity rate change is warranted.

NOW THEREFORE pursuant to section 61(4) 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 \$0.0787 per litre from \$0.1688 per litre to \$0.2475 per litre, which corresponds to an increase of \$3.210 per gigajoule in customer rates, effective April 1, 2017.
2. FortisBC Energy Inc. is directed to 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 2017 First Quarter Gas Cost Report as it contains market sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this 9TH day of March 2017.

BY ORDER



D. M. Morton
Commissioner