



ORDER NUMBER
G-18-16

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

Port Alice Gas Inc.
Application for Approval to Increase
the Basic Charge and Facility Charge

BEFORE:

B. A. Magnan

on February 11, 2016

ORDER

WHEREAS:

- A. On December 7, 2015, Port Alice Gas Inc. (PAG) applied to the British Columbia Utilities Commission (Commission) for an order approving an increase in the Basic Charge from \$6.00 per month to \$0.40 per day (nominally \$12.00 per month) and to increase the Facility Charge from \$17.32 to \$38.90 per cubic meter of propane, effective January 1, 2016 (the Application);
- B. By way of Order G-211-15 on December 21, 2015, the Commission approved rate changes on an interim and refundable basis effective January 1, 2016;
- C. By way of Order G-4-16, the Commission established a regulatory timetable for the review of the Application; and
- D. The Commission has reviewed the Application and finds the evidence provided to be insufficient for a fulsome review of the proposed rate changes, thereby requiring the filing of supplemental information as well as amendments to the regulatory timetable.

NOW THEREFORE the British Columbia Utilities Commission orders as follows:

1. Port Alice Gas Inc. must provide an amended application with more fulsome evidence as specified in Appendix B to this order by Thursday, March 10, 2016.
2. In order to provide all parties an adequate opportunity to review the supplemental information as described in Directive 1 above, the Regulatory Timetable for review of the Application has been amended as set out in Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of February 2016.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachments

Orders/G-18-16_PAG_Rate-Review_Amended-Timetable

Port Alice Gas Inc.
Application for Approval to Increase
the Basic Charge and Facility Charge

REGULATORY TIMETABLE

ACTION	DATE (2016)
Intervener Registration	March 3
Port Alice Gas to File Supplemental Information	March 10
Commission and Intervener Information Request No. 1 to Port Alice Gas	March 29
Port Alice Gas Response to Commission and Intervener Information Request No. 1	April 19

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SUPPLEMENTAL INFORMATION FOR FILING

Port Alice Gas Inc. must provide the following supplemental information:

a. General information

- i. Provide an overview of Port Alice Gas Inc. and its business operations (i.e. number of customers, customer classes, facilities, service area, etc.).
- ii. Specify the applicable section(s) of the Utilities Commission Act under which the Application is being filed, and list each of the approvals being requested.
- iii. Use a common denominator (e.g. GJ or L or m³) for all per unit amounts and calculations consistently throughout the Application. If necessary, provide the conversion factors to convert per unit amounts to customer billing units (e.g. GJs).

b. Financial model

- i. In an electronic spreadsheet format, show a summary schedule for all test period forecast cost of service amounts and each item that comprises revenue requirements at existing rates.
- ii. Show forecast amounts for cost of sales, operating expenses, maintenance expenses, administrative and general expenses, property taxes, depreciation, amortization, investment income and other revenue, income taxes, and earned return components separately.
- iii. Calculate the revenue deficiency from the difference between the forecast cost of service and the revenues at existing rates. Show how the basic charge, cost of gas, and facilities charges relate to the revenue deficiency in support of the proposed rate changes.

c. Proposed rate changes

- i. Distinguish the basic charge, cost of gas and facility charge components of revenues separately and describe the basis upon which the proposed rate changes were determined to cover the revenue deficiency. Provide the cost of service dollar amount per gigajoule (GJ) separately for each proposed rate change (e.g. basic charge, cost of gas, facilities charge).
- ii. For all proposed rate changes, provide the dollar and percent impact to rates by rate class (e.g. residential, commercial).
- iii. Provide further detail to explain the proposed change to the basic charge.

d. Historical actuals

- i. Provide three to five years of historical actual data, in addition to the test period forecast information.
- ii. If any forecast items have changed by an amount greater than *\$10 thousand* from the previous year actuals, provide a detailed explanation of the change. When discussing changes in the

narrative of the application, provide specific information about the causation factors and/or cost drivers and provide reasons to support the forecast information.

e. Test period evidence

- i. General - Provide a detailed discussion of changes and causation factors and/or cost drivers for the forecast components and amounts comprising the test period revenue requirement and associated revenue deficiency. Provide narrative discussion in the application, in addition to data tables and financial schedules in an electronic spreadsheet format.
- ii. Utility income and return – Provide a financial schedule showing test period forecast revenue at existing rates, separately by rate class (e.g. residential, commercial), and compare to forecast test period cost of service to define the revenue deficiency for the test period. Take fixed fee revenues into consideration.
- iii. Sales volumes – Provide test period forecast number of customers, sales volumes and forecast average use per customer by rate class (e.g. residential, commercial). Additionally, provide five years of historical actuals. Explain the forecast methodology used.
- iv. Cost of gas – Provide a discussion of propane suppliers and related propane supply contracts. Specify any proposed changes to the cost of gas definition from the previously approved tariff rate schedule. Provide supporting evidence for the determination of the cost of gas, including any unaccounted for volumes, and explain the mechanism used to flow the cost of gas through rates. Provide five years of historical unaccounted for volumes (in GJ and percent of total deliveries), and explain whether these amounts are recovered in the cost of gas. Show cost of gas amounts for primary and secondary freight separately.
- v. Operating, maintenance & administration (OM&A) expenses – Provide test period forecast amounts and five years of historical actuals. Provide a discussion on changes in OM&A expenses for each account, with supporting reasons for any variances in the test period forecast as compared to prior year actuals which are above *\$10 thousand*.
- vi. Rate base – Provide a financial schedule showing the components of rate base for the test period. In the schedule, provide amounts for gross plant in service, any account movements (additions, disposals, depreciation expense), and accumulated depreciation, as well as working capital requirements. Show the utility rate base calculation on a mid-year basis, with mid-year gross plant in service, mid-year accumulated depreciation, and mid-year net plant in service amounts, in addition to working capital. Explain any other adjustments or items in the schedule.
- vii. Deferred charges – Describe all deferred charges and provide a summary schedule by account, separating rate-based from non-rate based deferred charges accounts. Reference any amounts included in Rate Base, and show any amortization expenses on deferred charges recovered in rates for the test period.
- viii. Capital structure and return on capital – Propose and support a capital structure (debt to equity ratio), rate of return on equity and cost of debt for PAG. Provide an explanation of the proposed capital structure and return on capital, including a discussion of operating, business and financial risks currently faced by PAG.

f. Tariff pages

- i. Provide a blacklined copy showing the proposed changes to the approved tariff pages, and in the narrative of the Application, explain all material proposed changes to the tariff pages.
- ii. For all changes proposed to previously approved tariff terms and conditions, rates, charges and fees, provide supporting evidence and justification for the proposed changes (i.e. proof of cost, cost estimates, average historical costs, benchmarking, etc.).