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ORDER NUMBER
G-334-23

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

and

FortisBC Energy Inc.
2024 Annual Review of Delivery Rates

BEFORE:
A. K. Fung, KC, Panel Chair
T. A. Loski, Commissioner
E. A. Brown, Commissioner

on December 7, 2023

ORDER

WHEREAS:

A. On June 22, 2020, the British Columbia Utilities Commission (BCUC) issued its Decision and Order G-165-20 for FortisBC Energy Inc. (FEI) and G-166-20 for FortisBC Inc., approving a Multi-Year Rate Plan (MRP) for 2020 through 2024 (MRP Decision). In accordance with the MRP Decision, FEI is to conduct an annual review (Annual Review) process to set delivery rates for each year;

B. By letter dated June 28, 2023, FEI proposed a regulatory timetable for the 2024 Annual Review of delivery rates;

C. By Orders G-194-23 and G-241-23, the BCUC established and amended the regulatory timetable for the review of the FEI 2024 Annual Review of delivery rates, which included FEI filing its Annual Review materials, intervener registration, one round of information requests, a workshop, FEI's response to undertakings at the workshop, and written final and reply arguments;

D. On July 28, 2023, FEI submitted its materials for the 2024 Annual Review of Delivery Rates application (Application). In the Application, FEI requests, among other things, a 4.50 percent delivery rates increase over the 2023 delivery rates, on a permanent basis, effective January 1, 2024;

E. On September 5, 2023, the BCUC issued the Generic Cost of Capital (GCOC) Stage 1 Decision and Order G-236-23 (GCOC Decision), which approved, among other things, a deemed equity component of 45 percent and an allowed return on equity of 9.65 percent for FEI, effective January 1, 2023;

F. On October 10, 2023, FEI filed an Evidentiary Update to incorporate, among other things, the impacts of the GCOC Decision in the 2024 revenue requirements and delivery rates. In the Evidentiary Update, FEI proposed, among other things, an amended 2024 delivery rates increase of 8.00 percent;

G. On October 17, 2023, by Order G-275-23, the BCUC approved FEI's permanent rates for 2023 and for FEI to establish a non-rate base deferral account entitled the 2023 Revenue Deficiency deferral account, attracting FEI's weighted average cost of capital, to record the 2023 incremental revenue deficiency of $63.994 million resulting from the GCOC Decision; and

H. The BCUC has reviewed the Application, evidence and arguments filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 44.2 and 59 to 61 of the *Utilities Commission Act*, for the reasons stated in the decision issued concurrently with this order, the BCUC orders as follows:

1. FEI is approved to increase delivery rates by 8.00 percent on an interim and refundable/recoverable basis, effective January 1, 2024, pending the outcome of FEI's 2024-2027 Demand Side Management (DSM) Expenditures Application proceeding.

2. FEI is approved to record the remaining 2024 revenue deficiency in the 2023 Revenue Deficiency deferral account and to re-name the 2023 Revenue Deficiency deferral account to "2023 and 2024 Revenue Deficiency deferral account".

3. FEI is approved to:

    a. Establish the following rate base deferral accounts:

        i. 2025 MRP Application deferral account, with the amortization period to be determined in a future proceeding;

        ii. 2023 Cost of Service Allocation (COSA) Study deferral account, with the amortization period to be determined in a future proceeding;

        iii. 2024-2027 DSM Expenditure Plan Application deferral account, with amortization over a four-year period commencing January 1, 2024; and

        iv. Provincial Sales Tax (PST) Rebate on Select Machinery and Equipment deferral account, with amortization over a one-year period commencing January 1, 2024.

    b. Amortize the existing Transportation Service Report deferral account over a one-year period commencing January 1, 2024.

4. FEI is approved to set the Biomethane Variance Account Rate Rider for 2024 in the amount of $0.181 per gigajoule (GJ) as set out in Section 10.3.1 of the Application.

5. FEI is approved to set the Revenue Stabilization Adjustment Mechanism riders for 2024 in the credit amount of $0.106 per GJ as set out in Table 10-5 in Section 10.3.2 of the Application.

6. FEI is approved to set the Fort Nelson Residential Customer Common Rate Phase-in Rate Rider for 2024 in the credit amount of $0.863 per GJ as set out in Section 10.3.3 of the Application.

7. FEI's 2024 Core Market Administration Expense (CMAE) budget of $6.050 million is approved, as set out in Schedule 1 of Appendix B to the Application, and FEI is approved to continue to allocate the CMAE costs

between FEI's Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account at 30 percent and 70 percent, respectively.

8. FEI is directed to file as a compliance filing, the tariff continuity and billing impact schedules for 2024 no later than 10 days from the date of the issuance of this order.

9. FEI is directed to comply with all other directives contained in the decision issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 7th day of December 2023.

BY ORDER

Original signed by:

A. K. Fung, KC
Commissioner