

MANITOBA) Order No. 4/01
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THE PUBLIC UTILITIES BOARD ACT) January 9, 2001

Before: G. D. Forrest, Chairman
M. Girouard, Member
S. Proven, Member

AN APPLICATION BY STITTCO UTILITIES MAN LTD.
FOR AN INTERIM EX PARTE ORDER OF THE BOARD
APPROVING AN ADDITIONAL RATE RIDER TO THE
SALES RATES TO RECOVER THE INCREASED COST OF
PROPANE

Background

The Manitoba Public Utilities Board ("the Board") last approved a rate rider of \$81.80 per cubic metre, liquid, (\$0.309 per cubic metre, vapour), to be added to the sales rates for Stittco Utilities Man Ltd. ("Stittco") in Order 120/00, dated August 21, 2000. The base sales rates which have been in effect since August 1, 1998 contain a propane price of \$134.00 per cubic metre, liquid, while the rate rider, effective August 1, 2000, reflected an estimated increase in the cost of propane of \$81.80 per cubic metre, liquid. In Order 120/00, the Board also approved the establishment of a Purchase Propane Variance Account ("PPVA") commencing August 1, 2000 and to continue until no later than July 31, 2001 to track the difference between the forecast and actual price of propane

The Application

On December 19, 2000, Stittco applied to the Board for an Order approving on an interim ex parte basis, an additional rate rider of \$115.00 per cubic metre, liquid, to recover the cost of propane which is now much higher than the \$215.80 per cubic metre, liquid, estimated in Stittco's application which resulted in the issuance of Order 120/00.

Stittco indicated that propane prices are closely aligned with the price of natural gas and crude oil which are determined by global market forces. Stittco submitted that the current cost of propane is \$330.80 per cubic metre, liquid, and is expected to remain near this level over the next several months. This price is approximately 53% higher than the price estimated in

August, 2000. As a consequence, Stittco applied to the Board for approval of an additional rate rider to recover the increase in the propane price from the August 1, 2000, estimated at \$215.80 (reflected in current base rates and existing rate rider) and the current cost estimate of \$330.80. The required additional rate rider is \$115.00 per cubic metre, liquid, or \$0.4341 per cubic meter, vapour.

Board Findings

The market price of propane will generally follow the prices of other fossil fuels. From Stittco's monthly reports on the PPVA balances, the Board is aware that Stittco's actual propane price has increased significantly, from \$154.30 to \$281.50 per cubic metre, liquid from April to November, 2000. The Board is also aware that the balance of the PPVA has been steadily increasing from approximately \$35,000 owing to consumers at the end of March, 2000 to approximately \$127,000 owing to Stittco at the end of November, 2000.

Considering the experienced increases in propane cost and current market condition the Board accepts the need and urgency to implement an additional rider to recover the increases in the commodity price. The Board notes that the entire rate rider is due to increase prices which are beyond the control of Stittco. The Board will therefore approve Stittco's request to implement an additional rate rider in the amount of \$115.00 per cubic metre, liquid (\$0.4341 per cubic metre, vapour) on an interim ex parte basis. The Board will require Stittco to continue reporting the monthly status of the PPVA balances. The Board will also require that Stittco file an application to dispose of

the July 31, 2001 PPVA balance, pursuant to Order 120/00. This application should be filed by no later than August 31, 2001.

The Board will require Stittco to inform its customers in writing that the Board has approved the rate increase on an interim ex parte basis due to increases in the commodity cost of propane. This notice shall indicate that a customer may request further information regarding the rate increase or provide comments by contacting the Board directly.

IT IS THEREFORE ORDERED THAT:

1. A rate rider to be effective for all billings based on meter readings for propane consumed on and after January 1, 2001, additional to the existing rate rider of \$.309 per cubic metre, vapour, rates in the amount of \$0.4341 cubic meter, vapour on existing domestic and commercial sales rates as shown on Appendix A to this Order, BE AND IS HEREBY APPROVED, on an interim ex parte basis.
2. This interim ex parte Order shall remain in full force and effect until a further Order of the Board.
3. Stittco Utilities Man Ltd. shall continue to file reports to the Board on a monthly basis respecting the status of the Purchase Propane Variance Account balances.
4. Stittco Utilities Man Ltd. file an application with the Board outlining the plan to dispose of the July, 31, 2001 Purchase Propane Variance Account balance which application shall be filed by no later than August 31, 2001.

THE PUBLIC UTILITIES BOARD

"G. D. Forrest"
Chairman

"G. O. Barron"
Secretary

Certified a true copy of Order No.
4/01 issued by The Public Utilities
Board

Secretary