

**M A N I T O B A** ) **Order No. 28/02**  
)  
**THE PUBLIC UTILITIES BOARD ACT** ) **February 11, 2002**

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 A REDUCTION IN THE EXISTING RATE  
RIDER TO THE SALES RATES TO RECOVER THE  
DECREASED COST OF PROPANE**

## **Background**

Base sales rates for Stittco Utilities Man Ltd. ("Stittco"), which have been in effect since August 1, 1998, contain a propane price of \$134.00 per cubic metre, liquid. In Order 182/99, dated November 4, 1999, the Manitoba Public Utilities Board ("the Board") approved a unit rate rider of \$32.60, liquid to be effective October 1, 1999 to reflect increased propane costs. Because the price of propane continued to rise, the Board approved an increase in the unit rate rider to \$81.80 (subsequently referred to as Rate Rider "A") in Order 120/00, dated August 1, 2000. At that time, the unit cost of propane was estimated to be \$215.80. 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.

In Order 4/01, dated January 9, 2001, the Board approved an additional rate rider (Rate Rider "B") in the amount of \$115.00 per cubic metre, liquid, to reflect the estimated propane price at that time of \$330.80 per cubic metre, liquid.

In Order 124/01, dated August 16, 2001, the Board granted interim ex parte approval of, a reduction in Rate Rider "A" rate rider of \$32.60, to \$49.20, to reflect a lower cost of propane flowing from Stittco's supply contract for the 12-month period commencing April 1, 2001. Stittco indicated this request was in keeping with its objective of maintaining a competitive position compared to other energy sources available in the area while providing quality service to customers.

The total cost of propane embedded in sales rates was \$298.20, which would recover the estimated \$270.00 propane cost, with the balance of \$28.20 being applied to reduce the PPVA balance. Stittco had estimated that the PPVA balance at July 31, 2001 would be approximately \$331,000.

## The Application

On February 7, 2001 Stittco applied to the Board for interim ex parte approval for the removal of Rate Rider "A", in the amount of \$49.20 per cubic metre, liquid (\$0.186 per cubic metre, vapour). Stittco submitted that propane price have continued to decrease since July 2001, when Rate Rider "A" was reduced to \$49.20. Further, Stittco has lowered its cost of operation and has recovered a considerable amount of the PPVA balance, even with the reduced billed sales rate. Stittco estimates that the PPVA balance at January 31, 2002 will be approximately \$90,000.

Stittco is of the view that in order for it to remain competitive and retain its market share, rates must fall below current levels. Thus, Stittco is requesting approval for the removal of Rate Rider "A".

The following table illustrates the various changes in rates, per cubic metres, liquid:

<b>Component:</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Change</b>
Base Price embedded in rates	\$ 134.00	\$ 134.00	\$ 0.00
Rate Ride "A"	\$ 49.20	\$ 0.00	(\$ 49.20)
Rate Rider "B"	\$ 115.00	\$ 115.00	\$ 0.00
<b>Total embedded in rates</b>	<b>\$ 298.20</b>	<b>\$ 249.00</b>	<b>(\$49.20)</b>

## **Board Findings**

The Board is aware of the recent global market trend of falling energy prices, and that Stittco must remain competitive with locally available alternate energy sources if propane is to remain a viable energy option.

The Board had previously expressed some concern about the continued growth in the PPVA balance. The balance was approximately \$35,000 owing to Stittco's customers at March 31, 2000, and had increased to an estimated \$311,000 owing to Stittco at July 31, 2001. The Board notes that Stittco's financial statements for the year ended July 31, 2001 report the PPVA balance to be \$281,159. The Board is further encouraged by Stittco's most recent forecast that the January 31, 2002 PPVA balance is expected to be \$90,000, owing to Stittco.

The Board considers that under this proposal, Stittco will remain competitive with other energy sources and the PPVA balance should continue to decrease, and will therefore approve the application.

The Board will require Stittco to continue reporting the monthly status of the PPVA balances, and to file any further changes to the PPVA recovery plan, as appropriate.

**IT IS THEREFORE ORDERED THAT:**

1. The application by Stittco Utilities Man Ltd. to remove Rate Rider "A", from all billings based on meter readings for propane consumed on and after February 7, 2002, of \$0.186 cubic meter, vapour (\$49.20 per cubic metre, liquid) on existing domestic and commercial sales rates BE AND IS HEREBY APPROVED, on an interim ex parte basis.
2. The Schedule of Rates, attached as Appendix "A" to this Order, to be effective for all billings based on meter readings for propane consumed on and after February 7, 2002 BE AND IS HEREBY APPROVED.
3. This interim ex parte Order shall remain in full force and effect until a further Order of the Board.
4. 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, including any further changes to the recovery plan.

THE PUBLIC UTILITIES BOARD

"G. D. Forrest"

Chairman

"G. O. Barron"

Secretary

Certified a true copy of Order No. 28/02  
issued by The Public Utilities Board

Secretary

APPENDIX "A"

STITTO UTILITIES MAN LTD.

SCHEDULE OF RATES

For Metered Domestic and Commercial Sales Under The  
Public Utilities Board Jurisdiction for all Billings based on  
Meter Readings for Propane consumed on and after  
February 7, 2002

1. Domestic Services

First 50 cubic meters per month	\$1.293 per cubic meter
All over 50 cubic meters per month	\$1.066 per cubic meter
  
2. Commercial Service

First 1,000 cubic meters per month	\$1.200 per cubic meter
Next 3,000 cubic meters per month	\$1.066 per cubic meter
All over 4,000 cubic meters per month	\$0.911 per cubic meter
  
3. Industrial and large volume rates may be set by negotiation subject to approval of The Public Utilities Board and subject to such rates being available to all persons purchasing on the same conditions.
  
4. On all accounts outstanding for more than 30 days from the date of billing, an interest charge of 1 ½ percent per month will be charged from the date of billing until the account is paid.
  
5. All taxes extra, if applicable.
  
6. Rate Rider B to levy a rate of \$0.4341 per cubic meter in addition to the rates stated for each consumption block in paragraphs 1 and 2 above and also to rates negotiated under paragraph 3 above.