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1.0 EXECUTIVE SUMMARY

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, a 6% decrease in the propane commodity rate for Stittco Utilities Man Ltd. (effective for propane consumed on or after May 1, 2011).

The table set out below compares propane commodity rates and delivery charges over the last year, and provides the revised commodity rates effective May 1, 2011:

	May 1/10	Aug 1/10	Nov 1/10	Feb 1/11	May 1/11
Basic Monthly Charge	\$10.00/mo	\$10.00/mo	\$10.00/mo	\$10.00/mo	\$10.00/mo
	Per m ³	per m ³	per m ³	per m ³	per m ³
Commodity Cost Recovery	\$1.2592	\$1.0850	\$1.4590	\$1.6460	\$1.5476
Delivery charge					
First 100 m3	0.9696	0.9696	\$1.0634	\$1.0634	\$1.0634
Next 400 m3	0.8648	0.8648	\$0.9484	\$0.9484	\$0.9484
Next 1000 m3	0.8183	0.8183	\$0.8974	\$0.8974	\$0.8974
Next 2500 m3	0.6630	0.6630	\$0.7271	\$0.7271	\$0.7271
Over 4000 m3	0.5087	0.5087	\$0.5578	\$0.5578	\$0.5578

Commodity rates represent approximately two-thirds of the average residential bill; actual customer bills vary with consumption (consumption varies with weather conditions, heating efficiency, and individual household practices).

The 6% commodity rate decrease represents a small decrease in the commodity cost of propane (from \$360/m³ for liquid propane to \$340/m³), and a purchase price variance account balance of \$71,823 owing to customers.

The commodity rate decrease is expected to decrease the average overall residential propane rate by approximately 3.6%.

The quarterly rate setting (QRS) process for the commodity segment of Stittco's bills was established by Board Orders 141/08 and 45/09 (available for review on the Board's website).

2.0 INTRODUCTION

The commodity portion of Stittco's overall propane rates is amended quarterly, in accordance with the QRS process. Delivery charges are set annually and are designed to recover the costs incurred by Stittco for the distribution of propane to customers. Delivery charges were last amended in Board Order 107/10 for propane consumed after November 1, 2010.

Commodity costs, including transportation to Thompson, are passed on to customers with no mark-up. Variances are tracked in a Purchased Price Variance Account (PPVA), and either refunded to or collected from customers in subsequent rate settings. Regular adjustments to commodity prices help to minimize balances in this account and buffer often large swings in commodity charges.

Rates established by the QRS are set on an interim ex parte basis, subject to satisfactory information being filed by

Stittco with the Board. The quarterly interim rates are reviewed and finalized annually through a public process (either by way of a paper-driven review or oral hearing).

The approach reflects reality - the commodity rate is driven by commodity price changes that are outside the control of Stittco. The *ex parte* rate approval process reduces regulatory costs.

Propane remains an expensive fuel for heating purposes. Consumers are encouraged to improve the heating efficiency of their properties, and consider electricity which in the longer-term, even after taking into account conversion costs, is likely less expensive.

3.0 APPLICATION

Stittco filed its application on April 15, 2011, seeking a decrease in commodity rates from \$1.6460 to \$1.5476 per cubic meter of propane vapour. The proposed commodity rate reflects Stittco's forecast propane commodity price of \$340.00 per cubic meter of liquid propane, plus an additional \$70 per cubic meter for delivery to Thompson.

Stittco's application also included an adjustment to the propane commodity cost reflecting a PPVA balance of \$71,823 owing to the customer.

4.0 BOARD FINDINGS

The commodity recovery rate sought by Stittco fairly reflects projected commodity and transportation costs to Thompson. The Board will accept Stittco's proposal and direct that a decrease

in the propane commodity rate be effective for consumption on or after May 1, 2011.

The Board continues to recommend that customers seek ways to upgrade the heating efficiency of their premises, so as to reduce consumption and bills. The Board notes that the cost of heating an average residential dwelling by propane is more than twice the average cost of heating by electricity (not taking into account one-time conversion costs).

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

5.0 IT IS THEREFORE ORDERED THAT:

Stittco Utilities Man Ltd.'s rates be amended on an interim *ex parte* basis as per the attached Schedule "A" effective for consumption on or after May 1, 2011.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"
Chairman

"KURT SIMONSEN"
Acting Secretary

Certified a true copy of Order No.
64/11 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
 GENERAL SERVICE RATE STRUCTURE
 EFFECTIVE FOR CONSUMPTION ON OR AFTER MAY 1, 2011

Basic Monthly Charge	\$10.00/month
	per m ³ /mo
Commodity Costs Recovery	\$1.5476
Delivery Charge:	
First 100 m3	1.0634
Next 400 m3	0.9484
Next 1000 m3	0.8974
Next 2500 m3	0.7271
Over 4000 m3	0.5578