

MANITOBA ) Order No. 9/10  
 )  
THE PUBLIC UTILITIES BOARD ACT ) January 27, 2010

BEFORE: Graham Lane, CA, Chairman  
Len Evans, LL.D., Member  
Monica Girouard, CGA, Member

STITTCO UTILITIES MAN LTD.  
PROPANE RATES EFFECTIVE FEBRUARY 1, 2010

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**1.0 EXECUTIVE SUMMARY**

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, revised commodity rates for the propane and transportation component of Stittco Utilities Man Ltd.'s (Stittco) customer rates effective for propane consumed on or after February 1, 2010.

The revised rate structure, compared to the rates of the prior three quarters, is provided below:

	<b>May 1/09</b>	<b>Aug 1/09</b>	<b>Nov 1/09</b>	<b>Feb 1/10</b>
<b>Basic Monthly Charge</b>	\$10.00/mo	\$10.00/mo	\$10.00/mo	\$10.00/mo
	per m <sup>3</sup>	per m <sup>3</sup>	per m <sup>3</sup>	per m <sup>3</sup>
<b>Commodity Costs Recovery</b>	<b>\$0.91520</b>	<b>\$0.8120</b>	<b>\$1.1292</b>	<b>\$1.6990</b>
<b>Delivery charge</b>				
First 100 m3	0.9696	0.9696	0.9696	0.9696
Next 400 m3	0.8648	0.8648	0.8648	0.8648
Next 1000 m3	0.8183	0.8183	0.8183	0.8183
Next 2500 m3	0.6630	0.6630	0.6630	0.6630
Over 4000 m3	0.5087	0.5087	0.5087	0.5087

Commodity costs recovery will represent approximately two-thirds ( $\frac{2}{3}$ <sup>rds</sup>) of the average residential bill (actual bills vary with consumption).

The new commodity costs recovery rate represents an overall increase of approximately 50% from the commodity costs recovery rates approved, on an interim basis, by the Board for November

1, 2009 (Order 149/09), and will increase the average total residential bill by approximately 33.7%.

This increase is attributable to recent increases in the cost of purchasing propane and transporting it to Thompson. The commodity price increase reflective of changed market prices for oil and propane.

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

## **2.0 INTRODUCTION**

The commodity-based segment of Stittco's overall propane rates is amended quarterly, in accordance with the QRS process.

Commodity costs, including transportation to Thompson, are passed on to customers with no mark-up. Variances are tracked in a Purchased Propane 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. This also has the effect of, somewhat, reducing the large swings in commodity charges that have been the recent experience.

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

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

The approach reflects the reality that the commodity rate is driven by commodity price changes outside the control of Stittco and *ex parte* processes reduce regulatory costs while providing updated price signals to consumers.

### **3.0 APPLICATION**

Stittco filed an application on January 13, 2010, seeking an increase in commodity rates from the current rate of \$1.1292 to \$1.8341 per cubic meter, to reflect Stittco's forecast of a propane commodity price of \$495.00 per cubic meter, including delivery to Thompson.

Subsequently, oil and propane commodity prices fell, and the Board, noting a decrease in the commodity price to \$390.00 per cubic meter, conferred with Stittco and substituted that price (\$390.00) for the initial forecast of \$495.00, thus reducing the required commodity rate increase.

As directed by the Board, Stittco sought the rate adjustment pursuant to the QRS methodology.

#### **4.0 BOARD FINDINGS**

The commodity recovery rate sought by Stittco, as amended, reflects projected commodity and transportation to Thompson costs and is, accordingly, fair and reasonable.

The Board accepts Stittco's revised proposal and will direct the new, higher commodity rate be effective for consumption on or after February 1, 2010.

The Board continues to recommend that customers seek ways to upgrade the heating efficiency of their premises, so as to reduce consumption and bills.

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](http://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 February 1, 2010.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"

Chairman

"HOLLIS M. SINGH"

Acting Secretary

Certified a true copy of Order No.  
9/10 issued by The Public  
Utilities Board

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Acting Secretary

SCHEDULE "A"  
GENERAL SERVICE RATE STRUCTURE  
EFFECTIVE FOR CONSUMPTION ON OR AFTER February 1, 2010

Basic Monthly Charge	\$10.00/month
	per m <sup>3</sup> /mo
Commodity Costs Recovery	\$1.6990
Delivery Charge:	
First 100 m3	0.9696
Next 400 m3	0.8648
Next 1000 m3	0.8183
Next 2500 m3	0.6630
Over 4000 m3	0.5087