

M A N I T O B A) Order No. 115/09
)
THE PUBLIC UTILITIES BOARD ACT) July 24, 2009

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

 STITTCO UTILITIES MAN LTD.
 PROPANE RATES EFFECTIVE AUGUST 1, 2009

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1.0 EXECUTIVE SUMMARY

By this Order, the Public Utilities Board (Board) approves on an interim *ex parte* basis revised and decreased commodity cost recovery rates for the propane component of Stittco Utilities Man Ltd.'s rates (effective for propane consumed on or after August 1, 2009).

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

	November 1/08	February 1/09	May 1/09	August 1/09
Basic Monthly Charge	\$10.00/month	\$10.00/month	\$10.00/month	\$10.00/month
	per m ³	per m ³	per m ³	per m ³
Commodity Costs Recovery	\$1.7902	\$1.6333	\$0.91520	\$0.8120
Delivery Charge:				
First 100 m3	0.9634	0.9634	0.9696	0.9696
Next 400 m3	0.8593	0.8593	0.8648	0.8648
Next 1000 m3	0.8131	0.8131	0.8183	0.8183
Next 2500 m3	0.6588	0.6588	0.6630	0.6630
Over 4000 m3	0.5054	0.5054	0.5087	0.5087

Commodity costs recovery will represent approximately two-thirds ($\frac{2}{3}$ rds) of an average overall bill (bills will vary with consumption volumes). The revised commodity costs recovery rate represents an overall decrease of approximately 7.4% from the commodity costs recovery rates approved by the Board for May 1, 2009 in interim rate Order 45/09.

The reduction is attributable to decreased commodity costs, reflecting current market conditions for propane purchases.

The quarterly rate setting (QRS) process for the commodity segment of Stittco's bills was established in Board Order 141/08 and 45/09.

2.0 INTRODUCTION

The commodity based segment of Stittco's overall propane rate is amended quarterly, in accordance with the now established 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 minimizing large swings in commodity charges to customers.

Rates established by the QRS are on an interim *ex parte* basis, established by the Board without public consultation, subject to satisfactory information being filed by Stittco, to be reviewed and confirmed annually through a public process. This approach reflects the fact that the commodity rate is driven by commodity price changes, and the *ex parte* process restrains regulatory costs while providing updated price signals to consumers (in this case, rate relief).

3.0 APPLICATION

Stittco filed an application on July 14, 2009, seeking a reduction in commodity rates from the current rate of \$0.9152

per cubic meter to \$0.8120 per cubic meter, this to reflect revised commodity purchase costs.

Stittco advised of its forecast of a propane commodity price of \$234.00 per cubic meter, including delivery to Thompson.

As directed by the Board, Stittco sought this change pursuant to the QRS methodology.

4.0 BOARD FINDINGS

The Board is satisfied that the commodity recovery rate sought by Stittco, which is a reduction, reflects commodity and transportation to Thompson costs and is, accordingly, fair and reasonable.

The Board accepts Stittco's proposal and will direct the new and lower commodity rate be effective for consumption on or after August 1, 2009.

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:**

1. 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 August 1, 2009.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"

Chairman

"H. M. SINGH"

Acting Secretary

Certified a true copy of Order No.
115/09 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
GENERAL SERVICE RATE STRUCTURE
EFFECTIVE FOR CONSUMPTION ON OR AFTER AUGUST 1, 2009

Basic Monthly Charge	\$10.00/month
	per m ³ /mo
Commodity Costs Recovery	\$0.8120
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