

M A N I T O B A                    )     Order No. 75/10  
  )  
THE PUBLIC UTILITIES BOARD ACT    )     July 19, 2010

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

                  STITTCO UTILITIES MAN LTD.  
                  PROPANE RATES EFFECTIVE AUGUST 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 and lower commodity rates for the propane and transportation component of Stittco Utilities Man Ltd.'s (Stittco) customer rates (effective for propane consumed on or after August 1, 2010).

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

	<b>Nov 1/09</b>	<b>Feb 1/10</b>	<b>May 1/10</b>	<b>Aug 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>\$1.1292</b>	<b>\$1.6990</b>	<b>\$1.2592</b>	<b>\$1.0850</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

With the reduction, commodity rates will represent approximately two-thirds of the average residential bill (actual bills vary with consumption, and consumption varies by weather experience, heating efficiency, blends of energy sources, and individual households practices).

The new commodity costs recovery rate represents an overall decrease of approximately 14% from current rates, which were

also interim (Order 45/10), and is expected to decrease the "average" total residential bill by approximately 9%.

The decrease follows a decrease in May 2010 of 26% for commodity costs, 17% overall, and is related to a further decline in the cost of purchasing propane and transporting it to Thompson.

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-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 helps to buffer 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, 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 the *ex parte* process reduces regulatory costs, saving customers money.

The recent decreases provide another opportunity for consumers to upgrade the heating efficiency of their properties.

### **3.0 APPLICATION**

Stittco filed its application on July 13, 2010, and sought a decrease in commodity rates from the current rate of \$1.2592 to \$1.0850 per cubic meter, to reflect Stittco's forecast of a propane commodity price of \$291.00 per cubic meter (which includes delivery costs to Thompson).

### **4.0 BOARD FINDINGS**

The commodity recovery rate sought by Stittco fairly reflects projected commodity and transportation to Thompson costs and, the Board will accept Stittco's proposal and direct that a lower commodity rate be effective for consumption on or after August 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. 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.

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 August 1, 2010.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"

Chairman

"GERRY GAUDREAU, CMA"

Secretary

Certified a true copy of Order No.  
75/10 issued by The Public  
Utilities Board

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Secretary

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

Basic Monthly Charge	\$10.00/month
	per m <sup>3</sup> /mo
Commodity Costs Recovery	\$1.0850
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