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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-35-07**

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**IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

**and**

**An Application by FortisBC Inc.**

to Exempt, in specified circumstances, from the Provision of British Columbia Hydro and Power Authority's Wholesale Transmission Services Tariff ("WTS") (Tariff Supplement 30 and Rate Schedules 3000 to 3010), British Columbia Transmission Corporation's WTS Rollover and Open Access Transmission Tariffs and Tariffs that are Successor or Replacement Tariffs thereto, Power Flowing between the Brilliant Terminal Station and the South Slocan Substation: (i) along Line 2L288 through the Kootenay Canal Substation and along Line 60L227; and (ii) along Line 60L227 through the Kootenay Canal Substation and along Line 2L288

**BEFORE:** L.F. Kelsey, Commissioner  
L.A. Zaozirny Commissioner March 22, 2007

**O R D E R**

**WHEREAS:**

- A. Pursuant to an Agreement (the "Interconnection Facilities Agreement") dated April 5, 2004 and made among British Columbia Transmission Corporation ("BCTC"), British Columbia Hydro and Power Authority ("BC Hydro") and FortisBC Inc. ("FortisBC") it was agreed that BC Hydro would own and that BCTC would operate all of the Interconnection Facilities (hereinafter defined) installed at the Kootenay Canal Substation ("KCL") and that FortisBC would be responsible for all capital costs and various on-going operational costs and liabilities associated with such facilities. Commission Order No. G-136-06 approved the Interconnection Facilities Agreement; and
- B. Under the Interconnection Facilities Agreement and where used herein:
- (a) the new 230 kV Line (referred to by FortisBC as Line 79) between the Brilliant Terminal Station ("BTS") and KCL is referred to as "Line 2L288", with FortisBC owning that part from the BTS to the last supporting structure outside the KCL fence; and
  - (b) the new 60 kV Line (referred to by FortisBC as Line 12) between the KCL and FortisBC's South Slocan Substation ("South Slocan") is referred to as "Line 60L227", with FortisBC owning that part from South Slocan to the last supporting structure outside the KCL fence; and
- C. Line 2L288 and Line 60L227 and aforesaid interconnections at South Slocan and KCL were approved as part of the Kootenay 230 kV System Development Project which was approved by Commission Order No. C-10-00; and

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- D. On March 11, 2005 by Order No. G-25-05 the Commission approved BCTC's application for a WTS Rollover Tariff effective April 1, 2005 ("WTS Rollover Tariff") and on June 20, 2005 by Order No. G-58-05 approved BCTC's application for an Open Access Transmission Tariff ("OATT"); and
- E. By an application dated September 12, 2006 FortisBC requested an Order pursuant to Section 88(3) of the Utilities Commission Act (the "Act") stating that the use of the Interconnection Facilities (hereinafter defined), KCL and those portions of Line 2L288 and Line 60L227 owned by BC Hydro for power flowing between BTS and South Slokan:
- (a) along Line 2L288 through KCL and along Line 60L227; or
  - (b) along Line 60L227 through KCL and along Line 2L288,
- be exempted from any administrative or transmission-related rates or tolls to be collected, charged or enforced pursuant to Section 61(3) of the Act under BC Hydro's Wholesale Transmission Services ("WTS") Tariff (Tariff Supplement 30 and Rate Schedule 3000 to 3010), the WTS Rollover Tariff, OATT and any tariff which is a successor to or replacement tariff thereto, including without limitation any future BCTC tariff, provided that certain conditions were met; and
- F. Pursuant to sections 2.6(a)(iii) and 9.16.1(b)(iii) of the Interconnection Facilities Agreement, parties to the Agreement have agreed on a Power Flow Settlement Mechanism the current description of which is included as attachment 3(a) to FortisBC's application to the Commission of September 12, 2006; and
- G. The Commission has received a letter of support from BCTC dated September 14, 2006 wherein BCTC states that it expects that FortisBC's exemption from successor or replacement tariffs as contemplated in FortisBC's aforesaid application will not negatively impact any existing or potential customers subject to the OATT; and
- H. The Commission has received letters of support in respect of FortisBC Inc.'s application from Columbia Power Corporation, Teck Cominco Metals Ltd. and BC Hydro dated September 29, 13, and 19, 2006 respectively; and
- I. Application of the above tariffs for this location would otherwise create an inefficient grid configuration; and
- J. Without the prior approval of the Lieutenant Governor in Council under Section 88(3) of the Act, the Commission cannot consent to an exemption from successor or replacement tariffs pursuant to Section 61(3) of the Act but the Commission has no objection to such an exemption; and
- K. Pursuant to Section 88(3) of the Act, the Commission received approval from the Lieutenant Governor in Council by Order in Council No. 125, 2007, which is attached as Appendix A to this Order, to provide an exemption to FortisBC from Section 61 (3) of the Act with respect to successor or replacement tariffs relating to the use of the Interconnection Facilities as set down below.

**NOW THEREFORE** the Commission orders that:

1. Pursuant to Order in Council 125, 2007, attached as Appendix A to this Order, the use of the Interconnection Facilities, KCL and those portions of Line 2L288 and Line 60L227 owned by BC Hydro for power flowing between the BTS and South Slocan:

- (i) along Line 2L288 through KCL and along Line 60L227; or
- (ii) along Line 60L227 through KCL and along Line 2L288,

are exempted from any administrative or transmission-related rates or tolls to be collected, charged or enforced pursuant to Section 61(3) of the Act under the WTS, WTS Rollover Tariff, OATT and any tariff which is a successor to or replacement tariff thereto, including without limitation any future BCTC tariff, provided that:

- (a) the Interconnection Facilities Agreement or any replacement agreement remains in effect;
- (b) Line 2L288 and Line 60L227 are in service; and
- (c) there is a mechanism in effect pursuant to which:
  - (i) BCTC and FortisBC address calculations of and charges for All Power Flows, including power flows through KCL;
  - (ii) BCTC and FortisBC measure or calculate the power flows between the BTS and South Slocan:
    - (aa) along Line 2L288 through KCL and along Line 60L227; or (bb) along Line 60L227 through KCL and along Line 2L288; and
  - (iii) FortisBC submits information to BCTC in the format and in accordance with guidelines specified by BCTC that are reasonably required to calculate and charge for All Power Flows.

Where used herein:

- (d) “All Power Flows” means any transfer into or out of the FortisBC System from or to the BCTC System on any path interconnecting the BCTC System and the FortisBC System;
- (e) “FortisBC System” means the transmission, protection, control and communication facilities owned or operated by FortisBC in British Columbia and includes all additions and modifications thereto and repairs or replacements thereof and includes Line 2L288 and Line 60L227 regardless of the future ownership or operator of either of these latter two lines;
- (f) “BCTC System” means the transmission, protection, control and communication facilities (i) owned by BC Hydro or by BCTC and (ii) operated by BCTC in British Columbia, and includes all additions and modifications thereto and repairs or replacements thereof; and

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(g) “Interconnection Facilities” means the facilities required by BCTC to be installed or modified on BC Hydro premises to connect Line 2L288 and Line 60L227 to the KCL including Transformer T6, and which are set out in greater detail in subsection 1.1.8 of the Interconnection Facilities Agreement.

2. For the purposes of aforesaid exemption the foregoing references to “BC Hydro” and “BCTC”, including those in Sections 1(d) and (f), include any public utility that is a successor operator of KCL.

**DATED** at the City of Vancouver, in the Province of British Columbia, this    23<sup>rd</sup>            day of March 2007.

BY ORDER

*Original signed by*

L.F. Kelsey,  
Commissioner

Attachment

PROVINCE OF BRITISH COLUMBIA  
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 125 , Approved and Ordered MAR - 7 2007

  
Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that approval is given to the British Columbia Utilities Commission to issue an exemption order with respect to section 61 (3) of the *Utilities Commission Act* for the purposes and subject to the terms substantially set out in the attached draft order of the British Columbia Utilities Commission.

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Attorney General and Minister Responsible for  
Multiculturalism  
President of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section:- *Utilities Commission Act*, R.S.B.C. 1996, c. 473, s. 88 (3)  
Other (specify):-

December 22, 2006

O/1206/2006/48