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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-187-11**

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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.
for Approval of a Subcontractor Agreement
between FortisBC Inc. and Fortis Pacific Holdings Inc.
involving the Arrow Lakes Power Corporation's
Keenleyside Dam Power Plant and a Supplemental Agreement for
Assignment of Mandatory Reliability Standards Responsibilities
for the Arrow Lakes Power Corporation**

EFORE: D. Morton, Commissioner
C.A. Brown, Commissioner

November 10, 2011

O R D E R

WHEREAS:

- A. On July 28, 2011, FortisBC Inc. (FortisBC) applied to the British Columbia Utilities Commission (the Commission) pursuant to the applicable provisions of the *Utilities Commission Act*, RSBC 1996, as amended by the Utilities Commission Amendment Act, 2008 (Amending Act), including sections 23 and 31, for an order approving the Subcontractor Agreement dated December 18, 2003 between Fortis Pacific Holdings Inc. (FPHI) and FortisBC to perform on FPHI's behalf all of the obligations required of FPHI to manage the Arrow Lakes Power Corporation's Keenleyside Dam power plant in accordance with the Management Agreement;
- B. On March 31, 2009, FortisBC submitted its updated Code of Conduct and Transfer Pricing Policy Application (the Application) for Commission approval;
- C. On January 12, 2010, the Commission issued Order G-5-10A approving FortisBC's Revised Code of Conduct (COC) and Transfer Pricing Policy (TPP) and stated "In respect of other contracts for non-regulated products or services that FortisBC has with FPHI or any other Non-Regulated Business, the rates and loadings are effective from the date of this Order";
- D. On April 21, 2011, FortisBC filed its Annual Audit of Code of Conduct and Transfer Pricing Policy stating it is operating within the requirements of the COC and TPP;

**BRITISH COLUMBIA
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2

- E. On August 16, 2011, FortisBC filed an Arrow Lakes Supplemental Agreement to the Arrow Lakes Subcontractor Agreement and upon Commission approval of the Arrow Lakes Power Corporation Subcontractor Agreement; FortisBC also requests that the ALPC Supplemental Agreement be accepted as Assignment Agreement for the purpose of transferring responsibility for Mandatory Reliability Standards (MRS) compliance to FortisBC;
- F. On August 26, 2011, FortisBC filed an amended page 2 of its August 16, 2011 letter;
- G. On November 8, 2011, the Western Electricity Coordinating Council recommended that the Commission approve these documents (in whole) as an assignment agreement for the purposes of transferring MRS Compliance Responsibility for the Arrow Lakes Power Corporation facilities to FortisBC;
- H. The Commission has considered the Application, the Supplement Agreement and the amendment, Order G-5-10A and its Reasons for Decision, the 2011 Annual Audit of COC and TPP, and finds the Application should be approved.

NOW THEREFORE pursuant to sections 31 and 125.2 of the Act, the Commission orders as follows:

1. The Commission grants approval of the Subcontractor Agreement between FPHI and FortisBC to perform on FPHI's behalf all of the obligations required of FPHI to manage the Keenleyside Dam power plant in accordance with the Management Agreement.
2. The Commission directs FortisBC to file a copy of the Management Agreement within 30 days of the date of this Order.
3. The Commission accepts Arrow Lakes Power Corporation Supplemental Agreement to the Arrow Lakes Subcontractor Agreement as an Assignment Agreement for the purpose of transferring responsibility for MRS compliance to FortisBC as previously approved by Order G-201-10.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of November 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner