



**LETTER L-68-11**

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**VIA EMAIL**

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August 31, 2011

**FORTISBC ENERGY TEMPORARY SERVICE  
AGREEMENT FOR LNG EXHIBIT A-3**

Ms. Diane Roy  
Director, Regulatory Affairs - Gas  
FortisBC Energy Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.  
Project No. 3698641

Application for Approval of a Temporary Service Agreement for Liquefied Natural Gas (LNG) Service,  
for Approval of a Service Agreement for LNG Delivery, for Approval of a Daily Charge for the Use of a LNG Tanker  
and for Approval of a Daily Charge for the Use of a Mobile LNG Refueling Station

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On July 12, 2011, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (Commission) for approval of a Temporary Liquefied Natural Gas Station Installation and Operation Agreement dated May 12, 2011 between FEI and Vedder Transport Inc. (Temporary Refueling Agreement) and for approval of a Transportation Service Agreement dated May 12, 2011 between FEI and Vedder (Delivery Agreement). In this application (Vedder Application), FEI also sought approval for a daily charge for the use of a LNG Tanker owned by FEI (LNG Tanker Charge) and approval for a daily charge for use of a mobile LNG refueling station (IMC 6000) also owned by FEI (IMC 6000 Charge).

On August 12, 2011 the Commission issued Order G-144-11 granting interim approval of the Temporary Refueling Agreement and the Delivery Agreement, subject to certain conditions and pending a complete regulatory review and final decision on the Vedder Application. For the reasons outlined below, the Commission is suspending the full regulatory review of the Vedder Application until further notice.

It is anticipated that the resolution of certain issues regarding the treatment of the LNG Tanker and IMC 6000 assets, as part of the concurrent regulatory review process for the FortisBC Energy Utilities 2012-2013 Revenue Requirements and Natural Gas Rates Application (FEURRA), filed May 4, 2011, may have an impact on the design and determination of the appropriate LNG Tanker Charge and IMC 6000 Charge.

As such, it is noted that delay of the regulatory review of the Vedder Application until the FEURRA proceeding is complete is not anticipated to significantly impact FEI's ability to provide service to Vedder under the Temporary Refueling Agreement and the Delivery Agreement. In addition, FEI noted in the responses to Commission Information Request No. 2 of the FEURRA proceeding that it has suspended its LNG Service program until it has reviewed the impact of the Commission's Decision on natural gas vehicle incentives in Order G-145-11. In discussions between FEI and Commission staff, it is understood that FEI support the delay for the reasons listed

above. Hence, a delay in the review of the Vedder Application will not significantly impact Vedder or other potential LNG Service customers at this time.

By this letter, the Commission wishes to inform the registered participants in the proceeding for CNG LNG Service Application that resulted in the July 19, 2011 Commission Order G-128-11 and accompanying Decision, who may be interested parties to the Vedder Application, of the suspension of the regulatory review of the Vedder Application.

Yours truly,

Alanna Gillis

CM/dg

cc: Registered Intervenors  
CNG-LNG Agreements  
(TGI-CNG-LNG-RI)