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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-139-12**

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

**and**

**Application by British Columbia Hydro and Power Authority  
for Approval of a Steam Sale Agreement with Imperial Oil  
Electric Tariff Supplement No. 56**

**BEFORE:** L.F. Kelsey, Commissioner  
N.E. MacMurchy, Commissioner October 4, 2012  
B.A. Magnan, Commissioner  
D.M. Morton, Commissioner

**O R D E R**

**WHEREAS:**

- A. On May 2, 2001, British Columbia Hydro and Power Authority (BC Hydro) applied to the British Columbia Utilities Commission (Commission) for approval of Tariff Supplement No. 56, an agreement for the sale of steam from its Burrard Thermal Generating Station (Burrard) to Imperial Oil's petroleum products terminal facility (IOCO Terminal) located at Port Moody, BC (Original Agreement);
- B. Commission Order G-57-01 dated June 13, 2001, approved Electric Tariff Supplement No. 56 as applied for, effective November 1, 2001;
- C. On June 27, 2006, BC Hydro applied to the Commission for approval of Amending Agreement No. 1 dated June 22, 2006, (Amended Agreement) which revised the terms of Electric Tariff Supplement No. 56. On July 28, 2006, the Commission approved the Amended Agreement by Order G-89-06;
- D. On April 18, 2012, BC Hydro applied to the Commission (Application) for approval of revisions to Electric Tariff Supplement No. 56 (New Agreement). The Amended Agreement expired on May 5, 2012 and will be replaced by the New Agreement if approved by the Commission;
- E. The revisions in the New Agreement include a ten-year term with a one-year extension option for Imperial Oil to allow continuation of steam supply if a new or replacement agreement is under negotiation at the end of term;
- F. The New Agreement also clarifies that the primary source of steam will be the Burrard auxiliary boiler, with supply from either of Burrard #5 or #6 main boilers at BC Hydro's option, or from a rental boiler if required;

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- G. Further, the New Agreement provides for an increase in the maintenance recovery, from \$72,000 to \$180,000 annually. The new figure is based on the average costs incurred over the past five years; whereas, under the Amended Agreement the maintenance recovery was calculated based on expected costs. The actual maintenance costs will be subject to a joint review by BC Hydro and Imperial Oil every three years over the term of the New Agreement, and the recovery amount will be adjusted to match the actual costs (after allowance for extraordinary items if applicable);
- H. Other provisions of the Original Agreement and the Amended Agreement are reflected in the New Agreement, including the right of termination on six months' notice by Imperial Oil or two years' notice by BC Hydro, as well as the stipulation that any direction by the Provincial Government or the Commission that would shut down or curtail operations at Burrard is considered a Force Majeure event that eliminates BC Hydro's liability to Imperial Oil if the direction prevents delivery of steam from Burrard to IOCO Terminal;
- I. On August 31, 2012, BC Hydro filed with the Commission an amendment to the New Agreement dated August 27, 2012. BC Hydro and Imperial Oil amended the New Agreement to clarify that the main boilers will only be used to supply Steam to the IOCO Terminal during periods when operation of the main boilers is authorized under the *Clean Energy Act* (S.B.C. 2010, Chapter 22) or regulations thereunder.

**NOW THEREFORE** pursuant to sections 59-61 of the *Utilities Commission Act*, the Commission orders as follows:

1. The Commission approves for BC Hydro the New Agreement including the amendment to the New Agreement as applied for in the Application, and as amended on August 31, 2012.
2. BC Hydro shall include the definition of "Extraordinary Items" in future contractual agreements.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 4<sup>th</sup> day of October 2012.

BY ORDER

*Original signed by:*

D.M. Morton  
Commissioner