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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-51-12**

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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 Brilliant Expansion Power Plant
and a Supplemental Agreement for
Assignment of Mandatory Reliability Standards Responsibilities
for Brilliant Expansion Power Corporation

BEFORE: C.A. Brown, Commissioner
N.E. MacMurchy, Commissioner April 26, 2012
D.M. Morton, Commissioner
R.D. Revel, Commissioner

O R D E R

WHEREAS:

- A. On December 28, 2011, FortisBC Inc. (FortisBC) applied to the British Columbia Utilities Commission (the Commission) pursuant to the applicable provisions of the *Utilities Commission Act* (the Act), including section 23, for an order approving the Subcontractor Agreement dated November 1, 2011 between Fortis Pacific Holdings Inc. (FPHI) and FortisBC to perform on FPHI's behalf all of the obligations required of FPHI to manage the Brilliant Expansion Power Corporation's (BEPC) Brilliant Expansion power plant (Plant) in accordance with the Management Agreement;
- B. Also on December 28, 2011, FortisBC filed a Brilliant Expansion Management Agreement Supplemental Agreement between FPHI and BEPC and upon approval of the Subcontractor Agreement also requests that the Supplemental Agreement be accepted as an Assignment Agreement for the purpose of transferring responsibility for Mandatory Reliability Standards (MRS) in respect of the Plant to FortisBC;
- C. On December 22, 2010, the Commission issued Order G-201-10 approving the previous Assignment Agreement dated October 1, 2010;
- D. On March 31, 2009, FortisBC submitted its updated Code of Conduct and Transfer Pricing Policy Application (the Application) for Commission approval;
- E. On January 12, 2010, the Commission issued Order G-5-10A approving FortisBC 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";

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- F. 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;
- G. On January 19, 2012, the Western Electricity Coordinating Council (WECC) recommended that the Commission approve these documents (in whole) as an assignment agreement for the purposes of transferring MRS Compliance Responsibility for the Plant to FortisBC;
- H. On February 24, 2012, the Commission issued Order G-19-12 ordering FortisBC to file a copy of the Brilliant Expansion Management Agreement;
- I. On March 5, 2012, FortisBC filed a redacted version of the Management Agreement between FPHI and Brilliant Expansion Power Corporation, with respect to the management of the Brilliant Expansion (collectively the Management Agreements) in confidence;
- J. As the Management Agreement contains certain information relating to financial, insurance, and liability arrangements between FPHI and the owner of the Plant, FortisBC requests the Management Agreement be kept confidential;
- K. The Commission has considered the Application, the Supplemental Agreement, the Order G-5-10A and its Reasons for Decision, 2011 Annual Audit of COC and TPP; and the Commission finds the Application should be approved.

NOW THEREFORE pursuant to sections 23, 31 and 125.2 of the *Utilities Commission Act*, the Commission orders as follows:

- 1. The Commission grants approval of the Subcontractor Agreement between FPHI and FortisBC for FortisBC to perform, on FPHI's behalf, all of the obligations required of FPHI to manage the Brilliant Expansion power plant in accordance with the Management Agreement.
- 2. The Commission accepts the Supplemental Agreement as an Assignment Agreement for the purpose of transferring responsibility for MRS compliance.
- 3. The Commission will hold confidential the Management Agreement as requested by FortisBC.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of May 2012.

BY ORDER

Original signed by:

D.M. Morton
Commissioner