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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-1-13**

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

and

**FortisBC Energy Inc.
Biomethane Service Offering: Post Implementation Report and
Application for Approval of the
Continuation and Modification of the Biomethane Program on a Permanent Basis
(2012 Biomethane Application)**

BEFORE: D.M. Morton, Panel Chair
L.A. O'Hara, Commissioner January 8, 2013
C. van Wermeskerken, Commissioner

ORDER

WHEREAS:

A. On December 14, 2010 the British Columbia Utilities Commission (the Commission) issued its Decision on the Terasen Gas Inc. (FEI), as FortisBC Energy Inc. was formerly known, 2010 original biomethane application accompanied by Order G-194-10. Order G-194-10 required FEI to file a Post-Implementation Report and hold a post-implementation Workshop to address the contents of the report. In the accompanying decision, the Panel stated that it expects the analysis and report to be comprehensive. The Post-Implementation Report requirements include but are not limited to examination of the following information:

- Full financial review of all projects (individual and aggregate numbers) which have been undertaken,
- Validation of the market research,
- Enrollment and attrition rates,
- Costs and assessment of customer marketing/education programs,
- Customer segmentation and targeting,
- Assessment of Pricing Methodology and Principles for Cost Recovery,
- Future Projects that are under consideration, and

- Forecasts of Biomethane supply as well as customer demand and anticipated update for the next ten year period;
- B. On December 19, 2012, FortisBC Energy Inc. (FEI) filed an application with the Commission (the 2012 Biomethane Application) seeking approvals for the continuation of the Biomethane Program on a permanent basis with certain modifications. In particular, FEI seeks the following approvals pursuant to sections 59 to 61 of the Utilities Commission Act (Act):
- Continuation of Rate Schedules 1B, 2B and 3B, and amendments to the same,
 - Continuation of Section 28 and related Definitions of FEI's General Terms and Conditions (GT&Cs), and amendments to the same,
 - Continuation of Rate Schedules 11B and 30 as part of FEI's Biomethane Program,
 - Continuation of the cost allocations and accounting treatment for the costs associated with the Biomethane Program, including the continuation of the Biomethane Variance Account, the quarterly reporting process and the Biomethane Energy Recovery Charge (BERC) rate setting mechanism,
 - The resetting of the BERC rate at \$12.001/GJ to be effective at the start of the first quarter after the Commission's Decision in the 2012 Biomethane Application,
 - Continuation of FEI's ability to purchase carbon offsets and recover the costs through the Biomethane Variance Account in the event of under-supply of biomethane, at a per gigajoule unit price not exceeding the difference between the BERC and the Commodity Cost Recovery Charge in effect at that time, and
 - Approval of the recovery of costs in the Biomethane Variance Account through the Midstream Cost Recovery Account as set out in Section 8 of the 2012 Biomethane Application;
- C. FEI states the 2012 Biomethane Application constitutes FEI's Post-Implementation Report on the Biomethane Program in compliance with Commission Order G-194-10. The 2012 Biomethane Application includes Table 1-1 in which FEI cross referenced Post-Implementation Reporting requirements with corresponding sections of the 2012 Biomethane Application;
- D. FEI also seeks acceptance, pursuant to section 71 of the Act, of four Biomethane Purchase Agreements:
- EarthRenu Energy Corp.,
 - Greater Vancouver Sewerage and Drainage District,
 - Seabreeze Farm Ltd., and
 - Dicklands Farms;

- E. FEI seeks acceptance, pursuant to section 44.2 of the Act, of the capital costs related to the facilities required for the four biomethane supply projects as described in Section 7 of the 2012 Biomethane Application;
- F. In the 2012 Biomethane Application, FEI seeks approval that future supply contracts for the purchase of biogas or biomethane filed with the Commission that meet the criteria described in Section 6 of the 2012 Biomethane Application, meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the Act;
- G. When FEI filed the 2012 Biomethane Application, it anticipated that a decision in the FEI Alternative Energy Solutions Inquiry (AES Inquiry) would be released during the course of the 2012 Biomethane Application proceeding. FEI submits it will make any adjustments to its proposals, if necessary, by taking into account any relevant determinations in the AES Inquiry after the decision is issued. Subsequently, on December 27, 2012 the Commission issued its Report on the FortisBC Energy Inc. Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Inquiry Report);
- H. FEI considers that a written hearing process is appropriate for the review of the 2012 Biomethane Application and proposes a regulatory timetable; and
- I. The Commission has reviewed FEI's proposed regulatory timetable and considers that a regulatory timetable should be established.

NOW THEREFORE the Commission orders as follows:

- 1. The Preliminary Regulatory Timetable attached as Appendix A has been established.
- 2. FEI must provide a copy of this Order and the 2012 Biomethane Application to past interveners and interested parties in FEI's 2010 Original Biomethane Application, 2012- 2013 Revenue Requirements Application, and the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives. Also, FEI is to provide a copy of this Order and the 2012 Biomethane Application to gas marketers who supply the energy commodity to any FEI delivery customer. Said copies must be provided in a timely manner and by no later than Friday, January 11, 2013.
- 3. A Workshop on the Post-Implementation Report will be held on Thursday, January 17, 2013, commencing at 9:00 a.m. in the Commission Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, BC.
- 4. By Friday January 11, 2013, FEI must file a summary report which provides a comprehensive analysis of the pilot bio-methane program, as directed in Order G-194-10 (Summary Report). The Summary Report must include conclusions for each of the Post-Implementation Report requirements identified in Order G-194-10. FEI must provide the Summary Report to all parties as the basis of the Post-Implementation Report workshop.

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5. By Friday, January 18, 2013, FEI must submit any adjustments to its proposals in the 2012 Biomethane Application that may be required to take into account any relevant determinations in the AES Inquiry Report.
6. Interveners or Interested Parties should register with the Commission, in writing or electronic submission, by Monday, January 21, 2013. Interveners should state the nature of their interest in the 2012 Biomethane Application.
7. A Procedural Conference will be held on Tuesday, January 22, 2013, commencing at 9:00 a.m. in the Commission Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, B.C.
8. The 2012 Biomethane Application, together with any supporting materials, will be made available for inspection at the FortisBC Energy Inc. office, 16705 Fraser Highway, Surrey, B.C., V4N 0E8, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3 and will also be available on the FortisBC Energy Inc. website at www.fortisbc.com and on the BCUC website at www.bcuc.com.

DATED at the City of Vancouver, in the Province of British Columbia, this 8th day of January 2013.

BY ORDER

Original signed by:

D.M. Morton
Panel Chair

Attachment

FortisBC Energy Inc.

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PRELIMINARY REGULATORY TIMETABLE

ACTION	DATE (2013)
FEI to file Summary Report for the Post-Implementation Report	Friday, January 11
Workshop on Post-Implementation Report*	Thursday, January 17 commencing at 9:00 a.m.
FEI submission on any adjustments to its proposals in the 2012 Biomethane Application that may be required to take into account any relevant determinations in the AES Inquiry Report	Friday, January 18
Intervener/Interested Party Registration	Monday, January 21
Procedural Conference*	Tuesday, January 22 commencing at 9:00 a.m.

*Location: Commission Hearing Room
12th Floor, 1125 Howe Street
Vancouver, BC V6Z 2K8