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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-101-13

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

and

An Application by FortisBC Energy (Vancouver Island) Inc.
for Approval of the Rate Treatment for Sections 2(2) and 2(3) of the
Greenhouse Gas Reductions (Clean Energy) Regulation

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
N.E. MacMurchy, Commissioner
B.A. Magnan, Commissioner
D.M. Morton, Commissioner
R.D. Revel, Commissioner
C. van Wermeskerken, Commissioner

June 27, 2013

O R D E R

WHEREAS:

A. On May 14, 2012, the Lieutenant Governor in Council approved the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012 (the GGRR), which includes details for Prescribed Undertakings in section 2(1), 2(2) and 2(3) of the GGRR;

B. On October 29, 2012, by Order G-161-12, the British Columbia Utilities Commission (Commission) approved the deferral accounting and rate treatment methodology for the three Prescribed Undertakings for FortisBC Energy Inc. (FEI);

C. On March 20, 2013, by Order G-44-13, the Commission approved the accounting treatment for FortisBC Energy (Vancouver Island) Inc. (FEVI) related to Prescribed Undertaking in section 2(1) of the GGRR;

D. Order G-56-13 issued on April 11, 2013, along with the Reasons for Decision to Orders G-161-12 and G-56-13, sets out conditions for FEI's Prescribed Undertakings in section 2(1), 2(2) and 2(3) of the GGRR;

E. On June 17, 2013, FEVI applied for approval of the same regulatory accounting and rate treatment methodology for Prescribed Undertakings in section 2(2) and section 2(3) of the GGRR, as it was approved for FEI in Orders G-161-12 and G-56-13 (the Application);

F. FEVI states that the established expenditure limits under each Prescribed Undertaking of the GGRR will be applied to the FortisBC Energy Utilities (FEU, comprised of FEI, FEVI, and FortisBC Energy [Whistler Inc.]) as a whole. The expenditures for the Prescribed Undertakings in section 2(2) and 2(3) of the GGRR are limited to $12 million and $30.5 million, respectively, in total for FEU;

G. The Commission has reviewed the Application and concludes that it should be approved, provided that the directives to FEI in Order G-56-13 also apply to FEVI.

NOW THEREFORE pursuant to sections 59-60 of the *Utilities Commission Act*, the Commission makes the following determinations:

1. The Commission confirms that the GGRR is effective on April 1, 2011.

2. A non-rate base deferral account attracting AFUDC (the fueling Station Variance Account) is approved to capture the total revenue surplus or deficiency pertaining to fuel station facility costs that have not been forecast in rates, as well as the administration and application costs, for the Prescribed Undertakings established under section 2(2) [Prescribed Undertaking 2] and section 2(3) [Prescribed Undertaking 3] of the GGRR. The Fueling Station Variance Account must be transferred to rate base effective January 1, 2014, with an amortization period of three years, into the delivery rate of all non-bypass natural gas customers.

3. The Commission may review the method of recovering the costs from FEVI's natural gas customers, such as the use of deferral accounts and amortization period.

4. The fuelling stations under Prescribed Undertakings 2 and 3 are exempt from the Certificate of Public Convenience and Necessity requirements for the term of the Regulation in the FEVI service area, given that the GGRR established the need for these projects.

5. The Commission will set rates considering FEVI's total expenditures on the Prescribed Undertakings 2 and 3 as described in the GGRR.

6. The Commission will make further decisions whether to advance a prudency review of FEVI's expenditures if and when circumstances arise.

7. The Commission will not review whether FEVI ought to have negotiated different terms and conditions for those negotiated fuelling station agreements.

8. The Commission may approve the recovery of an excess expenditure or other changes to the GGRR only upon a revised Regulation concerning the Prescribed Undertaking.

9. The Commission will not challenge the costs that FEVI incurs during the term of the Regulation, where they are accepted by the Commission for cost recovery, except for prudency reviews following the expiration of the Regulation in 2017.

10. All expenditures under the program must be made by the end of the expenditure period on March 31, 2017, with an opportunity to apply for relief if extenuating circumstances arise.

11. The expenditures under the Prescribed Undertakings (2) and (3) must be net of any contribution in aid of construction that is provided by the fuelling station customer or the shareholder. The expenditures and the spending limits that define the Prescribed Undertakings (2) and (3) are exclusive of financing costs.

12. FEVI must establish a separate class of service to recognize the Prescribed Undertakings under the GGRR.

13. FEVI must follow the same reporting requirements that will be established in FEI in accordance with the Reasons for Decision for Orders G-161-12 and Order G-56-13.

DATED at the City of Vancouver, In the Province of British Columbia, this 5th day of July 2013.

BY ORDER

Original signed by:

D.M. Morton
Commissioner