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BRITISH COLUMBIA UTILITIES COMMISSION

LETTER NO. L-40-13

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VIA EMAIL
Gas.regulatory.affairs@fortisbc.com

July 3, 2013

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

Dear Ms. Roy:

FortisBC Energy Inc.
Application for Approval of Rate Treatment of Expenditures
under the Greenhouse Gas Reduction (Clean Energy) Regulation
and BCUC Orders G-161-12 and G-56-13 and Reasons for Decision
Request for Clarification

On May 14, 2013, FortisBC Energy Inc. (FEI) requested clarification regarding Order G-56-13 and the Reasons for Decision in the above noted proceeding. Page 19 of the Reasons for Decision states that: "…all expenditures must be made by the end of the expenditure period [March 31, 2017]." FEI seeks clarification that the recovery of expenditures was intended to be limited to cost outlays and not to any revenue shortfalls or unrecovered stations capital costs. In other words, FEI seeks clarification that any unrecovered station capital costs and revenue shortfalls after March 31, 2017, will continue to be recovered in the rates of non-bypass customers for the balance of the useful life of the stations.

The Commission confirms that revenue shortfalls from the non-guaranteed volumes, Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR) or station capital costs that cannot be recovered from the CNG or LNG station customer or customers will continue to be recovered in the rates of non-bypass customers for the term of the fueling station agreements that are approved in accordance with the GGRR, Commission Orders G-161-12 and G-56-13 (GGRR Fueling Station Agreements). This revenue shortfall treatment ends at the later of March 31, 2017, or the end of the GGRR Fueling Station Agreement.

If the term of the GGRR Fueling Station Agreement ends after March 31, 2017, and FEI chooses to enter into a new contract for any portion of the remaining useful life of the fueling station then FEI is required to apply for Commission approval of the new contract.

Yours truly,

Erica Hamilton

YD/kbb