

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-72-14**

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

Application by FortisBC Energy Inc.
for Approval of Amended Rates for Compressed Natural Gas
Fueling Service between Smithrite Disposal Ltd. and FortisBC Energy Inc. due to the
Final Capital Expenditure for the Fueling Station under the Province's
Greenhouse Gas Reduction Regulation

BEFORE: L.A. O'Hara, Commissioner

June 10, 2014

O R D E R

WHEREAS:

- A. On May 13, 2013, FortisBC Energy Inc. (FEI) applied to the Commission, pursuant to sections 59 to 61 of the *Utilities Commission Act* (Act), for approval of rate design and rates established in the Fueling Station Licence and Use Agreement with Smithrite Disposal Ltd. (Smithrite), for Compressed Natural Gas (CNG) service (Application), on an interim basis, pending a decision on the proposed overhead and marketing charge with respect to Order G-150-12;
- B. On May 14, 2013, Order G-78-13 was issued with the finding that \$0.52 per GJ represents a reasonable allocation of the overhead and marketing costs to CNG and LNG customers. This Order also approved permanent rates for BFI Canada Inc. as set out in the Order G-150-12 Compliance Filing. As part of the Order G-150-12 Compliance Filing, FEI proposed to not inflate the overhead and marketing rate of \$0.52 per GJ as escalation was embedded in the calculation of that rate;
- C. On July 31, 2013, Order G-113-13 was issued approving rates on a permanent basis, as amended by Directives 1 and 2 of Order G-113-13. Directive 1 of Order G-113-13 included direction to not inflate the overhead and marketing rate of \$0.52 per GJ by the British Columbia Consumer Price Index escalation. FEI subsequently filed the Fueling Station Licence and Use Agreement, and an Amending Agreement effective September 30, 2013 (Amending Agreement No. 1) as FEI Tariff Supplement J-4, which was endorsed by the Commission;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-72-14

2

- D. On May 16, 2014, FEI applied to the Commission, pursuant to sections 59 to 61 of the Act, for approval of amended rates established in an Amending Agreement to the Fueling Station License and Use Agreement, dated May 12, 2014 (Amending Agreement No. 2), as a result of the final total capital expenditure amount of \$1,192,361 for the fueling station, which was approximately 14.7 percent or \$205,135 lower than the approved budgeted amount of \$1,397,496;
- E. The Commission has considered the Application and determines the revised rates should be approved.

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

1. The rates established in the Smithrite Agreement, as amended on May 12, 2014, are approved effective February 1, 2014, the In-Service date.
2. The variance between the original rates and these rates are subject to refund, with interest at the average prime rate of FEI's principal bank for its most recent year.
3. FEI is to change the Smithrite Agreement cost of service model to eliminate the British Columbia Consumer Price Index escalation to the overhead and marketing charge as originally directed in Order G-113-13, and to adjust for the actual In-Service date of February 1, 2014.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of June, 2014.

BY ORDER

Original signed by:

L.A. O'Hara
Commissioner