



**ORDER NUMBER  
G-178-20**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.  
Application for Approval of a Tax Sharing Arrangement between FortisBC Energy Inc. and Fortis Inc.

**BEFORE:**  
T. A. Loski, Panel Chair

on July 7, 2020

**ORDER**

**WHEREAS:**

- A. On May 13, 2020, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 23(1) and 54(9) of the *Utilities Commission Act* (UCA) for approval of a tax sharing arrangement between FEI and its parent company, Fortis Inc. (FTS) (Application);
- B. On November 10, 2005, the BCUC issued its Decision and Order G-116-05 approving the acquisition of the common shares of Terasen Inc. (Terasen) by Kinder Morgan, Inc. and established ring-fencing conditions for FEI (then Terasen). By Order G-49-07 the BCUC approved the acquisition of all of the issued and outstanding shares of Terasen by Fortis Inc., and re-affirmed the ring-fencing conditions. The ring-fencing conditions are applicable only to FEI following the amalgamation of the separate FortisBC Energy utilities as one company under FEI, effective December 31, 2014. The relevant ring-fencing conditions to the proposed tax sharing arrangement is Condition 3(c) which states “No Terasen Utility [FEI] will enter into a tax sharing agreement with any affiliate of the Terasen Utility [FEI], unless the agreement has been approved by the Commission”;
- C. The proposed tax sharing arrangement between FEI and FTS will result in non-utility transactions for which FTS will provide an indemnity to FEI and reimburse FEI for any unrecoverable tax liability balance. FEI will be “kept whole” from its participation in the tax sharing arrangement with no adverse impact to FEI or its customers; and
- D. The BCUC has reviewed the Application, FEI’s responses to staff questions and considers that approval of the proposed tax sharing arrangement is warranted;

**NOW THEREFORE** pursuant to sections 23(1) and 54(9) of the UCA, the BCUC orders as follows:

- 1. The tax sharing arrangement and all related transactions of this nature between FEI and its parent, FTS, are approved for the taxation year ending December 31, 2020, subject to the condition that they are non-utility and there is no adverse impact on FEI or its customers.

2. FEI is required to report to the BCUC within 45 days of any adverse impact to FEI or its customers resulting from the tax sharing transactions.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 7<sup>th</sup> day of July 2020.

BY ORDER

*Original signed by:*

T. A. Loski  
Commissioner