



ORDER NUMBER
C-1-22

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

FortisBC Energy Inc. and Stargas Utilities Ltd.
Joint Application for Approval of an Asset Disposition and a
Certificate of Public Convenience and Necessity to
Facilitate the Transfer of Natural Gas Utility Assets from Stargas Utilities Ltd. to FortisBC Energy Inc.

BEFORE:

A. K. Fung, QC, Panel Chair
C. M. Brewer, Commissioner
W. M. Everett, QC, Commissioner

on January 27, 2022

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On February 19, 2021, pursuant to sections 45, 46, 52 and 59 to 61 of the *Utilities Commission Act*, FortisBC Energy Inc. (FEI) and Stargas Utilities Ltd. (Stargas) applied to the British Columbia Utilities Commission (BCUC) for approval of the sale by Stargas to FEI of the natural gas distribution utility assets situated within the boundaries of the Silver Star Mountain Ski Resort (Assets), and for approval of a Certificate of Public Convenience and Necessity (CPCN) for FEI to operate the extension to its system resulting from its acquisition of the Assets (Application);
- B. FEI and Stargas seek the following approvals:
1. The disposition of Stargas' Assets and transfer of the Assets to FEI, pursuant to section 52 of the UCA;
 2. A CPCN for FEI to operate the extension to its system resulting from its acquisition of the Assets, pursuant to sections 45 and 46 of the UCA;
 3. The establishment of a new FEI non-rate base deferral account, entitled the "Stargas Assets Acquisition Deferral Account," pursuant to sections 59 to 61 of the UCA. FEI seeks approval that the costs recorded in this proposed deferral account be net-of-tax, attracting FEI's weighted average cost of capital, and be transferred to rate base on January 1, 2022 with an amortization period of one year. FEI subsequently modified the approval sought to transfer costs recorded in the deferral account to rate base on January 1, 2023. The account is proposed to capture:
 - i. the costs of preparing the Application;
 - ii. legal expenses related to the executed FEI-Stargas Asset Purchase Agreement (APA); and

- iii. Stargas' existing Regulatory Assets, Stargas' Working Capital Allowance, and the "uncollected amounts" as identified in the APA provided in Appendix B to the Application; and
 4. The transfer of the remaining balance of Stargas' Gas Cost Variance Account (GCVA), at the closing date under the APA, into FEI's Midstream Cost Reconciliation Account (MCRA);
- C. FEI proposes that the actual purchase price be based on the Assets that are approved by the BCUC for inclusion in FEI's rate base and subject to the actual value of the Assets at the closing date;
- D. FEI requests that the APA contained in Appendix B to the Application be held confidential as it contains commercially sensitive information, the public release of which is reasonably expected to result in significant harm or prejudice to FEI's competitive or negotiating position in future negotiations;
- E. By Order G-63-21 dated March 5, 2021, the BCUC established a public hearing and regulatory timetable for the review of the Application which included intervenor registration, one round of information requests (IRs) with further process to be determined;
- F. The following parties registered as intervenors in the proceeding:
 - Silver Star Property Owners Association; and
 - Splatsin First Nation;
- G. By Order G-122-21 dated April 26, 2021, the BCUC adjourned this proceeding;
- H. The regulatory process for the review of the Application was subsequently amended by Orders G-164-21, G-182-21 and G-252-21 to include among other things, a further round of BCUC and intervenor IRs and written final and reply arguments; and
- I. The BCUC has considered the evidence and submissions filed in this proceeding and finds the following determinations are warranted.

NOW THEREFORE the BCUC orders as follows:

1. Pursuant to section 52 of the UCA, Stargas is granted approval to dispose of and transfer its Assets to FEI for the purchase price specified in the APA dated December 7, 2020 between Stargas and FEI, excluding the provision for working capital allowance and subject to the further adjustments specified in the attached Decision issued concurrently with this order.
2. Pursuant to sections 45 and 46 of the UCA, a CPCN is granted to FEI to operate the extension to its system resulting from its acquisition of the Assets.
3. Pursuant to sections 59 to 61 of the UCA, FEI is approved to establish a deferral account entitled the Stargas Assets Acquisition Deferral Account, as outlined further in sections 5.1.1 and 5.1.2 of the Decision issued concurrently with this order.
4. Pursuant to sections 59 to 61 of the UCA, FEI is approved to record the remaining balance of Stargas' GCVA at the closing date in FEI's MCRA, as outlined further in section 5.1.3 of the Decision issued concurrently with this order.
5. FEI and Stargas are directed to confirm the completion of the transfer of the Assets and file details of the final purchase price with the BCUC within 60 days of completion.

6. The BCUC will hold Confidential Appendix B to the Application, filed as Exhibit B-1-1, in confidence until FEI and Stargas confirm completion of the transfer of Assets.
7. The BCUC will continue to hold confidential Exhibit B-3-1 in confidence.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of January 2022.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner