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ORDER NUMBER
G-264-23

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

and

FortisBC Energy Inc.
Permanent Rates and Agreement for Canadian Linen & Uniform Service for Fuelling Service from the Burnaby Operations CNG Station

BEFORE:
W. M. Everett, KC, Panel Chair
B. A. Magnan, Commissioner

on October 6, 2023

ORDER

WHEREAS:

A. On June 23, 2023, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, for approval of the rates established in the fuelling services agreement between FEI and Canadian Linen & Uniform Service (Canadian Linen) dated June 1, 2023 as amended by Amending Agreement No. 1 dated June 20, 2023 (collectively, Canadian Linen-Burnaby Operations Agreement), on an interim and permanent basis, effective July 1, 2023 (Application);

B. By Orders G-72-17 and G-73-17 dated May 17, 2017, the BCUC determined that the compressed natural gas (CNG) fuelling station located on FEI's property in Burnaby, BC (Burnaby Operations Fuelling Station) met the requirements for a prescribed undertaking as defined by the Greenhouse Gas Reduction (Clean Energy) Regulation and approved the rate design and rates established in the fuelling services agreements with Canadian Linen and SF Disposal Queen Ltd., respectively, for CNG fuelling service from the Burnaby Operations Fuelling Station on a permanent basis, effective July 1, 2016. The fuelling services agreement with Canadian Linen expired on June 30, 2023;

C. The Canadian Linen-Burnaby Operations Agreement establishes the terms, conditions, and rates for Canadian Linen to continue receiving CNG fuelling service from the Burnaby Operations Fuelling Station, effective July 1, 2023. The rates established in the Canadian Linen-Burnaby Operations Agreement are consistent with the rates approved by Orders G-72-17 and G-73-17;

D. By Orders G-167-23 and G-216-23, the BCUC established the regulatory timetable for the review of the Application, which included the filing of supplemental information and responses to one round of BCUC information requests. By Order G-167-23, the BCUC also approved the rates established in the Canadian Linen-Burnaby Operations Agreement on an interim and refundable/recoverable basis, effective July 1, 2023; and

E. The BCUC has completed its review of the Application and evidence filed in the proceeding and finds that approval is warranted.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, and for the reasons set out in Appendix A attached to this order, the BCUC orders as follows:

1. The rate design and rates established in the Canadian Linen-Burnaby Operations Agreement are approved on a permanent basis, effective July 1, 2023.
2. FEI is to file the Canadian Linen-Burnaby Operations Agreement in tariff supplement form for endorsement by the BCUC within 15 days of the date of this order.
3. FEI must apply to the BCUC for approval of any adjustments to the rates made pursuant to clause 4(c)(iv) of Part II of the Canadian Linen-Burnaby Operations Agreement.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of October 2023.

BY ORDER

Original signed by:

W. M. Everett, KC
Commissioner

Attachment

FortisBC Energy Inc.
Permanent Rates and Agreement for Canadian Linen & Uniform Service for Fuelling Service from the Burnaby Operations CNG Station

REASONS FOR DECISION

1.0 Background

On June 23, 2023, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, for approval of the rates established in the fuelling services agreement between FEI and Canadian Linen & Uniform Service (Canadian Linen) dated June 1, 2023 as amended by Amending Agreement No. 1 dated June 20, 2023 (collectively, Canadian Linen-Burnaby Operations Agreement), on an interim and permanent basis, effective July 1, 2023 (Application).

By Orders G-72-17 and G-73-17 dated May 17, 2017, the BCUC determined that the compressed natural gas (CNG) fuelling station located on FEI's property in Burnaby, BC (Burnaby Operations Fuelling Station) met the requirements for a prescribed undertaking as defined by the Greenhouse Gas Reduction (Clean Energy) Regulation and approved the rate design and rates established in the fuelling services agreements with Canadian Linen and SF Disposal Queen Ltd., respectively, for CNG fuelling service from the Burnaby Operations Fuelling Station on a permanent basis, effective July 1, 2016. The fuelling services agreement with Canadian Linen expired on June 30, 2023 (Previous Canadian Linen Agreement).

By Orders G-167-23 and G-216-23, the BCUC established the regulatory timetable for the review of the Application. By Order G-167-23, the BCUC also approved the rates established in the Canadian Linen-Burnaby Operations Agreement on an interim and refundable/recoverable basis, effective July 1, 2023.

2.0 Canadian Linen-Burnaby Operations Agreement

The Canadian Linen-Burnaby Operations Agreement establishes the terms, conditions, and rates for Canadian Linen to continue receiving CNG fuelling service from the Burnaby Operations Fuelling Station, effective July 1, 2023. The Dispensing Rate in the Canadian Linen-Burnaby Operations Agreement is equal to the sum of the Capital Rate, Operating and Maintenance (O&M) Rate, and Overhead and Marketing (OH&M) Rate, as summarized in the following table:

Table 1: Dispensing Rate Components

Cost Element	Charge per GJ (Effective July 1, 2023) [2]
Capital Rate	$9.278 per GJ
O&M Rate	$4.328 per GJ
OH&M Rate	$0.520 per GJ
Total Dispensing Rate	**$14.126 per GJ**

The Dispensing Rate will be applied to Canadian Linen's consumption per gigajoule (GJ) that is dispensed from the Burnaby Operations Fuelling Station. The Capital Rate, O&M Rate, and OH&M Rate are the same as those approved on a permanent basis by Orders G-72-17 and G-73-17, annually escalated in accordance with the terms and conditions in the Previous Canadian Linen Agreement.

The terms and conditions in Part II of the Canadian Linen-Burnaby Operations Agreement also include clause 4(c)(iv), which states:

> FortisBC may, in its discretion, provide temporary reductions to the Dispensing Rate from time to time if the aggregate volume of fuel dispensed from the Fueling Equipment to all customers of FEI using the Fueling Equipment who have entered into a fueling agreement with FEI (save and except customers using the Fueling Equipment on a spot basis) materially exceeds the aggregate contracted demand for Fuel for such customers.

FEI explains that the intent of clause 4(c)(iv) is to provide a mechanism for FEI to potentially apply for a reduction to the Dispensing Rate if a situation arose where a station was significantly over-recovering the capital cost of the fuelling station due to the total volume from anchor customers at a station materially exceeding the contract volume. FEI states that this clause has been included in fuelling service agreements since the end of 2016 but was not included in the early fuelling service agreements at the Burnaby Operations Fuelling Station, such as the Previous Canadian Linen Agreement. FEI confirms that it has not exercised this clause with any customers to date, as no circumstances have arisen to merit considering it.[1] Further, FEI states that it would need to apply to the BCUC for approval of any adjustments to the Dispensing Rate at a station, whether on a temporary or permanent basis.[2]

Panel Determination

The Panel approves the rate design and rates established in the Canadian Linen-Burnaby Operations Agreement on a permanent basis, effective July 1, 2023. However, the Panel notes that clause 4(c)(iv) of the Canadian Linen-Burnaby Operations Agreement as currently written does not explicitly state that any adjustments to the rates pursuant to that section of the agreement are subject to BCUC approval, although FEI states that it would apply to the BCUC for approval of any adjustments to the rates. As such, **the Panel directs that FEI must apply to the BCUC for approval of any adjustments to the rates made pursuant to clause 4(c)(iv) of Part II of the Canadian Linen-Burnaby Operations Agreement.**

[1] Exhibit B-3, BCUC IR 1.1.
[2] Exhibit B-3, BCUC IR 1.1, 1.2, 1.4, 1.6, 1.7, 1.12 and 1.14.