

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-207-14**

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

and

FortisBC Energy Inc.
Application for an Order Amending Rate Schedule 46
Liquefied Natural Gas Sales, Dispensing and Transportation Service

BEFORE: L. F. Kelsey, Commissioner
D. M. Morton, Commissioner December 24, 2014

O R D E R

WHEREAS:

- A. On November 28, 2013, the Province of British Columbia deposited Order in Council No. 557, dated November 27, 2013, as B.C. Regulation 245/2013, Special Direction No. 5 to the British Columbia Utilities Commission (Commission) with respect to FortisBC Energy Inc's (FEI) Rate Schedule 46, and by Order G-211-13, the Commission approved Rate Schedule 46;
- B. On December 22, 2014, the Province of British Columbia deposited Order in Council No. 749 (OIC 749), dated December 19, 2014, as B.C. Regulation 265/2014, Special Direction No. 5 to the British Columbia Utilities Commission;
- C. Section 3 of OIC 749 amends section 5 of Special Direction No. 5 (OIC 557) by adding the following subsection:
(1.1) Before January 1, 2015, the commission must issue an order, amending the LNG rate schedule as set out in Appendix 5 attached to this direction, effective on January 1, 2015";
- D. On December 23, 2014, FEI applied pursuant to Section 3(1.1) of OIC 749 to amend Rate Schedule 46 (Application);
- E. FEI requests endorsement of amended Rate Schedule 46 tariff pages, effective January 1, 2015; and
- F. The Commission has reviewed FEI's Application and finds that approval of the amendments to Rate Schedule 46, as outlined in Appendix A to this order, are warranted based on the requirements of OIC 749.

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NOW THEREFORE the Commission approves effective January 1, 2015, pursuant to OIC 749 and Special Direction No. 5, the amendments to Rate Schedule 46 – Liquefied Natural Gas Sales, Dispensing and Transportation Service, as outlined in Appendix A to this order, and the rates contained therein.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of December 2014.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

**Amendments to FortisBC Energy Inc. Rate Schedule 46
 Liquefied Natural Gas Sales, Dispensing and Transportation Service Tariff**

| Rate Schedule 46 Reference Information and Amendments | | | |
|---|---------------------------------|--|---|
| Section Number | Section Name | Existing Tariff Language | Amended Tariff Language |
| 1.1 (p) | Definitions LNG Output | [new definition added] | <u>(p) LNG Output - means the total quantities of Gas delivered from the LNG Facilities either by vaporization of LNG or Dispensing of LNG.</u> |
| 1.1 (w) | Definitions Process Fuel Gas | (w) Process Fuel Gas - means Gas consumed in the production of LNG at the LNG Facilities, which for 2013 and 2014 is deemed to be a quantity equal to 1% (one percent) of the LNG Dispensed to the Customer, but thereafter the percentage is to be updated annually based on the prior year's actual fuel gas consumption at the LNG Facilities. | (x) Process Fuel Gas – means: (i) Gas consumed in the production of LNG at the LNG Facilities; <u>and</u> (ii) <u>losses of Gas.</u> <u>Process Fuel Gas is deemed to be a quantity equal to 1% (one percent) of the LNG Dispensed to the Customer until and including the next annual rate update for this Rate Schedule after the Available LNG Capacity exceeds 20,000 Gigajoules per Day, but thereafter the Process Fuel Gas percentage will be updated annually based on the prior year's actual percentages of Gas consumed and losses of Gas at the LNG Facilities.</u> |
| 8.4 | Payment of Amounts | 8.4 Payment of Amounts - The Customer will pay to FortisBC Energy all of the applicable charges set out in the Table of Charges for LNG Service and, if applicable, Table of Charges for LNG Transportation Service. | 8.4 Payment of Amounts - The Customer will pay to FortisBC Energy all of the applicable charges set out in the Table of Charges for LNG Service and, if applicable, Table of Charges for LNG Transportation Service. <u>If the LNG Dispensed from the LNG Facilities is hauled to a Customer designated location and will be distributed at that location to more than one Customer, the applicable charges will be proportionately allocated among Customers based on the quantity of LNG distributed to each Customer.</u> |

| Rate Schedule 46 Reference Information and Amendments | | | |
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| Section Number | Section Name | Existing Tariff Language | Amended Tariff Language |
| 9.1 | Requested Quantity and Loading Schedule | <p>9.1 Requested Quantity and Loading Schedule - At least 24 hours in advance of the Day of the Customer's desired loading time, the Customer or its agent will provide FortisBC Energy by fax or email such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Customer's requested quantity of LNG for the given Day.</p> | <p>9.1 Requested Quantity and Loading Schedule - At least 24 <u>48</u> hours in advance of the Day of the Customer's desired loading time, the Customer or its agent will provide FortisBC Energy by fax or email such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Customer's requested quantity of LNG for the given Day.</p> <p>(a) <u>FortisBC Energy may charge a fee for loading LNG of \$150 per hour when loading takes in excess of two hours; and</u></p> <p>(b) <u>If the Customer cancels a scheduled loading time with less than 12 hours notice, FortisBC Energy may charge a fee of \$500.</u></p> |
| 12.2 | Determination of Quantity | <p>12.2 Determination of Quantity - The quantity of LNG Dispensed pursuant to this Rate Schedule shall be measured at the scale at the LNG Facilities or an alternate scale that is approved and certified by Measurement Canada. The Tanker or other cryogenic receptacle into which the LNG is Dispensed will be weighed at the scale before and after Dispensing. The measurement of the amount of LNG Dispensed shall be based on the difference, expressed in kilograms or pounds, of these two weights. In the event that the cryogenic receptacle cannot be weighed by the scale, then the quantity of LNG Dispensed shall be measured through the use of mass flow meters.</p> | <p>12.2 Determination of Quantity - The quantity of LNG Dispensed pursuant to this Rate Schedule shall be measured at the scale at the LNG Facilities or an alternate scale that is approved and certified by Measurement Canada. The Tanker or other cryogenic receptacle into which the LNG is Dispensed will be weighed at the scale before and after Dispensing. The measurement of the amount of LNG Dispensed shall be based on the difference, expressed in kilograms or pounds, of these two weights. In the event that the cryogenic receptacle cannot be weighed by the scale, then the quantity of LNG Dispensed shall be measured through the use of mass flow meters <u>other industry standard measuring methods and measuring equipment.</u></p> |

| Rate Schedule 46 Reference Information and Amendments | | | |
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| Section Number | Section Name | Existing Tariff Language | Amended Tariff Language |
| 15.3 | Customer Indemnity | [new section 15.3 added] | <u>15.3 Customer Indemnity for LNG Transportation -</u> <u>Notwithstanding section 15.2, the Customer will indemnify and hold harmless FortisBC Energy, its employees, contractors and agents from all claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of the conduct of the Customer, its employees, contractors and agents where the Customer is responsible for providing a Tanker and movement of the Tanker from the LNG Facilities.</u> |
| Table of Charges | Table of Charges for LNG Transportation Service | [new Note 1 added] | Notes: <u>1. The charges set out in this Table of Charges are not applicable if the Tanker is used as both Dispensing equipment for LNG Service and as equipment for LNG Transportation Service.</u> |
| Table of Charges | Table of Charges for LNG Service | Note 3 (2) (b): The Electricity Surcharge shall be adjusted based upon the actual prior year electricity use per Gigajoule of LNG output of the LNG Facilities and actual BC Hydro rate increases incurred at the LNG Facilities. | Note 3 (2) (b): <u>The Electricity Surcharge shall be adjusted by a 2% increase in 2015 and each subsequent year until and including the next annual rate update for this Rate Schedule after the Available LNG capacity exceeds 20,000 Gigajoules per Day, but thereafter shall be adjusted based upon the estimated prior year electricity use per Gigajoule of LNG output of the LNG Facilities and approved interim or permanent BC Hydro rate increases incurred at the LNG Facilities.</u> |

| Rate Schedule 46 Reference Information and Amendments | | | |
|---|---------------------------------------|---|--|
| Section Number | Section Name | Existing Tariff Language | Amended Tariff Language |
| Table of Charges | Table of Charges for LNG Service | [new Note 4 added] | <p>Notes:</p> <p>4. <u>The charges for transporting natural gas from the Interconnection Point to the LNG Facilities, defined as “firm demand toll” and as set out in Table of Charges in FortisBC Energy Rate Schedule 50, are embedded in the LNG Facility Charge in this Rate Schedule.</u></p> |
| Table of Charges | Table of Charges for LNG Service | [new Note 5 added] | <p>Notes:</p> <p>5. <u>Process Fuel Gas is applied as set out in section 8.1 (i) (B) .</u></p> |
| LNG Transportation Service Agreement, Section 5 | 5. Request for Transportation Service | 5.1 Subject to section 6.2 (availability of LNG Transportation Service) of Rate Schedule 46, if the Customer wishes to use LNG Transportation Service, the Customer or its agents shall notify FortisBC Energy by fax or email prior to 12:00 Pacific Standard Time (or other such time as may be specified from time to time by FortisBC Energy) and provide FortisBC Energy with such information as may be requested by FortisBC Energy, which shall include, but is not limited to, the Customer’s desired quantity of LNG and the desired date and time of arrival of LNG at the Customer designated location, provided FortisBC Energy receives such notice no later than 48 hours prior to the requested date and time of arrival of the Tanker at the Customer designated location. | 5.1 Subject to section 6.2 (availability of LNG Transportation Service) of Rate Schedule 46, if the Customer wishes to use LNG Transportation Service, the Customer or its agents shall notify FortisBC Energy by fax or email prior to 12:00 Pacific Standard Time (or other such time as may be specified from time to time by FortisBC Energy) and provide FortisBC Energy with such information as may be requested by FortisBC Energy, which shall include, but is not limited to, the Customer’s desired <u>desired</u> quantity of LNG and the desired date and time of arrival of LNG at the Customer designated location, provided FortisBC Energy receives such notice no later than 48 hours prior to the requested date and time of arrival of the Tanker at the Customer designated location. |
| LNG Transportation Service Agreement, Section 11 | 11. Termination | 11.3 Either party may terminate the Agreement at any time upon giving 120 calendar days prior written notice to the other party. | 11.3 — Either party may terminate the Agreement at any time upon giving 120 calendar days prior written notice to the other party. |