



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER F-27-11**

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

and

Application by Terasen Gas Inc. and Terasen Gas (Vancouver Island) Inc.
(now FortisBC Energy Inc. and FortisBC Energy (Vancouver) Inc.) (collectively FEI/FEVI or the Companies)
for Approval of the Price Risk Management Plan Effective April 2011–October 2014

BEFORE: D.A. Cote, Panel Chair/ Commissioner
L.A. O'Hara, Commissioner November 16, 2011
N.E. MacMurchy, Commissioner

O R D E R

WHEREAS:

- A. On July 22, 2010, the British Columbia Utilities Commission (Commission), by Orders E-23-10 and E-24-10, denied the 2010 Price Risk Management Plans submitted by FortisBC Energy Inc. (FEI) and FortisBC Energy (Vancouver Island) Inc. (FEVI) respectively. In letters which accompanied the Orders, the Commission directed FEI and FEVI, in consultation with Commission staff, to conduct a review of the PRMP's primary objectives in the context of the *Clean Energy Act* and increased domestic natural gas supply;
- B. On January 27, 2011, FEI filed with the Commission on a confidential basis the "Review of the Price Risk Management Objectives and Hedging Strategy" providing the results of the FEI review of the of the PRMP objectives and the recommendations of its consultant, RiskCentrix, LLC for an enhanced hedging strategy;
- C. On January 27, 2011, FEI also filed with the Commission on a confidential basis the "Price Risk Management Plan Effective April 2011–October 2014" (2011 PRMP or Filing) for approval of the objectives and key elements of the 2011 PRMP which include measures for programmatic, defensive, and value hedging as well as basis swaps to hedge price exposure at the Sumas trading hub;
- D. The Commission reviewed the Filing and concluded that prior to making a determination on the need for a hedging program, a written process was necessary to review the objectives of the 2011 PRMP;
- E. On February 22, 2011, the Commission issued Order G-23-11 establishing a Written Public Hearing process (the Proceeding) with a Regulatory Timetable to review the objectives of the 2011 PRMP;
- F. Order G-23-11 approved FEI at its discretion over the course of the proceeding to, on an interim basis, implement those measures related to value hedging and Sumas basis swaps as outlined in the 2011 PRMP;

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- G. Effective March 1, 2011 Terasen Inc. changed its corporate name to FortisBC Holdings Inc. such that Terasen Gas Inc. became FortisBC Energy Inc. (FEI) and Terasen Gas (Vancouver Island) Inc. became FortisBC Energy (Vancouver Island) Inc.;
- H. The written review process for the FEI/FEVI 2011-2014 PRMP Filing concluded with the filing of the Companies' Reply Submission on May 11, 2011;
- I. On July 12, 2011, the Commission Panel issued Order G-120-11 and Reasons for Decision on the FEI/FEVI 2011-2014 PRMP Filing;
- J. By letter dated June 1, 2011, the British Columbia Public Interest Advocacy Centre applied for Participant Assistance/Cost Award (PACA) funding on behalf of its client, the British Columbia Old Age Pensioners' Organization *et al.*, with respect to its participation in the proceeding;
- K. By letter dated June 8, 2011, the Commercial Energy Consumers Association of British Columbia applied for PACA funding with respect to its participation in the proceeding;
- L. By letter dated September 27, 2011, the Companies advised the Commission that the cost award applications were not unreasonable and that it had no objection to the PACA applications;
- M. The Commission has reviewed the PACA applications with regard to the criteria and rates set out in the PACA Guidelines in Commission Order G-72-07.

NOW THEREFORE pursuant to section 118(1) of the *Utilities Commission Act*, the Commission orders as follows:

- 1. The Commission awards funds in the amount of \$12,254.20 to the Commercial Energy Consumers Association of British Columbia, with respect to its participation in the FEI/FEVI 2011-2014 PRMP proceeding.
- 2. The Commission awards funds in the amount of \$11,256.00 to the British Columbia Old Age Pensioners' Organization *et al.*, with respect to its participation in the FEI/FEVI 2011-2014 PRMP proceeding.
- 3. FEI/FEVI is directed to reimburse the Applicants for the award amounts in a timely manner.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of November 2011.

BY ORDER

Original signed by:

D.A. Cote
Panel Chair/Commissioner