



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-64-12**

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

and

An Application by FortisBC Energy Inc.
for Approval of Kingsvale-Oliver Reinforcement Project Stage 2a Project Development Costs
and Accounting Treatment

BEFORE: N.E. MacMurchy, Commissioner
D.M. Morton, Commissioner May 17, 2012
L.F. Kelsey, Commissioner

ORDER

WHEREAS:

- A. On April 13, 2010, the British Columbia Utilities Commission (Commission), after a short written hearing process, issued Order G-70-10 whereby the Commission approved a Firm Transportation Service Agreement between FortisBC Energy Inc. (FEI) and Westcoast Energy Inc. (Spectra Energy) as Tariff Supplement No. I-9, effective to April 30, 2012, the proposed accounting treatment for the revenue from that Agreement and Stage 1 preliminary feasibility assessment costs related to the expansion of the capacity of the FEI gas transmission system known as the Kingsvale-Oliver Reinforcement Project (KORP, or the Project) for up to \$2.0 million to be charged to the Southern Crossing Pipeline Mitigation Revenues Variance (SCP Mitigation) deferral account;
- B. On April 14, 2011, the Commission issued Order G-69-11 approving an Amending Agreement for Firm Transportation Service between FEI and Spectra Energy as a revised Tariff Supplement No. I-9, effective to October 31, 2014;
- C. On July 4, 2011, FEI filed a status report on the Stage 1 preliminary assessment study for the Project;
- D. On March 30, 2012, FEI filed a Comprehensive Update Report Stage 1 (Report) and applied for approval of further funding of \$850,000 for Stage 2a feasibility assessment activities and to continue to charge these project development costs to the SCP Mitigation deferral account (Application) and thereby be offset against the Amending Agreement Tariff Supplement No. I-9 revenues;

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- E. FEI describes Stage 2a development activities as necessary to address specific issues identified in the Report and to advance development of the Project prior to entering the full scope of the Stage 2 Regulatory Requirements;
- F. On May 10, 2012, subsequent to a discussion with Commission Staff, FEI filed a clarification letter to the Commission further describing FEI's decision, activities and budget details related to the Application including that the requested funding of \$850,000 for Stage 2a is part of, not incremental to, the forecast \$6 million for Stage 2 project development costs;
- G. The Commission has reviewed the Report and Application and has concluded that a brief public written hearing is required.

NOW THEREFORE, the Commission orders as follows:

- 1. The establishment of a written hearing process for the review of the Application and Report according to the Regulatory Timetable that is attached as Appendix A to this Order.
- 2. Interveners in the FortisBC Energy Utilities 2012-2013 Revenue Requirements and Natural Gas Rates proceeding who wish to participate shall notify the Commission in writing by May 31, 2012.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of May 2012.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner

FORTISBC ENERGY INC.

Approval of Kingsvale-Oliver Reinforcement Project Stage 2a Project Development Costs
and Accounting Treatment

REGULATORY TIMETABLE

ACTION	DATE (2012)
Intervener/Interested Party Registration	Thursday, May 31
Participant Assistance/Cost Award Budget Submission	Thursday, June 7
Commission and Intervener Information Request No. 1	Friday, June 8
FEI Response to Commission and Intervener Information Request No. 1	Wednesday, June 20
FEI Final Submission	Friday, June 22
Intervener Final Submission	Wednesday, June 27
FEI Reply Submission	Thursday, July 5