



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-114-12**

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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 a Certificate of Public Convenience and Necessity for
Construction and Operation of a Liquefied Natural Gas
Refuelling Station at Vedder Transport Ltd.

BEFORE: D.M. Morton, Commissioner August 28, 2012
B.A. Magnan, Commissioner

O R D E R

WHEREAS:

- A. On July 13, 2012, FortisBC Energy Inc. (FEI) submitted an Application for a Certificate of Public Convenience and Necessity (CPCN) to the British Columbia Utilities Commission (Commission) under sections 45 and 46 of the *Utilities Commission Act* (Act) for the construction and operation of a Liquefied Natural Gas (LNG) Refuelling Station at Vedder Transport Ltd. (Vedder), and also for an approval under sections 59, 60 and 61 of the Act of the rate design and rates to be charged to Vedder for the refuelling station (the Application);
- B. On July 24, 2012, the Commission issued Order G-102-12 establishing a Preliminary Regulatory Timetable for review of the Application;
- C. On August 2, 2012, FEI submitted an amendment to the approvals sought in the Application, requesting that approval of the rate design and rates established in the Agreement be granted on an interim basis, and that this request would not include or impact the CPCN approval as requested;
- D. On August 8, 2012, the Commission Panel issued a letter suspending the Regulatory Timetable established in Commission Order G-102-12;
- E. On August 9, 2012, the Commission Panel issued a letter stating, in part, that "the capital expenditures for the LNG fuelling facility at Vedder were contained in the FortisBC Energy Utilities 2012-2013 Revenue Requirements Application and no party objected to the expenditures in that hearing. Accordingly, the Commission is considering granting summary approval of the CPCN and the interim rate." The Commission asked any party who objected to the approach the Commission was considering, to so inform the Commission by Wednesday, August 15, 2012;

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- F. By letter dated August 13, 2012, the B.C. Sustainable Energy Association (BCSEA) informed the Commission that it did not object to the Commission granting summary approval of the CPCN and interim rates to FEI;
- G. By letter dated August 15, 2012, British Columbia Public Service Organization (BCPSO) informed the Commission that it objected to the Commission granting summary approval of the CPCN and interim rates to FEI. BCPSO also asked FEI to provide the appropriate references in the FortisBC Energy Utilities (FEU) 2012-2013 Revenue Requirements and Natural Gas Rates Application, which would support a specific approval of the capital cost to the LNG refuelling station in the FEU 2012-2103 Revenue Requirements Application (RRA) Decision;
- H. On August 23, 2012, FEI provided its response to BCPSO and indicated that the FEU 2012-2013 RRA Decision does not include an explicit approval of the Vedder fuelling station capital costs. However, given that the Vedder station revenue and operating costs are included in 2012-2013 rates, the related capital costs were likely intended to be included in rate base; and
- I. The Commission has considered the submissions received and determined, for the reasons set out in the Reasons for Decision attached as Appendix B to this Order, that further process is necessary to review the CPCN application and the request for approval of interim rates.

NOW THEREFORE the Commission orders as follows:

1. Subject to paragraph 2 below, the review of the Application will proceed according to the Amended Regulatory Timetable attached as Appendix A to this Order.
2. Any party who opposes a Streamlined Review Process shall file its objection with the Commission by no later than noon, September 5, 2012.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of August 2012.

BY ORDER

Original signed by:

D.M. Morton
Commissioner

Attachments

FORTISBC ENERGY INC.

An Application by FortisBC Energy Inc.
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Construction and Operation of a Liquefied Natural Gas
Refuelling Station at Vedder Transport Ltd.

**AMENDED
REGULATORY TIMETABLE**

ACTION	DATE (2012)
Objection to use of Streamlined Review Process	Wednesday, September 5
Commission Information Request No. 1	Friday, September 7
Intervener Information Request No. 1 and Participant Assistance Budget Submission	Friday, September 14
FEI Response to Commission and Intervener Information Request No. 1	Friday, September 21
Streamlined Review Process and Oral Argument	Thursday, September 27

FORTISBC ENERGY INC.

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Reasons for Decision

Background

On July 13, 2012, FortisBC Energy Inc. (FEI) submitted an application to the British Columbia Utilities Commission (the Commission) for the construction and operation of an LNG Refuelling Station for Vedder Transport Ltd. (Vedder) and for approval of a rate design and rates established in its operating agreement with Vedder for LNG Service (the Application).

On July 24, 2012, the Commission established a Preliminary Regulatory Timetable for the review of the Application and issued Order G-102-12. The timetable provided for, among other matters, Intervener Registration by August 3, 2012.

On August 2, 2012, FEI submitted an amendment to the approvals sought in the Application, requesting that approval of the rate design and rates established in the Agreement be granted on an interim basis, and that this request would not include or impact the Certificate of Public Convenience and Necessity (CPCN) approval as requested in the Application.

By August 3, 2012, the following organizations had intervened in the proceedings: (1) BC Sustainable Energy Association (BCSEA); and (2) British Columbia Pensioners and Seniors Organization, Active Support Against Poverty, BC Coalition of People with Disabilities, Counsel of Senior Citizens' Organizations of BC and the Tenant Resource and Advisory Centre (collectively, BCPSO).

On August 8, 2012, the Commission Panel suspended the Regulatory Timetable and on August 9, 2012, issued a letter noting that the capital expenditures for the LNG Fuelling facility at Vedder were contained in the FortisBC Energy Utilities 2012-2013 Revenue Requirements Application and no party objected to the expenditures. Accordingly, it indicated that the Commission was considering granting summary approval of the CPCN and the interim rate, and requested that the parties inform the Commission by August 15, 2012, of any objections to the approach the Commission was considering.

BCSEA did not object to the Commission's proposed approach.

BCPSO did object; it filed its submissions on August 15, 2012. In its submissions, it asked FEI to provide the appropriate references in the FortisBC Energy Utilities (FEU) 2012-2013 Revenue Requirements and Natural Gas Rates Application which would support a specific approval of the capital cost to the LNG Refuelling Station in the FEU 2012-2013 Revenue Requirements Application (RRA) Decision. In addition to that request, BCPSO also provided six additional objections. In particular, it submitted that an RRA is not an appropriate forum for approval of an expenditure of this nature and also noted issues concerning sharing of distribution ratepayer assets such as tankers and the Tilbury LNG facility.

FEI responded on August 23, 2012 stating, in part, that:

“Section 2.2.1 of Appendix I (page 8) [of the FEU 2012-2013 RRA Application] discusses the number of fuelling stations per year embedded in the forecast, discusses the Vedder LNG station and identifies a single LNG station in 2011 in Table I-5, that being the Vedder LNG station. The 2011 forecast NGV expenditures of \$3.8 million in growth capital were identified in Table I-6 (Appendix I, page 9). This table isolates \$2 million as attributable to an LNG fuelling station in 2011. Tables I-7 and I-8 of Appendix I (pages 9 and 10) show the forecast O&M requirements for fuelling stations, which include requirements for Vedder. Revenues from FEI’s NGV initiatives are detailed in section 3 of Appendix I. A number of information requests focused on the FEU’s NGV expenditures and included discussion of the Vedder station revenues and operation costs.”

Given that the Vedder station revenue and O&M costs are included in 2012-2013 rates and the related capital costs were likely intended to be included in rate base, the FEU still believe it is appropriate that the focus of the proceeding be on the rate sought, rather than the associated expenditures. (Exhibit B-3, p. 3)

However, FEI had previously acknowledged that the “FEU 2012-2013 Revenue Requirements Application Decision does not include an explicit approval of the Vedder fueling station capital costs.” (Exhibit B-3, p. 2)

Commission Panel Determination

The Panel notes that while Table I-6 in Appendix I of FEU’s 2012-2013 RRA does indicate a \$2 million LNG Refuelling Station in 2011, this expenditure was not approved in the 2010-2011 Revenue Requirements Application. Nor is there any evidence that it was approved as part of any separate filing. Accordingly, given this and given FEI’s acknowledgement, the Commission Panel concludes that no explicit approval has been previously granted for this fuelling station and therefore further process is required to review the CPCN application and the request for interim rates.

The Panel also notes that FEI’s August 2, 2012 letter to the Commission indicates that its interim rate proposal does not impact the CPCN approval as requested in the Application. Given that the rates proposed by FEI are interim and will be subject to a more fulsome review following the completion of the AES Inquiry and the BFI Reconsideration, the Panel requests Interveners to frame their rate questions accordingly.

With respect to issues raised by BCPSO concerning sharing of tanker assets and the Tilbury facility, the Panel finds that these issues are out of scope for this CPCN hearing. They are more properly addressed in the AES Inquiry, a future Rate Schedule 16 hearing, or other such suitable procedure.

The Commission Panel is of the preliminary view that the review of the Application can be accomplished through the Commission’s Streamlined Review Process (SRP), with one round of Information Requests, due to the amount of capital expenditure involved, and the fact that there are only two Interveners (although the BCPSO includes a number of organizations). As the parties have not previously made submissions on an SRP, the Commission Panel will allow them to file their objections, if any, to an SRP by noon, Wednesday, September 5, 2012.

Accordingly, the hearing will proceed by way of the Amended Regulatory Timetable for the review of the application attached as Appendix A to the Order issued concurrently with these Reasons, subject to any Intervener comments received by Wednesday, September 5, 2012.