



ORDER NUMBER
G-18-17A

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

and

FortisBC Energy Inc.
Application for Approval of Amended Rates for Compressed Natural Gas Fueling Service
between Smithrite Disposal Ltd. and FortisBC Energy Inc.
for the 2016 Fueling Station Expansion and Amending Agreement No. 5
for the Fueling Station under the Province's Greenhouse Gas Reduction Regulation

BEFORE:

K. A. Keilty, Commissioner

on February 10, 2017

ORDER

WHEREAS:

- A. On December 21, 2016, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (Commission), pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, for interim and permanent approval, of the amended rates established in the unexecuted Amending Agreement (Amending Agreement No. 5) to the Fueling Station Licence and Use Agreement between FEI and Smithrite Disposal Ltd. (Smithrite) for Compressed Natural Gas (CNG) service at the Smithrite Fueling Station (Fueling Station Licence and Use Agreement), effective January 1, 2017. On February 1, 2017, FEI filed the executed Amending Agreement No. 5 with the Commission (Application). FEI also requests that the Commission keep confidential the live financial model provided in Appendix D of the Application.
- B. On April 11, 2013, the Commission issued Order G-56-13 accepting that the Greenhouse Gas Reduction Regulation (GGRR) established the need for CNG and Liquefied Natural Gas fueling stations that are undertaken by FEI as prescribed undertakings as defined by the GGRR, and that these prescribed undertaking projects are exempt from the Certificate of Public Convenience and Necessity requirements for the term of the GGRR;
- C. On November 27, 2013, the Lieutenant Governor in Council issued Order in Council (OIC) No. 556 amending the GGRR. The GGRR was further amended by OIC No. 297 dated June 3, 2015 and OIC No. 609 dated August 19, 2016;
- D. On July 31, 2013, Order G-113-13 approved, on a permanent basis, the rate design and rates, established in the Fueling Station Licence and Use Agreement, as amended by Directives 1 and 2 and the Amending Agreement dated September 30, 2013 (Amending Agreement No. 1) to the Fueling Station Licence and Use Agreement;
- E. On June 10, 2014, Order G-72-14 approved the amended rates established in an Amending Agreement dated May 12, 2014 (Amending Agreement No. 2), to the Fueling Station Licence and Use Agreement;

- F. On June 10, 2016, FEI and Smithrite entered into a third Amending Agreement to the Fueling Station Licence and Use Agreement (Amending Agreement No. 3). Amending Agreement No. 3 contemplated a capital expansion of the Smithrite Fueling Station at an estimated capital cost of \$333,841.50, an increase in the annual take-or-pay volume commitment for CNG fueling service, and an amended capital rate due to the expansion and increased annual take-or-pay volume commitment by Smithrite;
- G. On November 30, 2016, FEI and Smithrite entered into a fourth Amending Agreement to the Fueling Station Licence and Use Agreement (Amending Agreement No. 4) which reflected the revised estimated capital cost of the Smithrite expansion of \$390,000.00, plus Allowance for Funds Used During Construction (AFUDC) of \$8,825.00 for a total estimated capital cost of \$398,825.00. The Smithrite expansion is now complete and the final capital cost is \$389,866.32 (including AFUDC);
- H. On December 22, 2016, FEI and Smithrite entered into a fifth Amending Agreement to the Fueling Station Licence and Use Agreement (Amending Agreement No. 5) which reflected the actual capital expenditures of \$389,866.32, including AFUDC, to install 16 additional time-fill posts and associated infrastructure at the Smithrite Fueling Station, an increase to the annual take-or-pay volume commitment, and an amendment to the capital rate; and
- I. The Commission has commenced review of the Application and determines interim rates should be approved.

NOW THEREFORE pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

1. The amended rates established in the executed Amending Agreement No. 5 to the Fueling Station Licence and Use Agreement between FortisBC Energy Inc. and Smithrite Disposal Ltd. for Compressed Natural Gas service at the Smithrite Fueling Station are approved on an interim basis, effective January 1, 2017.
2. The live financial model provided in Confidential Appendix D of the Application will be kept confidential due to its commercially sensitive nature.
3. FortisBC Energy Inc. is directed to refund/recover the variance between the interim rates and the permanent rates, as determined by the Commission following final disposition of the Application, with interest calculated at the average prime rate of FortisBC Energy Inc.'s principal bank for its most recent year.
4. FortisBC Energy Inc. is directed to file the executed Amending Agreement No. 5 to the Fueling Station Licence and Use Agreement between FortisBC Energy Inc. and Smithrite Disposal Ltd. in tariff supplement form for endorsement by the Commission within 30 days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of February 2017.

BY ORDER

Original signed by:

K. A. Keilty
Commissioner