



**ORDER NUMBER
G-117-17**

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

and

FortisBC Energy Inc.
Application for Approval of Permanent Rates for the Liquefied Natural Gas (LNG) Fueling Station
under the Province's Greenhouse Gas Reduction (Clean Energy) Regulation
for Teck Coal Ltd.

BEFORE:

W. M. Everett, QC, Commissioner
K. A. Keilty, Commissioner
B. A. Magnan, Commissioner

on July 28, 2017

ORDER

WHEREAS:

- A. On April 13, 2017, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (Commission), pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), for the following:
- Permanent approval of the rates established in the Fueling Equipment License and Use Agreement (Fueling Equipment Agreement) between FEI and Teck Coal Limited (Teck) and the June 24, 2015, Amending Agreement (Amendment No. 1) to the Fueling Equipment Agreement, effective on October 1, 2015;
 - Permanent approval of the rates established in Amendment No. 2 to the Fueling Equipment Agreement, effective on January 1, 2016; and
 - Permanent approval of the rates established in the Interim Agreement between FEI and Teck, effective on January 1, 2017 (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, exempting Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) fueling stations, undertaken as prescribed undertakings by FEI under the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR) from the Certificate of Public Convenience and Necessity requirements for the term of the GGRR;
- C. Commission Order G-56-13 also states that the Commission will set rates considering FEI's total expenditures on the prescribed undertakings, but confirms that the Commission's role does not include

whether FEI ought to have negotiated different terms and conditions for those agreements with CNG or LNG fueling station customers;

- D. On January 26, 2015, FEI and Teck entered into the Fueling Equipment Agreement which contemplated the installation, operation and maintenance by FEI of an LNG fueling station on Teck's Fording River Operations site located north of Elkford, British Columbia (Teck Fueling Station) for the purpose of providing LNG fueling service to Teck's mine haul trucks;
- E. On June 24, 2015, FEI and Teck entered into Amendment No. 1 to the Fueling Equipment Agreement to make clarifications to certain Fueling Equipment Agreement terms and conditions (the Fueling Equipment Agreement and Amendment No. 1 are collectively referred to as the Teck Agreement);
- F. On August 27, 2015, and subsequently revised on September 16, 2015, FEI applied to the Commission for interim and final approval of the rate design and rates established in the Teck Agreement, effective on the fueling commencement date, anticipated to be in October 2015 (Interim Rate Application). FEI also requested that the Commission hold the appendices B and C, and the redacted portions of the Interim Rate Application confidential;
- G. On September 23, 2015, Commission Order G-151-15 approved the rates established in the Teck Agreement on an interim basis, effective on the fueling commencement date, anticipated to be in October 2015;
- H. On November 5, 2015, the Commission issued Confidential Information Request No. 1 to FEI and FEI responded on November 12, 2015;
- I. Subsequent to Commission Order G-151-15, FEI and Teck entered into Amendment No. 2 to the Fueling Equipment Agreement, effective on January 1, 2016, to reflect higher than forecast Teck Fueling Station capital costs;
- J. Subsequent to Amendment No. 2 to the Fueling Equipment Agreement, FEI and Teck entered into the Interim Agreement, effective on January 1, 2017, to reflect the end of the LNG for mine truck pilot program;
- K. On June 2, 2017, the Commission issued staff questions to FEI and FEI responded on June 15, 2017; and
- L. The Commission has reviewed and considered the Application, information request and responses and finds that approval is warranted.

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

1. The rate design and rates established in the Teck Agreement are approved on a permanent basis, effective October 1, 2015 to December 31, 2015.
2. The rates established in Amendment No. 2 to the Fueling Equipment Agreement are approved on a permanent basis, effective January 1, 2016 to December 31, 2016.
3. The rates established in the Interim Agreement are approved on a permanent basis, effective on January 1, 2017.

4. Confidential Appendix D of the Application and Confidential Appendix C of the Interim Rate Application will be kept confidential due to their commercially sensitive nature.
5. FEI is directed to file the Teck Agreement, Amendment No. 2 and the Interim Agreement 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 28th day of July 2017.

BY ORDER

Original Signed By:

W. M. Everett, QC
Commissioner