



**ORDER NUMBER**  
**G-6-18**

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

and

FortisBC Energy Inc.

Application for Approval of a Letter Agreement to Extend the Transportation Service Agreement between  
FortisBC Energy Inc. and the Vancouver Island Gas Joint Venture

**BEFORE:**

D. J. Enns, Commissioner  
W. M. Everett, Commissioner  
A. K. Fung, Commissioner  
M. Kresivo, Commissioner  
B. A. Magnan, Commissioner  
R. D. Revel, Commissioner

on January 11, 2018

**ORDER**

**WHEREAS:**

- A. On December 21, 2017, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (Commission) for approval of an executed letter agreement dated December 15, 2017 (Letter Agreement), that amends the Transportation Service Agreement (TSA) between FEI and the Vancouver Island Gas Joint Venture (VIGJV);
- B. The Letter Agreement amends the TSA as follows.
- i. Extends the term of the Renewal Period, as defined in the TSA, to 0800 Pacific Standard Time (PST) on November 1, 2022;
  - ii. Amends the Contract Demand, as defined in the TSA, from 12,500 gigajoules per day (GJ/day) to 13,000 GJ/day commencing at 0800 PST on January 1, 2018 and ending at 0800 PST on November 1, 2022;
  - iii. Amends VIGJV's right to reduce Contract Demand from 4,500 GJ/day to 5,000 GJ/day in order to maintain a minimum Contract Demand of 8,000 GJ/day; and
  - iv. Includes a provision for early termination allowing each member of the VIGJV to provide FEI with written notice terminating the TSA no more than 15 days from the date of the issuance of the Commission decision regarding FEI's 2016 Rate Design Application;

- C. All other terms in the TSA remain unchanged and the amendments do not impact FEI's 2018 revenue requirement;
- D. FEI's original TSA with VIGJV, dated December 14, 1995, was approved by the Commission by Order G-94-96 in accordance with Order in Council (OIC) 1510, approved and ordered December 13, 1995. The original TSA was later amended and extended through Order G-113-04, in accordance with OIC 1224, approved and ordered December 11, 2004. The amended TSA contained a clause that allowed the parties to extend the Renewal Period of the TSA for a five year term to 0800 PST on January 1, 2018, to which the parties mutually agreed in a Letter Agreement dated September 30, 2011;
- E. On December 19, 2016, FEI filed its 2016 Rate Design Application with the Commission. In the 2016 Rate Design Application, FEI proposes to create a firm rate under Rate Schedule (RS) 22 – Large Volume Transportation based on a cost allocation from the cost of service allocation model that would be available for all large industrial contract customers, when their contracts expire, including VIGJV. Large industrial contract customers have historically negotiated rates with FEI, subject to approval from the Commission;
- F. In the 2016 Rate Design Application, FEI anticipated extending the existing TSA with VIGJV until the Commission issued a decision on FEI's proposal for VIGJV and RS 22; and
- G. The Commission reviewed the Letter Agreement amending the TSA and considers approval is warranted.

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

1. The December 15, 2017 Letter Agreement between FEI and the VIGJV amending the TSA is approved effective January 1, 2018.
2. The TSA expires at 0800 PST on November 1, 2022, unless otherwise terminated in accordance with the terms of the Letter Agreement.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 11<sup>th</sup> day of January 2018.

BY ORDER

B. A. Magnan  
Commissioner