



**ORDER NUMBER
G-197-18**

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

and

FortisBC Energy Inc.

Application for Approval of Permanent Rates and Contract for Compressed Natural Gas Supply for Constructing and Operating a CNG Fueling Station under the Province's Greenhouse Gas Reduction (Clean Energy) Regulation for United Parcel Service Canada Ltd.

BEFORE:

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

on October 12, 2018

ORDER

WHEREAS:

- A. On July 12, 2018, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), for permanent approval of the rates established in the Fueling Equipment Licence and Use Agreement between FEI and United Parcel Service Canada Ltd. (UPS) (UPS Agreement) and the Amending Agreement to the UPS Agreement (Amending Agreement) (Application). FEI also requests that the BCUC keep confidential the live financial model provided in Appendix B of the Application;
- B. On April 11, 2013, the BCUC issued Order G-56-13 accepting that the Province's Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR) established the need for Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) 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. BCUC Order G-56-13 also states that the BCUC will set rates considering FEI's total expenditures on the prescribed undertakings, but confirms that the BCUC'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 5, 2017, FEI and UPS entered into the UPS Agreement which established the terms, conditions and rates for UPS to receive CNG fueling service from the CNG station located at the Vancouver International Airport in Richmond, BC (UPS Fueling Station);
- E. The UPS Agreement is subject to a written lease agreement between UPS and the Vancouver International Airport Authority (Consent Agreement). On February 27, 2017, the UPS Agreement was amended to extend

the receipt date of the Consent Agreement (Amending Letter Agreement). The Consent Agreement was executed and provided to FEI on March 15, 2017;

- F. On December 12, 2017, FEI applied to the BCUC, pursuant to sections 59 to 61 and 89 of the UCA, for interim approval of the rates established in the UPS Agreement;
- G. On December 20, 2017, the BCUC issued Order G-195-17, pursuant to sections 59 to 61 and 89 of the UCA, approving the rates established in the UPS Agreement, on an interim basis effective January 5, 2018. Order G-195-17 also directed FEI to file an application seeking permanent rates, effective January 5, 2018, upon determination of the actual capital cost for the UPS Fueling Station;
- H. On June 13, 2018, FEI and UPS entered into the Amending Agreement to, among other things, reflect lower than forecast capital costs for the UPS Fueling Station, to amend the minimum annual amount of fuel to be dispensed to UPS from the UPS Fueling Station and to amend the date upon which the rates will be escalated each year;
- I. On September 25, 2018 BCUC staff issued questions to FEI, and FEI responded on October 2, 2018; and
- J. The BCUC has completed its review of the Application and the responses to BCUC staff's questions, and finds that approval is warranted.

NOW THEREFORE pursuant to sections 59 to 61 of the UCA, the BCUC orders as follows:

1. The rate design and rates established in the UPS Agreement and as amended in the Amending Agreement are approved, on a permanent basis, effective January 5, 2018.
2. The live financial model provided in Appendix B of the Application will be kept confidential due to its commercially sensitive nature.
3. The variance between the interim and permanent rates as determined by this order will be collected from UPS through a billing adjustment.
4. FEI is to file the UPS Agreement, the Amending Letter Agreement and the Amending Agreement, in tariff supplement form for endorsement by the BCUC within 30 days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of October 2018.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner