



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-161-11**

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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 (Vancouver Island) Inc.
for Approval of Storage and Delivery Rates Effective April 1, 2011
in the Storage and Delivery Agreement with FortisBC Energy Inc.
Tariff Supplement No. 4

BEFORE: L.F. Kelsey, Commissioner
C.A. Brown, Commissioner
D. Morton, Commissioner

September 22, 2011

O R D E R

WHEREAS:

- A. By Order C-9-07 dated November 15, 2007 and Reasons for Decisions dated December 14, 2007, the British Columbia Utilities Commission (Commission) granted a Certificate of Public Convenience and Necessity for the Mt. Hayes Liquefied Natural Gas Storage Project and the Storage and Delivery Agreement (Agreement) between Terasen Gas (Vancouver Island) Inc. (TGVI, now FortisBC Energy [Vancouver Island] Inc., FEVI) and Terasen Gas Inc. (now FortisBC Energy Inc., FEI);
- B. Approval of the Agreement was subject to the filing of a fully executed contract with amendments to provide for the filing, from time to time, of a rate schedule to be approved by the Commission, as Appendix A, establishing rates for the Agreement. The first rate schedule was to be filed for Commission approval prior to the provision of services under the Agreement;
- C. On January 10, 2008, TGVI filed an amended Agreement dated January 10, 2008, in compliance with Order C-9-07;
- D. By letter dated January 30, 2008, the Commission accepted the Agreement as filed, and directed TGVI to file it in standard Tariff Supplement format. TGVI filed the Agreement as Tariff Supplement No. 4 on April 2, 2008;

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- E. On March 25, 2011, FEVI filed an amended and updated Schedule A for Tariff Supplement No. 4, with changes to rates effective April 1, 2011 (Application);
- F. On May 30, September 9 and September 19, 2011, FEVI filed information in support of the Application and made certain changes to the rates proposed in the Application;
- G. The proposed Vapourization and Liquefaction Commodity Charges are calculated using an electricity rate of \$0.3533 per kilowatt hour (kwh) plus a 2.5 percent rate rider;
- H. The Commission has considered the Application and the submissions filed in support of it and determines that rates are calculated as set out in Appendix A should be approved for Tariff Supplement No. 4.

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

1. The following rates are approved for FEVI effective April 1, 2011, for Schedule A of Tariff Supplement No. 4:

Monthly Demand Charge	\$1,002,600
Capacity Demand Charge	\$2.80 per GJ of Storage Capacity
Vapourization Demand Charge	\$83.87 per GJ/day of Vapourization Capacity
Vapourization Commodity Charge	\$0.06 per GJ
Liquefaction Commodity Charge	\$0.46 per GJ

2. FEVI will file an updated Schedule A in a timely fashion.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of September 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner

Attachment

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for Approval of Storage and Delivery Rates Effective April 1, 2011
in the Storage and Delivery Agreement with FortisBC Energy Inc.
Tariff Supplement No. 4

Calculation of Rates Effective April 1, 2011

<u>Rate</u>	<u>Amount</u>	<u>Reference</u>
<u>Primary LNG Service</u>		
Monthly Demand Charge	\$1,002,600/month	Mt. Hayes LNG Storage Project Proceeding Exhibit B-4-1, BCUC IR 1.40.1
Corresponding Net Unit Charge	\$111.83/ (GJ/d)	<u>\$1,002,600/month x 12 months/year</u> 107,588 GJ/d Vapourization Capacity
<u>Supplementary LNG Service</u>		
Capacity Demand Charge	\$2.80/GJ of Storage	<u>25% of \$111.83/ (GJ/d)</u> 10 days of Vapourization Capacity
Vapourization Demand Charge	\$83.87/(GJ/d)	75% of \$111.83/ (GJ/d)
<u>Commodity Charges</u>		
Vapourization Commodity Charge	\$0.06/GJ	FEVI filing dated September 19, 2011 Spreadsheet, Schedule 1(a)
Liquefaction Commodity Charge	\$0.46/GJ	FEVI filing dated September 19, 2011 Spreadsheet, Schedule 1(b)