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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-127-12**

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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 Inc.
for Approval of Rate Treatment of Expenditures
under the Greenhouse Gas Reductions (Clean Energy) Regulation and
Prudency Review of Incentives under the 2010 – 2011 Commercial NGV Demonstration Program

BEFORE: L.F. Kelsey, Commissioner

September 18, 2012

O R D E R

WHEREAS:

- A. On May 14, 2012, the Lieutenant Governor In Council approved the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012 (the GGRR);
- B. On August 21, 2012, FortisBC Energy Inc. (FEI) applied (the Application) to the British Columbia Utilities Commission (the Commission), pursuant to sections 59 to 61, and 90 of the *Utilities Commission Act* (the Act), for approval of deferral accounts and the accounting and rate treatment methodology for the three prescribed undertakings established by the GGRR;
- C. FEI also seeks an order from the Commission that past natural gas vehicle (NGV) incentive expenditures totaling \$5.6 million (the 2010-2011 Incentives) as described in Section 7 of the Application were prudently incurred and can be recovered through rates from FEI's non-bypass natural gas customers;
- D. In the Application, FEI has committed to treating the 2010-2011 Incentives as being part of the \$62 million expenditure cap that is established in section 2(1)(c) of the GGRR;
- E. FEI has proposed a Streamlined Review Process (SRP) in order to achieve cost recovery clarity prior to proceeding with the execution of agreements with successful Natural Gas for Transportation Incentive Program applicants before the end of October 2012;
- F. The Commission has reviewed the Application and considered FEI's request for SRP treatment and has determined that the Application should be reviewed in three phases:

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Phase 1 – “Prescribed undertaking 1: Vehicle Incentives or Zero Interest Loans”;
Phase 2 – “Prescribed Undertaking 2: CNG Stations & Prescribed Undertaking 3: LNG Stations”;
Phase 3 – “Prudence of Past Incentives” and associated cost recovery.

The Application review phases may or may not be concurrent, and may or may not use the SRP methodology;

- G. Commission Order G-125-12 established a SRP to review Phase 1 and a regulatory timetable should be established to review Phase 2.

NOW THEREFORE pursuant to sections 59-61 and 90 of the Act, the Commission orders as follows:

1. Phase 2 of the Application review will proceed by way of a SRP. The SRP methodology is set out in the Commission’s “Streamlined Review Process – Policy, Guidelines and Procedures,” which are available on the Commission’s website.
2. The Streamlined Review Oral Proceeding for Phase 2 is to take place at 1:30 p.m. on October 24, 2012 at the Commission Hearing Room located on the 12th Floor, 1125 Howe Street, Vancouver, BC V6Z 2K8.
3. The Regulatory Timetable for Phase 2 is attached as Appendix A to this Order. The deadline for Commission and Intervener Information Requests and FEI’s Response to the Information Requests are the same dates for Phase 1 and Phase 2.
4. In due course the Commission will determine what type of regulatory process will be appropriate for the review of Phase 3 of the Application and the timing of same.

DATED at the City of Vancouver in the Province of British Columbia, this 18th day of September 2012.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner

Attachment

FortisBC Energy Inc.
Application for Approval of Rate Treatment of Expenditures
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**PRELIMINARY
REGULATORY TIMETABLE**

ACTION	DATE (2012)
Commission & Intervenor Information Requests – Phase 2	Friday, October 5
FEI Response to Information Requests – Phase 2	Monday, October 15
Streamlined Review Oral Proceeding – Phase 2	Wednesday, October 24