



ORDER NUMBER
G-53-16

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

and

An Application by FortisBC Alternative Energy Services Inc.
for Compliance Filing to Orders G-146-15A and G-213-15

and

Variance and Reconsideration to Orders G-100-14, G-146-15A and G-213-15
for Thermal Energy Service to Delta School District Number 37

BEFORE:

D. M. Morton, Commissioner

on April 26, 2016

ORDER

WHEREAS:

- A. On November 28, 2011, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (CPCN) to construct and operate an energy system to provide thermal energy to Delta School District Number 37 (DSD). The application sought, among other things, the approval of rates and the rate design contained within the Energy System Rate Development Agreement;
- B. On March 9, 2012, the Commission approved the provision of thermal energy service to the DSD, subject to proof of assignment to FortisBC Alternative Energy Services Inc. (FAES), in Order G-31-12 and the accompanying decision. Proof of assignment was filed and on March 16, 2012, and the Commission issued Order C-3-12 granting a CPCN to FAES. The Commission also approved the annual rate setting mechanism proposed whereby FAES will file a revenue requirements application, including the forecast balance of the DSD deferral account and the forecast of thermal demand to establish the cost of service rate for the upcoming contract year, which runs from July 1 through June 30;
- C. By Order G-100-14, the Commission approved the forecast cost of service rate for the DSD for the contract year July 1, 2014 to June 30, 2015, and also made the following directives to FAES:
 3. In all future rate applications for the Delta School District Number 37, FortisBC Alternative Energy Services Inc. must fully disclose its deemed debt calculations and provide its sources for the BBB-rate that are in accordance with Orders G-71-12 and G-88-12, which is reconfirmed in this Order.
 4. In all future Delta School District Number 37 rate applications, FortisBC Alternative Energy Services Inc. must provide continuity schedules, in a fully functioning excel model, showing all historical

actuals (or actuals to-date) plus one year of forecast for all of its relevant financial schedules. FortisBC Alternative Energy Services Inc. is also directed to provide fulsome explanations and/or reconciliations for the most recent fiscal year's actuals (or actuals to-date) compared to previous year's forecast cost of service.

- D. On September 18, 2015, the Commission issued Order G-146-15A, directing FAES "to provide to the Commission, by March 31, 2016, a report on the progress of the optimization of the system" as outlined in the Reasons for Decision attached as Appendix A to that order;
- E. On December 24, 2015, the Commission issued Order G-213-15, and attached Reasons for Decision, directing FAES to provide specific information pertaining to its ongoing operational issues in its next annual rate filing. The Commission further urged FAES to apply for a variance and reconsideration to seek relief from filing future "revenue requirements to the Commission, until such time that a fundamental change in rate structure or rate methodology exists or if a complaint has been received by the Commission";
- F. On March 31, 2016, FAES filed an application seeking the following:
 - an extension of time from March 31, 2016 to April 29, 2016, to file the optimization plan as directed in Order G-146-15A;
 - an extension of time from March 31, 2016 to April 29, 2016 to file the Reporting Items as requested in Order G-213-15 and attached Reasons for Decision; and
 - pursuant to section 99 of the *Utilities Commission Act*, a variance of Order G-100-14 abandoning the annual revenue requirement filings, as encouraged by the Commission in Order G-213-15 (the Application).
- G. In the Application, FAES also proposes to file to the Commission on an annual basis and for information only:
 - an estimate of the Deferral Account balance as of July 1 of that calendar year; and
 - the forecast cost of service rate for the next contract year starting on each July 1; and
- H. By letter dated April 22, 2016, the DSD filed a letter of support for FAES' requests as outlined in the Application; and
- I. The Commission has reviewed the Application and accompanying materials and finds that approvals are warranted.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

1. FortisBC Alternative Energy Services Inc. (FAES) is granted an extension from March 31, 2016 to April 29, 2016 to file:
 - a. a progress report on the optimization of its thermal energy system serving the Delta School District (directive 5 of Order G-146-15A); and
 - b. the operational items listed on page 4 of the Reasons for Decision accompanying Order G-213-15.
2. FAES is granted relief from filing:
 - a. its annual rate review process as discussed on page 49 of the Reasons for Decision accompanying Order G-31-12; and

- b. the additional financial information outlined in directives 3 and 4 of Order G-100-14.
3. FAES' proposal to file the following information is accepted:
- a. an estimate of the Deferral Account balance as of July 1 of that calendar year; and
 - b. the forecast cost of service rate for the next contract year starting on each July 1. This information shall be submitted to the Commission prior to July 1 of each year, commencing with the July 1, 2016 year, and will be accepted for information only.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th day of April 2016.

BY ORDER

Original signed by:

D. M. Morton
Commissioner