Ms. Diane Roy  
Director, Regulatory Affairs - Gas  
FortisBC Alternative Energy Services Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8  

Dear Ms. Roy:  

Re: FortisBC Alternative Energy Inc.  
Application for a Certificate of Public Convenience and Necessity for the Approval for the PCI Marine Gateway Thermal Energy Project and Approval of Rates for Thermal Energy Service to PCI Developments Inc.  

Further to your May 25, 2012 Application for a Certificate of Public Convenience and Necessity to Construct and Operate a Thermal Energy System and Approval of Rates for Thermal Energy Service to the PCI Marine Gateway Project in South Vancouver, enclosed please find Commission Order G-74-12 establishing a Written Public Hearing for review of the Application.  

Yours truly,  

Erica Hamilton  

TS/dg  
Enclosure  

cc: Registered Interveners  
FEI-AES Offering Products and Services
IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Fortis BC Alternative Energy Services Inc.
for a Certificate of Public Convenience and Necessity to Construct and Operate a Thermal Energy System
and Approval of Rates for Thermal Energy Service to the PCI Marine Gateway Project in South Vancouver

BEFORE: D.M. Morton, Commissioner June 5, 2012

ORDER

WHEREAS:

A. On May 25, 2012, FortisBC Alternative Energy Services Inc. (FAES) submitted an application for a Certificate of Public Convenience and Necessity (CPCN) to the British Columbia Utilities Commission (Commission) under sections 45 and 46 of the Utilities Commission Act (Act) for the construction and operation of a thermal energy system for the PCI Marine Gateway development (Development) and for approval under sections 59, 60 and 61 of the Act for the proposed rate design and rates to provide thermal energy service to the tenants of the Development (the Application);

B. The Development will consist of three towers with mixed-use commercial and residential space located at Cambie Street and Marine Drive in Vancouver and is being developed by PCI Developments Inc. (PCI);

C. PCI and FortisBC Energy Inc. (FEI) collaborated in assessing and specifying the technical solution to meet the Development’s energy system requirements according to the City of Vancouver’s rezoning requirements and Conditions for Approval for a Renewable Energy system. PCI selected FEI to install, own, maintain and operate the thermal energy system and provide thermal energy service to the Development;

D. In light of the Delta School District Decision (Order G-31-12) and the subsequent CPCN issued to FEI under Order C-3-12, and pending the outcome of the Alternative Energy Solutions Inquiry, FEI decided to bring this Application forward under its affiliate FAES. The service contracts enable FAES to assign the contracts to a regulated affiliate of FAES without the consent of the customer;

E. The energy system will provide space heating, cooling and domestic hot water to meet the thermal energy demands for the Development and comprises a geo-exchange loop field, heat pumps, high efficiency natural gas boilers, meters and controls and necessary ancillary systems;

F. The capital cost estimate for the FAES thermal energy system is $9.2 million, with an annual Operating and Maintenance expense forecast of $153,000;

.../2
G. FAES is proposing to fix the energy rates for the first three years at $0.109/kWh for 2015, $0.115/kWh for 2016 and $0.120/kWh for 2017 and then transition to a cost of service rate in the fourth year with an initial term of 20 years;

H. The Commission has determined that a written public hearing process is necessary to review the Application.

NOW THEREFORE the Commission orders as follows:

1. The establishment of a Written Hearing Process for the review of the Application according to the Regulatory Timetable that is attached as Appendix A to this Order.

2. FAES shall publish a notice of the Application and Written Public Hearing Process, attached as Appendix B to this Order, in such local and community newspapers that will provide reasonable notice to people in the proposed general service area and surrounding communities and shall make available this Order at the developer’s Sales Centre.

3. Persons wishing to participate as Interveners or as Interested Parties, as described in Appendix B, should register with the Commission by Friday June 15, 2012.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of June 2012.

BY ORDER

Original signed by:

D.M. Morton
Commissioner

Attachments
An Application by Fortis BC Alternative Energy Services Inc. for a Certificate of Public Convenience and Necessity to Construct and Operate a Thermal Energy System and Approval of Rates for Thermal Energy Service to the PCI Marine Gateway Project in South Vancouver

<table>
<thead>
<tr>
<th>ACTION</th>
<th>DATE (2012)</th>
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<tbody>
<tr>
<td>Intervener/Interested Party Registration</td>
<td>Friday, June 15</td>
</tr>
<tr>
<td>Commission Information Request No. 1</td>
<td>Wednesday, June 20</td>
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<tr>
<td>Participant Assistance Budget Submission</td>
<td>Wednesday, June 20</td>
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<tr>
<td>Intervener Information Request No. 1</td>
<td>Wednesday, June 27</td>
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<tr>
<td>FAES Response to Commission and Intervener Information Request No. 1</td>
<td>Wednesday, July 11</td>
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<tr>
<td>Commission and Intervener Information Requests No. 2</td>
<td>Monday, July 23</td>
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<tr>
<td>FAES Response to Commission and Intervener Information Requests No. 2</td>
<td>Monday, August 6</td>
</tr>
<tr>
<td>FAES Final Submission</td>
<td>Wednesday, August 15</td>
</tr>
<tr>
<td>Intervener Final Submission</td>
<td>Wednesday, August 22</td>
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<tr>
<td>FAES Reply Submission</td>
<td>Wednesday, August 29</td>
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</tbody>
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PUBLIC NOTICE

WRITTEN PUBLIC HEARING PROCESS

AN APPLICATION BY FORTIS BC ALTERNATIVE ENERGY SERVICES INC.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT AND OPERATE A THERMAL ENERGY SYSTEM
AND APPROVAL OF RATES FOR THERMAL ENERGY SERVICE TO THE PCI MARINE GATEWAY PROJECT IN SOUTH VANCOUVER

THE APPLICATION

On May 25, 2012, FortisBC Alternative Energy Services Inc. (FAES) applied to the British Columbia Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (CPCN) to construct and operate a thermal energy system to provide energy service as a public utility to the PCI Marine Gateway development, and for approval of the proposed rate design and rates based on a 20-year service agreement with the developer PCI Developments Inc. The PCI Marine Gateway development is to be built on lands at the intersection of Cambie Street and Marine Drive in south Vancouver, British Columbia.

The thermal energy system comprises a geo-exchange ground loop, heat pumps, high efficiency natural gas boilers and ancillary equipment to provide space heating, cooling and domestic hot water to the PCI Marine Gateway development tenants through an exclusive energy supply arrangement. The thermal energy system will be owned, operated and maintained by FAES. FAES proposes to charge rates for the thermal energy service to recover its costs including a rate of return to provide the thermal energy service. The Commission, by the authority of the Province of British Columbia through the Utilities Commission Act (Act or UCA), has the authority to approve an application for a CPCN to construct and operate a public utility plant or system in the province and to approve energy rates as just, fair and non-discriminatory.

THE REGULATORY PROCESS

Commission Order G-74-12 establishes a Regulatory Timetable for the review of the Application by way of a Written Public Hearing.

The detailed Regulatory Timetable can be reviewed on the Commission’s website at www.bcuc.com>Current Applications>.

REGISTERING TO PARTICIPATE

Persons who wish to actively participate in this proceeding should register as Interveners with the Commission in writing by Friday, June 15, 2012. Interveners will receive a copy of the Application as well as all correspondence and filed documents. An email address should be provided if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties with the Commission in writing by Friday, June 15, 2012, identifying their interest in the Application. Interested Parties will receive an Executive Summary of the Application and a copy of the Commission’s Decision when issued.
PUBLIC INSPECTION OF DOCUMENTS


All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission’s website.

FURTHER INFORMATION

For further information, please contact Ms. Erica Hamilton, Commission Secretary, by telephone (604) 660-4700 or BC Toll Free at 1-800-663-1385, by fax (604) 660-1102, or by email Commission.Secretary@bcuc.com.