



bcuc
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Utilities Commission

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September 16, 2020

Sent via email/eFile

**FEI – APPLICATION FOR AMENDMENTS TO RS 6P
EXHIBIT A-6**

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC
16705 Fraser Highway
Surrey, BC V4N 0E8
gas.regulatory.affairs@fortisbc.com

Re: FortisBC Energy Inc. – Application for Approval of Amendments to the Rate Schedule 6P Tariff and Rates Effective July 31, 2020 – Information Request No. 2

Dear Ms. Roy:

Further to you July 9, 2020 filing of the above-noted application, enclosed please find British Columbia Utilities Commission Information Request No. 2. In accordance with the Regulatory Timetable established by Order G-236-20, please file your responses on or before Wednesday, September 30, 2020.

Sincerely,

Original signed by Ian Jarvis for:

Marija Tresoglavic
Acting Commission Secretary

/mp
Enclosure



FortisBC Energy Inc.
Rate Schedule 6P – Public Service – Natural Gas Refueling Service (RS 6P) Application for Approval of
Amendments to the RS 6P Tariff and Rates Effective July 31, 2020

INFORMATION REQUEST NO. 2 TO FORTISBC ENERGY INC.

5.0 Reference: NRCAN FUNDING
Exhibit B-4, IR 1.3, Attachment 1.1, Section 8.1
Repayment of contribution

In response to British Columbia Utilities Commission (BCUC) Information Request (IR) 1.3, FortisBC Energy Inc. (FEI) states:

If some or all of the NRCan [Natural Resources Canada] funding contribution were not received because one or more of the NRCan agreement requirements were not met, it could result in higher rates for all customers of the E360S [Environmental 360 Solutions Ltd.] Fueling Station (E360S, third party customers and public fueling customers).

The current E360S Fueling Station interim rates are based on a forecast of capital expenditures that accounts for receiving the full NRCan funding contribution of \$618 thousand. If some or all of the NRCan funding contemplated in the calculation of the interim rates is not received, the resulting permanent rates, once applied for, will be recalculated based on final capital expenditures and, if needed, would be adjusted to account for the shortfall in NRCan funding received.

[...]

However, if there is a shortfall in NRCan funding, FEI's revenue requirement for its non-bypass ratepayers is not impacted given the fact that the fueling agreement with E360S is based on 100 percent recovery of the capital costs.

Section 8.1 of the Repayable Contribution Agreement between FEI and NRCan (NRCan Contribution Agreement) states:

For a period of **ten (10) years** commencing on the day immediately following the Project Completion, the Proponent shall pay to Canada annually the Profit arising from the Project in the same ratio as that of Canada's Contribution to the Total Project Costs, except that Canada's share shall not exceed its Contribution. [emphasis retained]

- 5.1 Please provide the amount of the expected capital contribution FEI has received to date from NRCan for the E360S Fueling Station and when FEI expects to receive the remainder of the contribution from NRCan.
- 5.2 Please confirm, or explain otherwise, that "Profit arising from the Project," as defined in the NRCan Contribution Agreement, is based on all the compressed natural gas (CNG) fueling services provided at the E360S Fueling Station and not limited to the public fueling service portion.

- 5.3 Please provide a schedule that shows by year the forecast “Profit arising from the Project,” as defined in the NRCAN Contribution Agreement, and the amount that would need to be paid to Canada annually. Please provide any assumptions used.
- 5.4 Please discuss whether the rates charged to customers of the E360S Fueling Station would need to be recalculated by the annual payments to Canada. Why or why not?
 - 5.4.1 If yes, please discuss whether FEI plans to file for approval of the adjustments to the rates charged to customers of the E360S Fueling Station annually to account for any payments to Canada. Why or why not?
 - 5.4.2 If the rates charged to customers of the E360S Fueling Station will not be adjusted to account for any payments to Canada, please show how the proposed rates conform to section 2(2)(c) of the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR).
- 5.5 Please discuss whether any payments to Canada would impact FEI’s revenue requirement for its non-bypass ratepayers. Why or why not?

**6.0 Reference: NRCAN FUNDING
Exhibit B-4, Attachment 1.1, Section 15.1; FEI E360S GGRR CNG Fueling Station Rate Application, Appendix B, Section B1, B2, B3, B4
Disposition of assets**

Section 15.1 of the NRCAN Contribution Agreement states:

If, prior to the Project Completion and for **ten (10) years** thereafter, the Proponent sells, leases or otherwise disposes of any Fixed Asset excluding Intellectual Property, where the cost of the Fixed Asset is part of the Eligible Expenditures under the Project to which Canada has contributed under this Agreement, the Proponent shall immediately notify the Minister in writing of such sale, lease or disposition and, if the Minister so requires, the Proponent shall share with Canada the proceeds of the sale, lease or any other disposition in \$, same ratio as that of Canada's Contribution to the purchase of the Fixed Asset by the Proponent, except that Canada's share shall not exceed the Contribution.
[emphasis retained]

Section B of Schedule A of the Fueling Equipment Licence and Use Agreement between FEI and E360S (FEI-E360S Agreement) has an expiry and early termination provision, which states that if the FEI-E360S Agreement is not renewed after the 10-year initial term or if the FEI-E360S Agreement is terminated before the end of the initial term, then E360S must pay FEI an amount that includes “the unrecovered un-depreciated capital cost of the Fueling Equipment.”

Section B4 of Schedule A of the FEI-E360S Agreement provides that the unrecovered un-depreciated capital cost of the Fueling Equipment will include:

- (a) any capital expenditures made by FEI with respect to the Fueling Equipment during the Term;
- (b) the capital Rate revenue collected by FEI from the Customer throughout the Term for any fuel dispensed over the Adjustment Threshold; and
- (c) the revenue collected by FEI on account of capital from Other Users for use of the Fueling Equipment for any fuel dispensed in excess of the Adjustment Threshold.

- 6.1 Please clarify whether the unrecovered un-depreciated capital cost of the Fueling Station would include any proceeds shared with Canada as provided for in section 15.1 of the NRCAN Contribution Agreement.

6.2 Please discuss whether any proceeds shared with Canada would impact FEI's revenue requirement for its non-bypass ratepayers. Why or why not?

**7.0 Reference: AMENDMENTS TO RATE SCHEDULE 6P
Order G-165-11A, Appendix A, Reasons for Decision dated September 26, 2011, p. 4
Public access for CNG fueling service**

Page 4 of the Reasons for Decision accompanying Order G-165-11A contained the following table of other facilities in the lower mainland that offered public access for CNG fueling services:

Chevron	Burnaby
Chevron	Cloverdale
Chevron	Vancouver
Christie Adams	Burnaby
PetroCanada	Coquitlam
PetroCanada	North Vancouver

7.1 Please update the table above with all facilities in British Columbia that currently offer public access for CNG fueling services, along with the current per GJ rate charged for public fueling at each station.

**8.0 Reference: E360S FUELING STATION PROPOSED RATES
Exhibit B-4, BCUC IR 2.3, 2.4; FEI E360S GGRR CNG Fueling Station Rate Application,
Appendix A, Section 5.9; Appendix B, Section B4
Public fueling revenue and rates**

In response to BCUC IR 2.3, FEI states that it is in the process of "installing security cameras at all publicly accessible CNG fast fill dispensers to aid in emergency response and identify drivers by license plate number if damage occurs.

8.1 Please identify and quantify, where possible, the incremental overhead cost of providing public fueling service at the E360S Fueling Station, such as time spent applying for capital contributions from NRCAN and fulfilling the related reporting requirements, time spent promoting public fueling services, modification or addition of billing systems, insurance costs, security, signage, advertising, etc. Please provide any assumptions used.

8.2 Please discuss whether the overhead and marketing (OH&M) charge of \$0.52 per GJ proposed for Rate Schedule (RS) 6P for the E360S Fueling Station is expected to recover all of the incremental costs identified in the preceding IR response. Why or why not?

8.2.1 Please discuss whether any incremental costs not recovered from the OH&M charge would be recovered from FEI's non-bypass ratepayers.

In response to BCUC IR 2.4, FEI states:

In addition, third party fueling services agreements benefit the fueling station Host customer because the revenues collected under the Capital Rate from third party customers (such as Premium Truck in this case for the E360S Fueling Station) are credited to the Host customer (E360S) which reduces the book value of the station and any potential future buyout amounts.

In contrast, all Capital Rate revenue collected from public fueling customers at the E360S Fueling Station will be credited to non-bypass customers and will not be used to reduce the book value of the station.

- 8.3 Please provide the rationale for the differences in treatment of the Capital Rate revenue collected from public fueling customers compared to third party customers. As part of the response, please provide any regulatory justification for the differences in treatment of the Capital Rate revenue.

Section B4(c) of the FEI-E360S Agreement states:

[T]he revenue collected by FEI on account of capital from Other Users for use of the Fueling Equipment for any fuel dispensed in excess of the Adjustment Threshold.

Section 5.9(a) of the FEI-E360S Agreement states that “Other Users” are those who have entered into a fueling services agreement with FEI.

- 8.4 Please discuss whether FEI plans to amend the FEI-E360S Agreement to credit E360S the Capital Rate revenue collected from public fueling customers to reduce the book value of the E360S Fueling Station and any potential future buyout amounts. Why or why not?

**9.0 Reference: E360S FUELING STATION PROPOSED RATES
Exhibit B-4, BCUC IR 3.6; FEI Rate Schedule 6, Section 2.1; FEI Rate Schedule 5, Section 2.1
Delivery margin and commodity related charges**

In response to BCUC IR 3.6, FEI states that the delivery margin and commodity related charges for the Surrey Fueling Station and the E360S Fueling Station are based on RS 6 (Natural Gas Vehicle Service) and RS 5 (General Firm Service), respectively.

Section 2.1 of RS 6 states that the rate schedule applies to “the sale of firm Gas through one meter set for the purpose of compression and dispensing as fuel to operate vehicles.”

Section 2.1 of RS 5 states that the rate schedule applies to “the sale of firm Gas, no portion of which may be resold, through one meter station to a Customer...”

- 9.1 Please clarify why the E360S Fueling Station and the Surrey Fueling Station receive delivery service and commodity through RS 5 and RS 6, respectively. As part of the response, please discuss whether there are any differences in the delivery service provided to the Surrey Fueling Station compared to the E360S Fueling Station.
- 9.2 Please explain whether the E360S Fueling Station is eligible to receive service under RS 6. Why or why not?
- 9.2.1 Please provide any pros and cons to having the E360S Fueling Station receive service under RS 6.
- 9.2.2 Please discuss whether having the E360S Fueling Station receive service under RS 6 would impact the amount recovered from FEI’s non-bypass ratepayers for the cost of prescribed undertakings under the GGRR. Why or why not?
- 9.3 Please explain whether the Surrey Fueling Station is eligible to receive service under RS 5. Why or why not?
- 9.3.1 Please provide any pros and cons to having the Surrey Fueling Station receive service under RS 5.
- 9.4 Please confirm, or explain otherwise, that the refueling of FEI’s fleet vehicles at the Surrey Fueling Station are charged under RS 6 for the delivery margin and commodity related charges.

- 9.5 Please confirm, or explain otherwise, that except for the Surrey Fueling Station, all of the CNG fueling stations that FEI owns and operates receive delivery service and commodity to each station through RS 5.
- 9.5.1 If not confirmed, please identify the stations that are not receiving delivery service and commodity through RS 5, identify the rate schedule that each respective station is served under and the rationale for receiving service under that rate schedule.