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Utilities Commission

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December 9, 2020

Sent via email/eFile

FEI WASTE CONNECTIONS ABBOTSFORD GGRR CNG EXHIBIT A-3

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

Re: FortisBC Energy Inc. (FEI) – Application for Approval of Rates and Agreement for Constructing and Operating a Compressed Natural Gas (CNG) Fueling Station under the Province's Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR) for Waste Connections Canada Inc. (Waste Connections) in Abbotsford, BC – BCUC Information Request No. 1

Dear Ms. Roy:

Further to your November 13, 2020 filing of the above noted application, enclosed please find British Columbia Utilities Commission Information Request No. 1. In accordance with the regulatory timetable established by Order G-323-20, please file your responses on or before Wednesday, January 6, 2021.

Sincerely,

Original signed by:

Marija Tresoglavic
Acting Commission Secretary

/cmv

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FortisBC Energy Inc.
Application for Approval of Rates and Agreement for Constructing and Operating a Compressed Natural Gas Fueling Station under the Province's Greenhouse Gas Reduction (Clean Energy) Regulation for Waste Connections Canada Inc. in Abbotsford, BC

INFORMATION REQUEST NO. 1 TO FORTISBC ENERGY INC.

A. FUELING EQUIPMENT LICENCE AND USE AGREEMENT

1.0 Reference: FUELING EQUIPMENT LICENCE AND USE AGREEMENT
Exhibit B-1, Appendix A
General

In Appendix A to FortisBC Energy Inc.'s (FEI) Application for Approval of Rates and Agreement for Constructing and Operating a Compressed Natural Gas (CNG) Fueling Station under the Province's Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR) for Waste Connections Canada Inc. (WC) in Abbotsford (WC Abbotsford Fueling Station) (Application), FEI provides the Fueling Equipment License and Use Agreement entered into by WC and FEI on June 29, 2020 (Agreement).

1.1 Please provide a blacklined version of the Agreement showing all changes, if any, from the most recent fueling equipment licence and use agreement that was approved by the BCUC on a permanent basis for CNG fueling stations carried out as prescribed undertakings under the GGRR.

1.2 Please provide an explanation for the changes identified in the preceding Information Request (IR) and an explanation of whether each of these changes conform to section 2(2) of the GGRR.

1.3 Please identify the fueling customer and date of the most recent fueling equipment licence and use agreement that was approved by the BCUC on a permanent basis for CNG fueling stations carried out as prescribed undertakings under the GGRR and used in response to BCUC IR 1.1.

2.0 Reference: FUELING EQUIPMENT LICENCE AND USE AGREEMENT
Exhibit B-1, Appendix A, Schedule A, Section A(3), p. A-2
Amendments to Service Charges

Section A(3) of Schedule A to the Agreement states:

(a) *Change in Capital Expenditure* - The Customer acknowledges the Capital Rate and O&M Rate have been calculated based on FEI's Projected Capital Expenditure. If:

(i) upon completion of installation of the Fueling Equipment, FEI determines FEI's actual capital expenditure differs by **+/- 2%** from FEI's Projected Capital Expenditure; or

(ii) during the Term, including any renewal thereof:

1. FEI upgrades or expands the Fueling Equipment to meet increased demand; or

2. any Customer Contribution or third party funding is not received or is required to be returned for any reason.

3. FEI incurs an extraordinary capital expenditure equivalent to 30% or more of the unrecovered undepreciated capital cost of the Fueling Equipment as calculated immediately prior to the expenditure being incurred;

FEI may amend the Capital Rate and O&M Rate accordingly effective the occurrence of such event, subject to BCUC approval.

(b)

(c) *Renewal Adjustments* – If this Agreement is renewed after the Initial Term, and subject to BCUC approval:

(i) FEI will recalculate the Capital Rate based on the Capital Cost of the Fueling Equipment at the time of expiry, effective for the renewal term ; and

(ii) FEI will recalculate the O&M Rate effective for the renewal term to reflect projected costs based on historical data.

[*Emphasis retained*]

2.1 For each of FEI's CNG fueling stations that are currently in-service, please provide the average annual actual operating and maintenance (O&M) costs and the average annual actual consumption in GJ for the period from the in-service date to the end of 2019.

2.1.1 Where the forecast O&M costs for the WC Abbotsford Fueling Station differs by 20 percent or more of the average annual actual O&M costs provided in the preceding IR, please provide an explanation for the variance.

2.2 Please clarify what would be considered "extraordinary capital expenditures."

2.3 Please confirm, or explain otherwise, that the Capital Rate and O&M Rate, as applicable, would be recalculated to include any capital expenditures that are not considered "extraordinary."

2.3.1 If not confirmed, please explain why the rates would not be recalculated and whether it would conform to section 2(2)(c) of the GGRR.

2.4 Please confirm, or explain otherwise, that any "extraordinary capital expenditures" incurred by FEI that is less than 30 percent of the unrecovered undepreciated capital cost of the Fueling Equipment would not be recovered from the fueling station customer (i.e. WC).

2.4.1 If confirmed, please explain whether not recovering from WC any "extraordinary capital expenditures" incurred by FEI that is less than 30 percent of the unrecovered undepreciated capital cost of the Fueling Equipment conforms to section 2(2)(c) of the GGRR. Why or why not?

2.4.2 Please explain how and why the 30 percent threshold was determined.

2.5 Please clarify whether section 3(b) of Schedule A was intentionally left blank. If yes, please explain why it is not indicated as such. If not, please provide an amended agreement.

3.0 Reference: FUELING EQUIPMENT LICENCE AND USE AGREEMENT
Exhibit B-1, Appendix A, Schedule A, Section B(1)(a), p. A-3

Expiry and Early Termination

Section B(1) of Schedule A to the Agreement states:

> **Amounts Due on Termination.** If this Agreement is terminated for any reason prior to expiry of the Initial Term, in addition to any other amounts due and owing by the Customer to FEI and despite any other remedies available at law or in equity, the Customer shall pay to FEI, within 30 days of billing:
>
> (a) the Minimum Guarantee calculated to the end of the Initial Term; plus FEI's costs of removing the Fueling Equipment, not to exceed $35,000 plus or minus 20%.
>
> [*Emphasis retained*]

3.1 Please identify where the "Minimum Guarantee" is defined in the Agreement and explain how it is calculated.

3.1.1 If "Minimum Guarantee" is not defined in the Agreement, please explain why it is not necessary to define this term.

3.2 Please provide the methodology used to determine the cost threshold of $35,000 plus or minus 20 percent associated with removing the fueling equipment.

3.3 Please discuss whether the costs associated with removing the fueling equipment would be an operating cost as defined in section 1 of the GGRR. Why or why not?

3.3.1 If it is considered an operating cost, please identify where in the financial schedules in Appendix C to the Application the forecast removal costs have been included.

3.3.1.1 If not included, please explain why these costs have not been included and whether the Agreement conforms to section 2(2)(c) of the GGRR. Why or why not?

3.4 Under a scenario where the cost to remove the fueling equipment exceeds the threshold of $35,000 plus or minus 20 percent, please confirm, or explain otherwise, that the costs exceeding the threshold would be recovered from FEI's non-bypass ratepayers and not from WC.

3.4.1 Under the scenario in the preceding IR, please discuss whether the Agreement would conform to section 2(2)(c) of the GGRR. Why or why not?