



March 25, 2021

Sent By E-mail

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Your reference 62887	Our reference 1001134515
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Dear Mr. Wruck:

Vancouver Airport Authority ("YVR") – Application for an Exemption Pursuant to Section 88(3) of the *Utilities Commission Act* ("UCA") for the Resale of Natural Gas (the "Application") – Application for Interim Rates

We are legal counsel to YVR and write on its behalf, further to BCUC Order No. G-85-21¹ and sections 59 to 61 of the *UCA*, to apply for interim rates for the resale of natural gas to YVR's tenants.

Specifically, YVR requests an order from the Commission setting the rate for YVR's resale of natural gas, on an interim basis and effective April 1, 2021, to be equal to the rate set by Rate Schedule 2 of FortisBC Energy Inc. ("FEI") for small commercial service,² as follows:

A. Fixed Charges

Basic Charge per Day	\$0.9616
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B. Variable Charges (per GJ)

Delivery charge per GJ	\$3.882
Storage and transport charge per GJ	\$1.420
Cost of gas per GJ	\$2.844
Total Variable Charges	\$8.146 per GJ

¹ Exhibit A-5.

² Available online [here](#) and [here](#).

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As YVR indicated in its March 12, 2021 letter to the Commission,³ YVR is currently undertaking analysis regarding the implications of potentially providing low carbon fuels to its tenants. YVR expects that, regardless, the current rates it charges for natural gas resale to its tenants will change.

Under these circumstances, setting YVR's interim rate equal to FEI's Rate Schedule 2 is an effective and administratively simple approach that will not cause any prejudice to YVR's customers. Further, this rate is already being charged by FEI to similarly-situated commercial customers in the Lower Mainland and, given the reduced natural gas usage of YVR's tenants (described below), any difference between the interim rate and YVR's final rates will be small.

a) YVR's tenants will not be prejudiced by the proposed interim rate

YVR submits that none of YVR's tenants will be prejudiced if the Commission approves the interim rate requested by YVR.

As YVR noted in its Application, it is a term of YVR's lease with each tenant to which YVR resells natural gas that the amount YVR charges the tenant for natural gas will be no more than the amount the tenant would pay if the tenant's premises were a separate, free standing building and the natural gas were supplied directly to the tenant and the tenant's consumption thereof were separately metered.⁴ YVR assumes that, if natural gas were supplied directly to its tenants, they would receive service from FEI under Rate Schedule 2, as they are all commercial customers who use less than 2,000 Gigajoules of natural gas per year.

Therefore, setting YVR's interim rate equal to the rate set by FEI's Rate Schedule 2 will both (a) ensure that YVR's tenants are charged no more than they would be by FEI directly (avoiding any prejudice to the tenants) and (b) ensure that YVR complies with its contractual obligations under its lease with each tenant.

b) FEI is already charging the proposed interim rate to similarly-situated customers, and any difference between YVR's interim and final rates will be small

Setting YVR's interim rate equal to FEI's Rate Schedule 2 is also just and reasonable, because FEI is already charging this rate to similarly-situated commercial customers that are taking service directly from FEI in the Lower Mainland. Further, any difference between the amounts paid by YVR's tenants under Rate Schedule 2 and under YVR's final rates will be small, given the low volumes and small dollar values at issue under the current circumstances.

YVR currently resells natural gas to a total of 12 tenants.⁵ Since mid-2020, these tenants' consumption of natural gas has been dramatically reduced due to the impacts of the COVID-19 pandemic on air travel and associated services.

A number of these tenants have temporarily closed and are not currently consuming any natural gas. Among those tenants that are still consuming natural gas, their current use ranges from less than 1 GJ per month to, at most, 10 to 12 GJ per month. YVR does not expect these circumstances to change in the near future.

Based on their current consumption levels, YVR's tenants would be charged, at most, approximately \$130 per month under YVR's applied-for interim rate, and most tenants would be charged significantly less. As noted above, FEI's Rate Schedule 2 includes a Fixed Basic Charge per day. YVR's tenants are currently charged a rate based on volumes only. For those of YVR's tenants that are currently not consuming any natural gas and are being charged \$0/month, YVR intends to absorb the Fixed Basic Charge per day that would otherwise be levied under FEI's Rate Schedule 2. YVR bills its tenants on a quarterly basis, and as a result, the interim rates proposed in this application (with an effective date of April 1, 2021) will not be billed to YVR's tenants until July 1, 2021 or later (i.e., after the completion of Q2 of 2021).

³ Exhibit B-4.

⁴ Exhibit B-1, pdf p. 3.

⁵ Exhibit B-1, pdf p. 3.

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Under these circumstances, YVR's applied-for interim rate is a practical way to ensure that YVR's tenants are charged a just and reasonable rate, at a level equal to the rate paid by other small commercial customers in the Lower Mainland, while YVR assesses any changes to its resale activities.

Please contact the writer if you have any questions.

Yours very truly,

A handwritten signature in black ink, appearing to read "M. Keen", written in a cursive style.

for: Matthew D. Keen
Partner

MDK/roe