



**ORDER NUMBER
G-253-22**

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

and

FortisBC Energy Inc.
Application for Approval of Regional Gas Supply Diversity Development Account

BEFORE:

A. K. Fung, KC, Panel Chair
C. M. Brewer, Commissioner
R. I. Mason, Commissioner

on September 14, 2022

ORDER

WHEREAS:

- A. On June 1, 2022, pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), FortisBC Energy Inc. (FEI) filed an application with the British Columbia Utilities Commission (BCUC), for approval of a new non-rate base deferral account (Regional Gas Supply Diversity (RGSD) Development Account), to capture actual development costs incurred for a potential RGSD Project (Project), attracting a Weighted Average Cost of Capital (WACC) return with the disposition of the balance to be determined in a future proceeding (Application);
- B. In the Application, FEI proposes to file quarterly progress reports to the BCUC on work completed, anticipated work, and material developments, starting with the quarter ending at least three months after the BCUC's decision on the Application. In lieu of the July 2023 quarterly report, FEI will provide an update in the FEI Annual Review for 2024 Delivery Rates (2024 Annual Review) along with a proposal for recovering development costs incurred up to that point;
- C. On July 4, 2022, FEI responded to BCUC Staff Questions and submits that no public interest determination is being sought in this Application under section 45 or section 44.2 of the UCA, including with respect to the anticipated development expenditures and the need for the RGSD Project itself. The determination of public interest will be considered in a future Certificate of Public Convenience and Necessity (CPCN) application pursuant to section 45 of the UCA after FEI's development work;
- D. As part of its July 4, 2022 responses, FEI submits that the reasonableness of the actual development costs incurred and recorded in the account will be assessed next year in the 2024 Annual Review proceeding, when FEI applies to recover the balance of the account in rates pursuant to sections 59 to 61 of the UCA;

- E. By Order G-192-22 and BCUC letter dated July 15, 2022, the BCUC established the scope and regulatory timetable for the review of the Application, which included FEI's public notice of the Application and one round of written letters of comment;
- F. Pursuant to Order G-192-22, the BCUC received three letters of comment. The BC Sustainable Energy Association, the Commercial Energy Consumers Association of British Columbia, and the Residential Consumer Intervener Association submitted that they support the establishment of the RGSD Development Account;
- G. The BCUC has reviewed the Application, and the evidence in this proceeding including the letters of comment and finds that the following determinations are warranted.

NOW THEREFORE pursuant to section 60(1)(b) of the UCA, the BCUC orders as follows:

- 1. FEI is approved to establish the RGSD Development Account, a non-rate base deferral account attracting FEI's WACC return, to capture actual development costs incurred with respect to the potential RGSD Project, with disposition of the deferral account balance to be determined in a future proceeding.
- 2. FEI is directed to file quarterly progress reports to the BCUC on work completed, anticipated work, and material developments on the potential RGSD Project, starting with the fourth quarter ending December 31, 2022, by no later than 30 days after the date of the quarter end.
- 3. In lieu of the July 2023 quarterly report, FEI must provide as part of the FEI 2024 Annual Review:
 - a. reporting to the BCUC on work completed, anticipated work, and material developments on the potential RGSD Project;
 - b. an update of the costs incurred to date; and
 - c. a proposal for the method and timing of the recovery of those incurred costs.
- 4. The recoverability and disposition of any costs recorded in the RGSD Development Account will be subject to BCUC review and determination in a future application, such as a subsequent FEI annual review or in a CPCN application for the RGSD Project.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of September 2022.

BY ORDER

Original signed by:

A. K. Fung, KC
Commissioner