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March 17, 2011

BC Sustainable Energy Association  
5-4217 Glanford Avenue  
Victoria, BC  
V8Z 4B9

Attention: Thomas Hackney, Director

Dear Mr. Hackney:

**Re: FortisBC Energy Inc.<sup>1</sup> ("FEI")  
Application for Approval of a Service Agreement for Compressed Natural Gas  
("CNG") Service and for Approval of General Terms and Conditions ("GT&Cs")  
for CNG and Liquefied Natural Gas ("LNG") Service (the "Application")**

**Response to the BC Sustainable Energy Association ("BCSEA") Information  
Request ("IR") No. 3**

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On December 1, 2010, FEI filed the Application as referenced above. In accordance with Commission Order No. G-181-10 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCSEA IR No. 3.

If you have any questions or require further information related to this Application, please do not hesitate to contact Shawn Hill at (604) 592-7840.

Yours very truly,

**FORTISBC ENERGY INC.**

***Original signed by Shawn Hill:***

**For:** Diane Roy

Attachment

cc (e-mail only): Erica Hamilton, Commission Secretary  
Registered Parties

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<sup>1</sup> Formerly Terasen Gas Inc.



FortisBC Energy Inc. (formerly Terasen Gas Inc) ("FEI" or the "Company") Application for Approval of a Service Agreement for Compressed Natural Gas ("CNG") Service and for Approval of General Terms and Conditions ("GT&Cs") for CNG and Liquified Natural Gas ("LNG") Service (the "Application")	Submission Date: March 17, 2011
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**28.0 Current status on the ground.**

**Reference: Exhibit B-8, TGI response to BCSEA IR2.12.1**

28.1 Please update the response to BCSEA IR2.12.1 regarding the current status of the CNG fueling station at the Waste Management site. What steps, if any, remain to be completed?

**Response:**

Please refer to our response to BCUC IR 3.1.1.



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## 29.0 Current status of interim approval of WM Agreement.

**Reference: BCUC Order G-6-11, sections 1, 2 and 3, Exhibit B-8, TGI response to BCSEA IR2.13.1, Exhibit B-10**

29.1 Noting TGI's February 25, 2011 filing [Exhibit B-10], please confirm that it is Terasen's view that the conditions in Order G-6-11 have been met. Is the Revised WM Agreement now approved on an interim basis?

### **Response:**

FEI confirms that the conditions in Order G-6-11 have been met and that FEI believes the Revised WM Agreement is now approved on an interim basis.

29.2 What changes, if any, is TGI making to its original request for final approval of the WM Agreement? For example, is TGI now requesting final approval of the Revised WM Agreement?

### **Response:**

FEI has made no changes to the original request for final approval of the WM Agreement. During the regulatory process the order sought has not changed, however, the contents of the WM Agreement for which approval is sought have been revised as requested in Commission Order G-6-11. This does not impact the request for final approval of the agreement.

29.3 TGI says the prospect of public disclosure of the Revised WM Agreement has strained the business relationship between TGI and WM, making it "less likely that WM will act as a positive reference customer for TGI in the further development of NGV markets in BC." What is the current status of TGI's business relationship with WM in terms of WM acting as a positive reference customer for TGI in the further development of NGV markets in BC? What if anything can be done by TGI or by the Commission to improve this situation?

### **Response:**

FEI is maintaining active contact with WM to ensure that their needs with respect to provision of natural gas for their vehicles are met. Feedback from the customer has been very positive with



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respect to the construction and commissioning activities executed by FEI's project management team. The excellent job done on the build has helped to repair the working level relationship with local WM staff.

Concern still remains at senior levels within WM regarding securing final approval of the agreement to remove the uncertainty that the customer is faced with regarding continued operation of the facility as the customer now has 20% of its fleet dependent on CNG fueling from the FEI station.

FEI will continue to provide after-sales service and support to WM to strengthen the relationship. Final approval of the WM Agreement by the Commission would remove remaining uncertainty and allow the parties to continue forward with development of the WM business leading to the target of 100 NGVs operating from this site.

Assuming final approval is received and FEI continues to provide good customer service to WM, FEI believes that WM can be convinced to act as a positive reference customer for further development of NGV markets in BC.



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### 30.0 EEC Agreement with WM re NGVs

#### Reference: Exhibit B-8, TGI Response to BCSEA IR2.20.1

30.1 Please confirm that the EEC agreement between TGI and WM concerning the incentive to purchase 20 NGV trucks, included within the confidentially filed WM Agreement [Exhibit B-1-1, Appendix D-1], is not contained within the publicly filed Revised WM Agreement [Exhibit B-10].

#### Response:

Confirmed. A separate incentive funding agreement has been executed.

Reporting requirements associated with the funding agreement are defined as part of the EEC program and FEI will be filing the EEC 2010 report by March 31, 2011.

30.2 What is the current status of the EEC agreement between TGI and WM concerning the incentive to purchase 20 NGV trucks? Does the agreement, or a renewal of it, remain in force? Were any substantive terms changed following Order G-6-11 and the revision of the WM Agreement?

#### Response:

As directed under Commission Order G-6-11, FEI removed all provisions related to the vehicles incentive program from the WM Agreement. These provisions were carried forward into a separate Contribution Agreement between FEI and WM. There were no substantive changes to the terms of the incentive provided to WM. The Contribution Agreement has been executed.

30.3 Noting the second paragraph of BCSEA IR2.20.1, is it correct that TGI does not anticipate filing the Revised EEC agreement with the Commission but instead will file total incentive amounts at the program level?

#### Response:

Confirmed. FEI will be filing an annual report for 2010 on the overall EEC program activities by the end of March 2011. This report will address all program areas including the Innovative Technologies Program Area, of which NGV initiatives are part.



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### 31.0 Confidentiality of future NGV fueling agreements.

**Reference: Exhibit B-8, TGI response to BCSEA IR2.19.1; BCSEA IR2.21.4; BCSEA IR2.21.11**

TGI states:

The BCUC has made a decision with respect to the WM agreement in Order No. G-6-11. TGI has made efforts to comply with this Order and is attempting to get WM to execute the restated agreement for non-confidential filing. TGI continues to believe, however, that agreements of this nature should be filed on a confidential basis as expressed in the responses to BCUC IRs 1.3.1 through 1.3.3, and has sought to provide additional explanation in response to IRs to articulate why it is in the public interest – customers and potential NGV customers – to maintain confidentiality. There are several reasons why TGI continues to believe that confidentiality is important. ... [BCSEA IR2.21.4]

Asked about s.62 of the Act, TGI states:

Yes, TGI believes that redaction of future agreements would be a good option, and one that would be permitted provided that the Commission's "rules" (referenced in section 62) permitted it. TGI believes that such "rules" could be established by a Commission order in this proceeding....

TGI agrees that there will be a number of discrete provisions in the tariff supplements that are not commercially sensitive to TGI or the NGV customer. However, there are terms dealing with, for instance, allocation of cost risk, the price, and term, that are commercially sensitive and should remain confidential in the interests of customers. Redaction is likely to be a good practical solution that TGI would support, and unredacted versions are always available to customers with a legitimate interest in seeing the information upon execution of an appropriate confidentiality undertaking. [BCSEA IR2.21.11]

31.1 Does TGI have a suggestion regarding how the Commission should word "rules" under s.62 in order to permit redaction of confidential components of NGV fueling agreements between TGI and NGV customers?

**Response:**

Please see the response to BCUC IR 3.2.4.



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### 32.0 Procedure re future NGV fueling agreements.

- 32.1 Does TGI anticipate a large number of future fueling agreements between it and NGV customers to an extent that will require arrangements to prevent administrative overload and inefficiency? If so, what options does TGI see?

**Response:**

FEI has discussed the administrative effort and efficiency of future fueling agreement procedures in our responses to BCUC IRs 3.2.1 and 3.2.3.

- 32.2 Should procedures for handling future NGV fueling agreements be addressed by the Commission in this proceeding, or how should the topic be dealt with? Please comment on whether the Commission's approach to procedures for handling CPCN applications under BC Hydro's Remote Communities Electrification (RCE) Program [Letter L-1-11, Orders C3-11, C4-11, C5-11] would be applicable here?

**Response:**

FEI believes that the regulatory process for each filed CNG/LNG Service agreement should be addressed at the time each service agreement is filed. The process should already be streamlined to some degree compared to the current review of the WM Agreement because the contracts will accord with the approved GT&Cs and FEI will not normally be applying for approval of an expenditure schedule as was done in this Application. Rather, the expenditure schedule will be subject to review in a revenue requirement proceeding.

FEI wishes to have as efficient a process as possible, and believes that the process for reviewing an individual service agreement should be limited and expedited in most circumstances. FEI will be open to proposing further means of streamlining a review down the road, and this may be facilitated as agreements come to be based on previous agreements.