

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE MINISTER OF ENERGY AND MINES AND
MINISTER RESPONSIBLE FOR CORE REVIEW

Utilities Commission Act

Ministerial Order No. M 282

I, Bill Bennett, Minister responsible for the *Hydro and Power Authority Act*, order that pursuant to Section 88 (3) of the *Utilities Commission Act*, approval is given to the British Columbia Utilities Commission to make the exemptions from the indicated provisions of the *Utilities Commission Act* (related to Whitecap Resources Inc.) as set out in the attached draft order of the British Columbia Utilities Commission.

July 20, 2016

Date



*Minister of Energy and Mines and
Minister Responsible for Core Review*

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Utilities Commission Act*, R.S.B.C. 1996, s. 88 (3)

Other: _____



ORDER NUMBER

G-xx-xx

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Whitecap Resources Inc.

Application for Exemption from Part 3 and Section 71 of the Utilities Commission Act
for Electrical Distribution Facilities in the Boundary Lake Area
and Authorization to Resell Electricity to ATCO Electric Ltd.

BEFORE:

Commissioner
Commissioner
Commissioner
Commissioner

on Date

draft ORDER

WHEREAS:

- A. On December 15, 2015, Whitecap Resources Inc. (Whitecap) filed an application (Application) with the British Columbia Utilities Commission (Commission) for an exemption from the application of Part 3 and section 71 of the *Utilities Commission Act* (UCA) in respect of the ownership and operatorship of electrical substation and distribution facilities located in the Boundary Lake area of British Columbia (collectively, the Goodlow substation and the distribution facilities in British Columbia are the Boundary Lake Distribution Facilities). Whitecap further requests confirmation that upon the grant of an exemption it is authorized by the Commission to resell electricity to ATCO Electric Ltd. (ATCO), as required by section 24 of an Electricity Supply Agreement with British Columbia Hydro and Power Authority (BC Hydro) dated July 1, 2007 (together the Application);
- B. On May 1, 2008, by Order G-79-08 with and by the advance approval of the Lieutenant Governor in Council, the Commission approved an exemption for Imperial Oil Resources (IOR) "as operator of the Boundary Lake Distribution Facilities, and the Boundary Lake Distribution Facilities as those facilities may be modified or expanded from time to time" from section 71 and Part 3 of the UCA pursuant to section 88(3). The order also granted IOR authorization as required under section 24 of the BC Hydro/IOR Energy Services Agreement to sell to ATCO that portion of electricity that IOR purchases from BC Hydro under the BC Hydro/IOR Energy Services Agreement, which is used by the IOR Alberta Joint Venture under the terms of the Power Purchase Agreement between IOR and ATCO;
- C. On May 1, 2014, IOR sold its entire interest in its oil and gas operations in the Boundary Lake Area to Whitecap. The sale included the Boundary Lake Distribution Facilities and all associated contracts and agreements. IOR and Whitecap entered into a transitional services agreement whereby IOR agreed to continue to hold the legal title in and to operate the Boundary Lake Distribution Facilities, as bare trustee for

Whitecap, until such time as it could be confirmed that Whitecap would be able to obtain a replacement exemption order from the Commission;

- D. On December 15, 2015, BC Hydro provided a letter supporting the Application filed by Whitecap stating that due to the remoteness of the Boundary Lake area and the long distances between customers, the most practical and cost effective way for BC Hydro to serve its residential and other customers in the Boundary Lake area has been, and continues to be, by means of the wheeling of electricity through the Boundary Lake Distribution Facilities, which were owned by IOR and are now owned by Whitecap;
- E. The Application also includes a letter from ATCO dated June 10, 2015, addressed to the Commission Secretary stating it supports Whitecap's Application and confirms it wishes to maintain the status quo with respect to the commercial arrangements it has with IOR and consents to the assignment of the relevant agreements from IOR to Whitecap;
- F. Section 88(3) of the UCA provides that the Commission may, on conditions it considers advisable, with the advance approval of the Minister responsible for administration of the *Hydro and Power Authority Act*, exempt a person, equipment or facilities from the application of all or any provisions of the UCA;
- G. The Commission has considered the Application and letters of support and is satisfied that the exemption granted to IOR for the Boundary Lake Distribution Facilities should be granted to the new owner, Whitecap, its successors or assigns, except section 38 as properly conserving the public interest;
- H. Section 38 of the UCA requires that a public utility must provide and maintain its property and equipment in a condition to enable it to provide a service to the public that the Commission considers is in all respects adequate, safe, efficient, just and reasonable; and
- I. On xxx, by Ministerial Order YY and attached as Appendix A to this order, the Minister responsible for the administration of the *Hydro and Power Authority Act* granted advance approval to the Commission to exempt Whitecap, its successors or assigns as owner or operator of the Boundary Lake Distribution Facilities, and the Boundary Lake Distribution Facilities as those facilities may be modified or expanded from time to time from section 71 and Part 3 except section 38 of the UCA.

NOW THEREFORE the British Columbia Utilities Commission orders as follows:

1. Pursuant to section 88(3) of the *Utilities Commission Act* (UCA), the Commission, having been granted advance approval by the Minister responsible for the administration of the *Hydro and Power Authority Act*, approves an exemption for Whitecap Resources Inc. (Whitecap), its successors or assigns as owner or operator of the electrical substation and distribution facilities located in the Boundary Lake area of British Columbia (collectively, the Goodlow substation and the distribution facilities in British Columbia are the Boundary Lake Distribution Facilities), and the Boundary Lake Distribution Facilities as those facilities may be modified or expanded from time to time from section 71 and Part 3 except section 38 of the UCA.
2. Pursuant to section 38 of the UCA, Whitecap, its successors or assigns shall construct, operate and maintain its facilities referred to in directive 1 to ensure safe, reliable and adequate service.
3. Pursuant to section 83 of the UCA, the exemption granted pursuant to this order, shall remain in effect until further order of the Commission for reasons that may include the determination of any complaint the Commission receives from a person whose interests are affected.

4. Whitecap, its successors or assigns must notify the Commission in writing prior to any changes to the ownership or operatorship of the Boundary Lake Distribution Facilities.
5. The exemption is effective the date of this order.
6. The Commission grants Whitecap authorization as required by section 24 of the Electricity Supply Agreement with BC Hydro dated July 1, 2007 to resell electricity it purchases from British Columbia Hydro and Power Authority to ATCO Electric Ltd. under the terms of its power purchase agreement with ATCO Electric Ltd. dated July 1, 2007.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner

Attachment