

NEWS RELEASE

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City of Nanaimo Signs Fortis Operating Agreement

Agreement set to create new revenue for City and benefit gas consumers

Summary

Steps are underway for the City of Nanaimo to receive additional revenues thanks to a new operating agreement with Fortis BC while the introduction of a new common rate structure by the BC Utilities Commission will lead to a drop in consumer rates. A third initiative – changes to the Vancouver Island Natural Gas Pipeline Act - to permit the collection of operating fees within the Association of Vancouver Island Coastal Communities is currently under consideration by the BC Legislature.

Through the new agreement, the City of Nanaimo is eligible to collect a three per cent fee on natural gas consumed within the city. Collection could start as early as March 2015 with the first payment in March 2016. If approved by the Province, the collection of the three per cent operating fee will have a positive impact on local property taxpayers by providing an estimated of \$575,000 in new revenue annually.

The changes were made to reverse steps taken over 25 years ago when the Provincial government passed the Vancouver Island Natural Gas Pipeline Act to assist in financing a natural gas pipeline to Vancouver Island. During that period, municipal taxpayers had to forgo tens of millions of dollars in operating fee revenues in a manner not required of other taxpayers outside of Metro Vancouver.

Strategic Link: This initiative directly supports the City's Strategic Plan by providing additional resources to support Asset Management and by building a Community Partnership with Fortis BC.

Key Points

- City of Nanaimo buildings and facilities annually consume an estimated \$775,000 of natural gas annually. Over the next 4 years, anticipated savings resulting from common rates are estimated to be over \$500K .
- The BC Utility Commission has approved common rates for natural gas. Starting January 2015, over the next 4 years, the cost of gas will drop in excess of 20% for residential customers, and in excess of 30% for most small commercial customers, even after applying the 3% operating fee.

Quotes

"Residents, businesses and industry on Vancouver Island have waited a long time for this announcement, the results of which are extremely beneficial. With the savings realized, gas consumers might consider reinvesting in new and more efficient furnaces and appliances which will lead to even greater savings and reduced GHG impacts on the environment."

John Ruttan
Mayor
City of Nanaimo

Quick Facts

- An Operating Agreement is essentially a contract defining how Fortis BC and the municipality do business.
- Other municipalities within the Association of Vancouver Island Coastal Communities have also signed this agreement.
- The signed operating agreements will require approval by the BC Utility Commission.

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Contact:

Stephen Ricketts
Manager, Construction
City of Nanaimo, Engineering and Public Works
stephen.ricketts@nanaimo.ca
250-756-5329



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