



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by BC Gas Utility Ltd.
for Approval of Lease Arrangements with the City of Kelowna

BEFORE: P. Ostergaard, Chair)
B.L. Clemenhagen, Commissioner)
R.D. Deane, Commissioner) July 12, 2001
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On May 18, 2001, BC Gas Utility Ltd. ("BC Gas") applied to the British Columbia Utilities Commission ("the Commission") for approval to enter into Lease-In-Lease-Out ("LILO") arrangements with the City of Kelowna ("the City") and to establish the mode of regulation under which the BC Gas rates will be set to take these arrangements into account; and
- B. The LILO Application arises out of the existing BC Gas Franchise Agreement, which has been in place since 1957 and provides an option for the City to "buy-out" the existing natural gas distribution system within the municipality's boundaries in the event that the parties cannot agree on the terms of franchise renewal; and
- C. BC Gas has natural gas franchise agreements with other municipalities that contain purchase options and the Utility plans to offer this type of arrangement to them; and
- D. The Commission held a Workshop and Pre-hearing Conference on the LILO Application on Thursday, July 5, 2001, and participants expressed their preference for a written hearing process; and
- E. The Commission finds that a Regulatory Agenda for a written public hearing should to be established.

NOW THEREFORE the Commission orders as follows:

1. The Commission refers the LILO Application for a written public hearing pursuant to the following Regulatory Agenda.

2. Copies of Information Requests from Intervenor about issues concerning the Application should be filed with the Commission and BC Gas by Friday, July 27, 2001.
3. BC Gas shall respond to all Information Requests no later than Friday, August 3, 2001.
4. Intervenor may submit written submissions on the Application to the Commission and to BC Gas by Friday, August 17, 2001.
5. BC Gas shall reply to the written submissions of Intervenor by Friday, August 24, 2001, after which time the Commission will make its determinations.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of July 2001.

BY ORDER

Original signed by:

Peter Ostergaard
Chair