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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** C-3-06

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

and

**A Submission by Terasen Gas (Whistler) Inc.
for Review of its of 2005 Resource Plan Update**

and

**An Application by Terasen Gas (Whistler) Inc.
for a Certificate of Public Convenience and Necessity to convert its propane grid system
to natural gas and approval to enter into a Natural Gas Transportation Service
Agreement with Terasen Gas (Vancouver Island) Inc.**

and

**An Application by Terasen Gas (Vancouver Island) Inc.
for a Certificate of Public Convenience and Necessity
for a natural gas pipeline lateral from Squamish to Whistler**

BEFORE: A.J. Pullman, Panel Chair and Commissioner
R.J. Milbourne, Commissioner
P.E. Vivian, Commissioner

June 26, 2006

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On December 12, 2005, Terasen Gas (Whistler) Inc. ("TGW") filed with the Commission its 2005 Resource Plan Update ("the Resource Plan") that provides an assessment of the current and future energy requirements at the Resort Municipality of Whistler ("RMOW") and concludes that the existing propane grid system should be converted to natural gas; and
- B. On December 16, 2005, TGW filed with the Commission its application for a Certificate of Public Convenience and Necessity ("CPCN") to convert its system to natural gas and for approval to enter into a long-term natural gas transportation agreement with Terasen Gas (Vancouver Island) Inc. ("TGVI"). In the application, TGW also requests approval to make a capital contribution to TGVI and to add the contribution to rate base, to amortize the net book value of the propane facilities and to recover pipeline study costs incurred prior to 2004 ("the TGW Application"); and

- C. Also, on December 16, 2005, TGVI filed with the Commission its application for a CPCN for construction of a natural gas Intermediate Pressure pipeline (“IP Pipeline”) lateral to connect RMOW to the TGVI transmission system at Squamish and to enter into a Transportation Service Agreement with TGW (“the TGVI Application”). The Resource Plan Application, the TGW Application and the TGVI Application will be referred to collectively as the “Applications”; and
- D. Order No. G-23-06 dated January 26, 2006 determined that the Applications would be examined through a Written Hearing Process, and set out the Regulatory Timetable; and
- E. Order No. G-53-06 dated May 19, 2006 determined that the issue of CPCNs for the Whistler conversion and the IP Pipeline would be in the public interest provided certain conditions precedent were met; and
- F. On June 2, 2006, the Companies filed a letter with the Commission accepting the conditions precedent but stating that the cost sharing mechanism for the IP Pipeline could not be implemented in a practical manner; and
- G. Following an Oral Hearing to reconsider the single matter of the IP Pipeline cost sharing mechanism, the Commission issued Order No. G-76-06 amending the cost risk sharing mechanism, and
- H. The Commission has determined that the Companies response meets the conditions precedent set out in Orders No. G-53-06 and G-76-06.

NOW THEREFORE pursuant to Sections 45, 64 and 71 of the Act, the Commission orders as follows:

- 1. Pursuant to Section 45 of the Act, a CPCN is granted to Terasen Gas (Vancouver Island) Inc. to construct an IP Pipeline to connect Whistler with its high pressure transmission system at Squamish.
- 2. Pursuant to Section 45 of the Act, a CPCN is granted to Terasen Gas (Whistler) Inc. to convert its system to natural gas.
- 3. Additions to the Rate Base of Terasen Gas (Whistler) Inc. will be subject to the cost risk sharing mechanisms set out in the Decision (as amended).
- 4. Commencing September 30, 2006, the Companies are to file with the Commission quarterly Progress reports on the schedules and costs of both the Whistler conversion and the IP Pipeline followed by final reports on completion. The quarterly progress reports will include reports concerning the permitting, design and construction of each Named Stream Crossing. The form and content of the reports will be determined by the Companies in consultation with Commission staff.
- 5. Pursuant to Section 64 of the Act, the Commission approves the Transportation Services Agreement and the Contribution Agreement between the Companies.

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6. Pursuant to Section 71 of the Act, the Commission approves Terasen Gas (Whistler) Inc.'s application to discontinue propane service to Whistler when natural gas service is fully in place.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of June 2006.

BY ORDER

Original signed by:

A.J. Pullman
Panel Chair and Commissioner