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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-78-07

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

and

**An Application by Terasen Gas (Vancouver Island) Inc.
for a Certificate of Public Convenience and Necessity
for the Mt. Hayes Liquefied Natural Gas Storage Project
and Approval of a Storage and Delivery Services Agreement**

and

**An Application by Terasen Gas Inc.
for Approval of a Storage and Delivery Services Agreement**

BEFORE:

R.H. Hobbs, Chair
R.J. Milbourne, Commissioner
A.J. Pullman, Commissioner

July 6, 2007

O R D E R

WHEREAS:

- A. By a Decision and Order No. C-2-05 dated February 15, 2005, the Commission granted Terasen Gas (Vancouver Island) Inc. ("TGVI") a Certificate of Public Convenience and Necessity ("CPCN") for a liquefied natural gas ("LNG") storage facility at Mt. Hayes on Vancouver Island, subject to several conditions that included the execution of a firm long-term transportation service agreement with British Columbia Hydro and Power Authority ("BC Hydro"); and
- B. As no firm long-term transportation agreement was executed and construction of the LNG project did not commence by December 31, 2005, the CPCN granted by Order No. C-2-05 terminated; and
- C. On June 5, 2007, TGVI filed with the Commission another application for a CPCN to construct and operate a LNG Storage Facility at Mt. Hayes in the Cowichan Valley Regional District in the vicinity of Ladysmith, and the facilities required for the connection of the LNG Storage Facility to TGVI's gas transmission system (the "TGVI Application"); and
- D. In the TGVI Application, TGVI also requests Commission approval for a 50 basis point premium in its return on equity for the rate base associated with the LNG Storage facility, a deferred schedule for the depreciation of the LNG Storage Facility and the recovery of pre-construction development costs associated with the project, and approval to enter into a Storage and Delivery Services Agreement; and

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- E. On June 5, 2007, Terasen Gas Inc. ("TGI") filed with the Commission an application for approval to enter into a Storage and Delivery Services Agreement with TGVI (the "TGI Application"); and
- F. In the Applications, TGI and TGVI propose the appropriate review of the Applications would be in a written public proceeding; and
- G. By Order No. G-63-07 dated June 8, 2007, the Commission established a written process to obtain comments on issues and procedural matters, and established dates for Commission and Intervenor Information Requests; and
- H. The Vancouver Island Gas Joint Venture, BC Hydro, WestPac LNG Corporation ("WestPac"), the British Columbia Old Age Pensioners' Organization et al. ("BCOAPO") and the Ministry of Energy, Mines and Petroleum Resources submitted comments; and
- I. The parties that took issue with a written hearing process were BCOAPO, who feel that an oral hearing is needed to examine aspects of the proposed cost recovery for the project, and WestPac, who requested a Pre-Hearing Conference prior to making a determination between a written or oral process; and
- J. In their reply dated June 29, 2007, TGVI and TGI request a written process, and a decision on the Application by the end of September 2007. TGVI and TGI submit that no concerns have been expressed about technical, safety or siting matters, that issues related to justification and cost impacts can be effectively reviewed in a written process and that the issues of a policy nature are very focused and do not justify an oral hearing; and
- K. The Commission concludes that the issues and concerns that have been identified in the written comments can be efficiently dealt with through a written hearing process that includes an opportunity for Intervenors to submit written evidence.

NOW THEREFORE the Commission orders that a written public hearing process is established for the regulatory review of the TGVI Application and the TGI Application, according to the Regulatory Timetable that is Appendix A to this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of July 2007.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair

Attachment

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and

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REGULATORY TIMETABLE

ACTION	DATE (2007)
Registration of Intervenor and Interested Parties	Wednesday, June 27
Commission Information Request No. 1 to TGVI and TGI	Friday, June 29
Intervenor Information Request No. 1 to TGVI and TGI	Friday, July 6
Intervenor Participant Assistance Budgets	Monday, July 16
TGVI and TGI response to Information Request No. 1	Monday, July 23
Information Request No. 2 to TGVI and TGI	Wednesday, August 1
TGVI and TGI response to Information Request No. 2	Monday, August 13
Intervenor Written Evidence	Tuesday, August 21
Information Requests to Intervenor	Wednesday, August 29
Intervenor response to Information Requests	Friday, September 7
TGVI and TGI Written Final Submission	Monday, September 17
Intervenor Written Final Submissions	Tuesday, September 25
TGVI and TGI Written Reply Submission	Wednesday, October 3