

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-152-08**

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



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

and

An Application by Terasen Gas (Whistler) Inc.  
For Approval to Amend its Schedule of Rates  
Effective January 1, 2009  
And for a Return on Equity and Capital Structure

**BEFORE:** L.F. Kelsey, Commissioner  
P.E. Vivian, Commissioner  
October 16, 2008

**O R D E R**

**WHEREAS:**

- A. On October 3, 2008, Terasen Gas (Whistler) Inc. ("Terasen Whistler", "TGW" or the "Company") applied to the British Columbia Utilities Commission (the "Commission") for adjustment to its rates effective January 1, 2009 and for approval of a Return on Equity ("ROE") and Capital Structure; and
- B. Commission Order G-14-04 approved for Terasen Whistler a negotiated settlement (the "Settlement Agreement") of its 2004-2005 Revenue Requirement, which set rates for the two years and established the treatment of various deferral accounts over the term of the Settlement Agreement; and
- C. Commission Order C-3-06 granted a Certificate of Public Convenience and Necessity to construct the Whistler Pipeline and convert Terasen Whistler's propane system to natural gas and also granted permission to discontinue propane service to Whistler when natural gas service is fully in place; and
- D. Commission Order G-172-06 approved for Terasen Whistler the continuation of the January 1, 2005 rates and the Rider A adjustment mechanisms effective January 1, 2007 and the recording of variances in various accounts for 2007 activity compared to 2005 approved as established in Order G-14-04; and
- E. Commission Order G-146-07 approved for Terasen Whistler the continuation of the 2007 rates and the Rider A adjustment mechanism effective January 1 and the recording of variances in the Interest Rate Differential deferral account, the Property Tax deferral account, the Sales Margin Differential deferral account and the Deferred Return on Equity variance account for 2008 activity compared to 2007 as established in Order G-14-04 and continued by Order G-172-06 ; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-152-08

2

- F. Commission Order G-146-07 also approved the establishment of a non-rate base, non-interest bearing deferral account for consulting costs regarding TGW's capital structure and ROE to be included in TGW's next ROE application subject to a test for prudence and demonstrated benefits; and
- G. The Application seeks approval, pursuant to Sections 58, 60 and 61 of the Utilities Commission Act for a permanent reduction to its total bundled variable rates, inclusive of Rate Rider A of \$1.176 per GJ from \$25.459 per GJ to \$24.283 per GJ effective January 1, 2009, and a revenue surplus forecast to be \$0.88 million for 2009 based on the current bundled rate including Rate Rider A; and
- H. As 2009 is a transition period during which there remains uncertainty related to the completion date of the Whistler Pipeline and the conversion schedule of the TGW propane system to natural gas, Terasen Whistler is seeking approval for the implementation of transitional deferral accounts for 2009; and
- I. Terasen Whistler also requests that its allowed ROE be set at 75 basis points above the benchmark utility and that its capital structure for ratemaking purposes be set at 60 percent debt and 40 percent equity, effective January 1, 2009. Terasen Whistler's current allowed ROE is set at 60 basis points above the benchmark utility and its capital structure for ratemaking purposes is set at 65 percent debt and 35 percent equity; and
- J. Terasen Whistler is seeking approval for changes in certain accounting treatments and continuation of certain deferral accounts; and
- K. Terasen Whistler is proposing to harmonize its system extension and customer connection policies with those of Terasen Gas Inc. ("TGI") and Terasen Gas (Vancouver Island) Inc. ("TGI"), effective January 1, 2009; and
- L. Commission Order G-172-06 directed TGW to consider changing to an unbundled rate structure as part of its next revenue requirements application. Terasen Whistler is requesting Commission approval for unbundling of rates within the Company's Gas Tariff and for customer billing purposes, to be effective January 1, 2010, after the completion of the Whistler Pipeline and the conversion of the propane system to natural gas; and
- M. Terasen Whistler considers that a written hearing process followed by a negotiated settlement process is appropriate for review of the Application and proposed a regulatory timetable that included a deadline for Intervenor registration and Intervenor comments regarding the regulatory review process; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-152-08

3

N. The Commission considers that establishing a Regulatory Timetable for the registration of Intervenors and for the preliminary review of the Application, and to allow Intervenors to make written submissions on a formal review process, is necessary and in the public interest. The Commission will consider the comments received and will provide further direction concerning the appropriate process and regulatory timetable to review Terasen Whistler's Application.

**NOW THEREFORE** pursuant to Section 60 of the Utilities Commission Act, the Commission orders as follows:

1. The Application and supporting material will be made available for inspection at the TGI Office, 16705 Fraser Highway, Surrey, B.C., V4N 0E8, at the Resort Municipality of Whistler municipal hall at 4325 Blackcomb Way, Whistler, BC V0N 1B4, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.
2. Intervenor and Interested Party registration, an initial round of Information Requests from the Commission and Intervenors, and responses to Information requests by Terasen Whistler will occur according to the Preliminary Regulatory Timetable attached as Appendix A to this Order.
3. Intervenors and Interested Parties should register with the Commission, via the BCUC website or in writing, by Friday, October 31, of their intention to intervene. Intervenors are requested to make submissions with reasoning concerning the type of process (e.g. oral public hearing, written hearing or negotiated settlement process) and regulatory timetable they view as being appropriate for the review of the Application.
4. Terasen Whistler will publish during the weeks of October 20 and October 27 in display-ad format, the Notice of Revenue Requirements Application, attached as Appendix B, in such appropriate local news publications as may properly provide adequate notice to the public in its service area. Terasen Whistler is to provide a copy of this Order by October 24 to all participants in its 2004-2005 Revenue Requirement.

**DATED** at the City of Vancouver, In the Province of British Columbia, this 16<sup>th</sup> day of October 2008.

BY ORDER

*Original signed by*

L.F. Kelsey,  
Commissioner

Attachments

**Terasen Gas (Whistler) Inc.  
Application for Approval of 2009 Revenue Requirements,  
Return on Equity and Capital Structure**

**PRELIMINARY REGULATORY TIMETABLE**

<b>ACTION</b>	<b>DATES (2008)</b>
Terasen Whistler submitted detailed Application materials	Friday, October 3
Terasen Whistler to publish in display-ad format, the Notice of Revenue Requirements Application	Week of October 20 and Week of October 27
Commission Information Request No. 1	Friday, October 24
Intervenor Registration and Intervenor Comments regarding Regulatory Review Process	Friday, October 31
Commission Procedural Order confirming Regulatory Timetable	Friday, November 7
Intervenor Information Request No. 1	Friday, November 7
Terasen Whistler Response to Commission and Intervenor IR No. 1	Friday, November 21
<u>Assuming a Written Hearing process</u>	
Intervenor Comments	Friday, November 28
Terasen Whistler Reply Comments	Friday, December 5
<u>Assuming a Negotiated Settlement process</u>	
Negotiated Settlement Process	Date to be determined



**Terasen Gas (Whistler) Inc.**  
**Application for Approval of 2009 Revenue Requirements,**  
**Return on Equity and Capital Structure**

**NOTICE OF APPLICATION**

**THE APPLICATION**

On October 3, Terasen Gas (Whistler) Inc. ("Terasen Whistler", "TGW" or the "Company") filed for approval of its 2009 Revenue Requirements, Return on Equity and Capital Structure (the "Application") on a permanent basis, pursuant to Sections 58, 60 and 61 of the Utilities Commission Act (the "Act"), effective January 1, 2009. The Application seeks approval, on a permanent basis, effective January 1, 2009, to reduce its bundled variable rates by \$1.176 per GJ (from \$25.459 per GJ to \$24.283 per GJ). The reduction in rates reflects a forecast \$880,000 total revenue surplus at existing rates, resulting in an average of a 4.6 percent rate decrease for all sales rate classes.

The Application also seeks transitional deferral accounts to deal with the transition from a propane system to a natural gas system, continuation of certain previously approved deferral accounts for 2009, implementation of new deferral accounts to deal with one-time events, disposition of certain previously approved deferral accounts, approval of a capital structure comprised of 60 percent debt and 40 percent equity, approval of an allowed Return on Equity ("ROE") that is 75 basis points above the benchmark low-risk utility, implementation of a new main extension test and customer connection policies including service line cost allowance and application fee, and implementation of unbundled rates effective January 1, 2010. Terasen Whistler's current allowed ROE is set at 60 basis points above the benchmark utility and its capital structure for ratemaking purposes is set at 65 percent debt and 35 percent equity. The Application also requests, pursuant to Section 89 of the Act, approval on an interim basis effective January 1, 2009 if necessary, and that the Application be revised to reflect any change in the benchmark low-risk Return on Equity as per the Generic Mechanism, expected in early December 2008.

**THE REGULATORY PROCESS**

The Commission has established a written process for submissions regarding the regulatory process for the review of the Application.

**PUBLIC INSPECTION OF THE APPLICATION**

The Application and supporting material, including Commission correspondence, will be made available for inspection at the Terasen Gas Inc. Office, 16705 Fraser Highway, Surrey, B.C., V4N 0E8, at the Resort Municipality of Whistler municipal hall at 4325 Blackcomb Way, Whistler, BC V0N 1B4 and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.

The Application will also be available for viewing on the Terasen Gas website at [www.terasengas.com](http://www.terasengas.com) and on the Commission's website at [www.bcuc.com](http://www.bcuc.com).

#### **REGISTERING TO PARTICIPATE**

Persons who expect to actively participate in this proceeding should register as Intervenors with the Commission, in writing or electronic submission, by Friday, October 31, identifying their interest in the Application and identify the issues that they intend to pursue and the nature and extent of their anticipated involvement in the review process. Intervenor comments on the further regulatory review process of the Application and Preliminary Regulatory Timetable are also due in writing to the Commission by Friday, October 31, 2008.

Persons not expecting to actively participate, but who have an interest in the proceeding should register as Interested Parties with the Commission, in writing or electronic submission, by Friday, October 31, identifying their interest in the Application.

#### **FURTHER INFORMATION**

For further information, please contact Ms. Erica Hamilton, Commission Secretary, or Mr. Philip Nakoneshny, Director, Rates and Finance, as follows:

Telephone: (604) 660-4700  
Facsimile: (604) 660-1102

E-mail: [commission.secretary@bcuc.com](mailto:commission.secretary@bcuc.com)  
Telephone: (B.C. Toll Free) 1-800-663-1385