



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-84-09**

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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 Approval of 2010 and 2011 Revenue Requirements, Rates, Cost of Service, Rate Design and
Revenue Deficiency Deferral Account Balance as at December 31, 2008**

BEFORE: A.W.K. Anderson, Panel Chair/Commissioner
D.A. Cote, Commissioner
M.R. Harle, Commissioner

July 2, 2009

O R D E R

WHEREAS:

- A. On June 29, 2009, Terasen Gas (Vancouver Island) Inc. ("TGVI") filed for approval of interim and permanent delivery rates effective January 1, 2010 (the "Application") pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (the "Act") and the Special Direction to the Commission issued pursuant to Order in Council 1510 ("Special Direction"), requesting (a) no change in 2009 sales service rates and (b) a reduction in rates for firm transportation service, other than for those customers who have specified rates in their transportation service agreements, in the amount of 4.75 percent; and
- B. TGVI is intending the proposed rates established for 2010 should also remain in place for 2011; and
- C. TGVI also applies pursuant to sections 59 to 61 of the Act and section 2.10(a)(i) of the Special Direction for interim and permanent approval of TGVI's forecast cost of service for 2010 and 2011, subject to the need to recover any Accumulated Revenue Deficiency in the Revenue Deficiency Deferral Account after December 31, 2009 and any changes in TGVI's return on equity; and
- D. TGVI also applies pursuant to section 2.10(f) of the Special Direction for approval of the December 31, 2008 year end balance in the Revenue Deficiency Deferral Account in the amount of \$7,149,210, and for approval other items identified in the Special Direction; and

**BRITISH COLUMBIA
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**ORDER
NUMBER G-84-09**

2

- E. TGVI seeks other approvals in the Application, including orders pursuant to sections 59 to 61 of the Act, approving Tariff changes effective January 1, 2010 for Compression and Refueling and Transportation Services for Natural Gas Vehicles, and economic models for evaluating biogas projects and alternative energy extensions for geo-exchange, solar thermal and district energy systems to complement its core natural gas business; and
- F. TGVI proposes a written hearing process to address the Application but indicates it is open to a negotiated settlement process; and
- G. TGVI proposes that a Workshop to review the Application be held on Monday, July 13, 2009 at the Terasen Gas Building, 1111 West Georgia Street, Georgia Meeting Room on the Main Floor Vancouver, BC; and
- H. TGVI proposes that a Procedural Conference be held on Wednesday, July 15, 2009 at the Commission Hearing Room on the Twelfth Floor, 1125 Howe Street, Vancouver, BC; and
- I. TGVI proposes a draft Regulatory Timetable attached as Appendix A for discussion at the Procedural Conference; and
- J. The Commission considers that establishing a Workshop to review the Application and a Procedural Conference to determine the appropriate regulatory process for the review of the Application is warranted.

NOW THEREFORE the Commission orders as follows:

- 1. Pursuant to section 89 of the Act, all interim sales service rates and rates for transportation service, other than for those customers who have specified rates in their transportation service agreements, as proposed in the Application for 2010 are not approved at this time. The Commission will receive submissions on the proposed interim rates at the Procedural Conference.
- 2. The creation of a 2009 Revenue Surplus Account for the purposes of capturing any 2009 revenue surplus in excess of the amount needed to eliminate the Accumulated Revenue Deficiency in the Revenue Deficiency Deferral Account is approved, with the disposition of any balance in the 2009 Revenue Surplus Account to be addressed in this proceeding.
- 3. The creation of a Revenue Surplus Deferral Account for the purposes of capturing any 2010 and 2011 revenue surplus in excess of the cost of service is not approved on an interim basis. The Commission will receive submissions on the proposed interim Revenue Surplus Deferral Account at the Procedural Conference. The permanent need for, and the disposition of any balance in, the Revenue Surplus Deferral Account is to be addressed in this proceeding.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-84-09

3

4. A Workshop to review the Application will be held on Monday, July 13, 2009, commencing at 9:00 a.m. in the Terasen Gas Building, 1111 West Georgia Street, Georgia Meeting Room on the Main Floor, Vancouver, BC.
5. A Procedural Conference regarding the regulatory process for the review of the Application will be held on Wednesday, July 15, 2009, commencing at 1:00 p.m. in the Commission Hearing Room on the Twelfth Floor, 1125 Howe Street, Vancouver, BC.

The Procedural Conference will address matters which will include, but will not be limited to, the following:

- a. identification of principle issues arising from or related to the Application
- b. process options for review of the Application, including,
 - i. oral public hearing
 - ii. negotiated settlement process
 - iii. written hearing
 - iv. or, as appropriate, some combination of the above
- c. timetable (information requests, responses, intervenor evidence, etc.)
- d. interim rates, and
- e. other matters that will assist the Commission to efficiently review all aspects of the Application.

After the Procedural Conference, the Commission will issue a further procedural order and regulatory agenda for the review of the Application.

6. TGVl will publish, as soon as possible, in display-ad format, the Notice attached as Appendix B to this Order, in the Vancouver Sun, the Province, the Victoria Times Colonist and such other appropriate local news publications as may properly provide adequate notice to customers served in the affected service area.
7. The Application, together with any supporting materials, will be made available for inspection at the TGVl Office, 16705 Fraser Highway, Surrey, BC, V4N 0E8, at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3 and will also be available on the Terasen Gas website and the Commission's website.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-84-09

4

8. Intervenors or Interested Parties should register with the Commission, in writing or by electronic submission, by Friday, July 10, 2009, and advise whether they intend to attend either or both the Workshop and/or the Procedural Conference. Intervenors should specifically state the nature of their interest in the Application and identify generally the nature of the issues that they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the review process.

DATED at the City of Vancouver, In the Province of British Columbia, this 2nd day of July 2009.

BY ORDER

Original signed by:

A.W.K. Anderson
Panel Chair/Commissioner

Attachments

REGULATORY TIMETABLE

DRAFT

An Application by Terasen Gas (Vancouver Island) Inc.
for Approval of 2010 and 2011 Revenue Requirements, Rates, Cost of Service and
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Action	Date (2009-2010)
File Application	Monday, June 29
Procedural Order (up to Procedural Conference)	Thursday, July 2
Intervenor Registration	Friday, July 10
Workshop	Monday, July 13
Procedural Conference	Wednesday, July 15
Procedural Order (Timetable and Process)	Friday, July 24
Commission Information Request No. 1	Thursday, July 30
Intervenor Information Request No. 1	Thursday, August 6
TGVI Response to Information Requests No. 1	Friday, August 28
Commission Information Request No. 2	Thursday, September 10
Intervenor Information Request No. 2	Thursday, September 10
TGVI Response to Information Requests No. 2	Friday, September 25
TGVI Final Argument Submissions	Friday, October 9
Intervenor Final Argument Submissions	Friday, November 20
TGVI Reply Argument Submissions	Friday, November 27
Anticipated Commission Decision	Friday, January 15, 2010



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NOTICE OF WORKSHOP AND PROCEDURAL CONFERENCE

Workshop:	Date and Time:	Monday, July 13, 2009 at 9:00 a.m.
	Location:	Terasen Gas Building Georgia Meeting Room Main Floor, 1111 West Georgia Street Vancouver, BC
Procedural Conference:	Date and Time:	Wednesday, July 15, 2009 at 1:00 p.m.
	Location:	BC Utilities Commission Hearing Room 12 th Floor, 1125 Howe Street Vancouver, B.C.

Workshop: **Date and Time:** Monday, July 13, 2009 at 9:00 a.m.

On June 29, 2009, Terasen Gas (Vancouver Island) Inc. ("TGV") filed for approval of interim and permanent delivery rates for 2010 and 2011 (the "Application") pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*. The Application seeks approval to:

- Maintain the current (2009) sales service rates for 2010 and 2011.
- Reducing rates for transportation service, other than for those transportation customers who have specified rates in their transportation service agreements, by 4.75 percent effective January 1, 2010, with the intention of making those rates BC Utility 2011 Commission Hearing Room
- Interim sales service rates and rates for transportation service for those customers who have specified rates in their transportation service agreements, as proposed in this Application for 2010 effective January 1, 2010 have not been approved at this time. The Commission will receive submissions on the proposed interim rates at the Procedural Conference.

Procedural Conference: **Date and Time:** Wednesday, July 15, 2009 at 1:00 p.m.

Location: BC Utilities Commission Hearing Room
12th Floor, 1125 Howe Street
Vancouver, B.C.

Workshop:
The Application also seeks other approvals including:

Date and Time:

Monday, July 13, 2009 at 9:00 a.m. and fee structures

Location:

Terasen Gas Building

- economic models and regulatory processes for evaluating biogas projects and alternative energy extensions
- Energy Efficiency and Conservation expenditures
- A change in the threshold for new Capital projects requiring a Certificate of Public Convenience and Necessity
- changes to various accounting policies, pricing/financial methodologies and deferral accounts

THE REGULATORY PROCESS

The British Columbia Utilities Commission (“Commission”) has established a Workshop, a Procedural Conference and a DRAFT Regulatory Timetable for the regulatory review of the Application. The DRAFT Regulatory Timetable can be viewed on the Commission’s website at www.bcuc.com.

TGVI will hold a Workshop on Monday, July 13, 2009 commencing at 9:00 a.m. in the Terasen Gas Building, 1111 West Georgia Street, Georgia Meeting Room on the Main Floor, Vancouver, BC.

The Commission will hold a Procedural Conference regarding the further regulatory process for the review of the Application on Wednesday, July 15, 2009 commencing at 1:00 p.m. in the Commission Hearing Room on the Twelfth Floor, 1125 Howe Street, Vancouver, BC.

INTERVENTION

Persons who expect to actively participate in the Terasen Gas proceeding should register as Intervenor with the Commission, and should identify the issues that they intend to pursue as well as the nature and extent of their anticipated involvement in the review process indicating whether they plan to attend either or both the Workshop and/or the Procedural Conference. Intervenor will receive email notice of all correspondence, filed documentation and should provide an e-mail address, if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties.

Intervenor and Interested Parties should register in writing, no later than Friday, July 10, 2009. Notification by mail, courier delivery, fax or e-mail is acceptable.

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission’s web site.

PUBLIC INSPECTION OF THE DOCUMENTS

The Application and supporting materials will be available for inspection at the following locations:

British Columbia Utilities Commission

Sixth Floor, 900 Howe Street

Vancouver, BC V6Z 2N3

Telephone: 1-800-663-1385

Internet: www.bcuc.com

Terasen Gas (Vancouver Island) Inc.

16705 Fraser Highway

Surrey, BC V6N 0E8

Internet: www.terasengas.com

The Application will also be available for viewing on the Terasen Gas website at www.terasengas.com and on the Commission's website at www.bcuc.com.

For further information, please contact Ms. Erica Hamilton, Commission Secretary, as follows:

Telephone: (604) 660-4700

Facsimile: (604) 660-1102

BC Toll Free: 1-800-663-1385

E-mail: Commission.Secretary@bcuc.com