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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-136-09A

TELEPHONE: (604) 660-4700  
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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

Terasen Gas (Whistler) Inc.

2010-2011 Revenue Requirements and Rates Application

**BEFORE:** L.F. Kelsey, Commissioner  
P.E. Vivian, Commissioner November 19, 2009  
D.A. Cote, Commissioner

**O R D E R**

**WHEREAS:**

- A. On November 9, 2009 Terasen Gas (Whistler) Inc. ("TGW") applied to the British Columbia Utilities Commission ("Commission") for approval of its 2010-2011 Revenue Requirements and Rates Application (the "Application") to amend its rates, effective January 1, 2010, pursuant to sections 58, 60, 61 and 89 of the *Utilities Commission Act* (the "Act"); and
- B. The Application proposes to unbundle the 2010-2011 tariff rate for General Service Rate ("SGS") into the following components:
  - a) Basic Charge per Month of \$7.50 effective January 1, 2010;
  - b) Delivery Charge per gigajoule of \$11.981 commencing January 1, 2010 and \$11.0416 commencing January 1, 2011 (subject to any changes flowing from a Commission decision in the jointly filed Terasen Utilities Return on Equity and Capital Structure Application and any other approved changes in TGW's return on equity and capital structure from time to time);
  - c) Gas Cost Recovery Charge per gigajoule of \$7.882 (to be reset after Commission review of the TGW 2009 Fourth Quarter Gas Cost Report) and a Rate Rider "A" of \$1.817 per gigajoule, subject to quarterly review and resetting, as appropriate both effective January 1, 2010; and
  - d) A Minimum Monthly Charge of \$7.50.

These proposed, unbundled tariff rates represent an approximate 13.5 percent decrease in total tariff in 2010 as compared to 2009. A further 2.9 percent decrease is proposed in 2011; and

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- C. The Application seeks to establish, effective January 1, 2010, a gas cost deferral account and gas cost recovery rate setting methodology on a basis consistent with the Terasen Gas Inc. commodity and midstream cost recovery mechanisms. Further, the Application proposes that the December 31, 2009 closing balance in the TGW Gas Cost Reconciliation Account be amortized to customers over the two year test period; and
- D. The Application seeks to include \$11.87 million of costs related to the Whistler Conversion Project in rate base for recovery from customers; and
- E. The Application proposes to change the cost sharing formula with Aerial Crossings for the natural gas pipeline lateral, reduce the Base Incentives amounts and recalculate the amount of the Capital Contribution cost that is deferred and will be amortised over 50 years; and
- F. On May 15, 2009 Terasen Utilities filed with the Commission a Return on Equity and Capital Structure Application (the "ROE/Capital Structure Application") seeking to eliminate an Automatic Adjustment Mechanism and fix TGW return on equity at 50 basis points above the established return on equity for Terasen Gas Inc., effective July 1, 2009. That application proposed a return on equity of 11 percent for Terasen Gas Inc. No change in capital structure was proposed for TGW. The Application does not reflect any changes to TGW's ROE as proposed in the ROE/Capital Structure Application; and
- G. TGW considers a Negotiated Settlement Process ("NSP") would be the most efficient process for the review of the Application; and
- H. The Application requests that, should the Commission be unable to render its decision in this Application respecting TGW permanent rates before December 14, 2009, the Commission approve interim rates at the level sought under the Application effective January 1, 2010; and
- I. The Commission considers that establishing a Preliminary Regulatory Timetable for the registration of Intervenor and for the preliminary review of the Application, and to allow Intervenor to make written submissions on a formal review process, is necessary and in the public interest.

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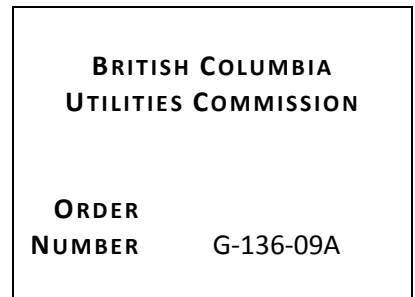
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**NOW THEREFORE** the Commission orders as follows:

1. The Preliminary Regulatory Timetable for the Application is as set out in Appendix A to this Order. The dates in Appendix A for events after December 16, 2009 are subject to a further Order establishing the review process and the regulatory timetable for review of the Application.
2. The Commission approves, on an interim basis, TGW's unbundling of the General Service Rate into the following components:
  - a) Basic Charge per Month of \$7.50 effective January 1, 2010;
  - b) Delivery Charge per gigajoule of \$11.981 commencing January 1, 2010 (subject to any changes flowing from a Commission decision in the jointly filed Terasen Utilities Return on Equity and Capital Structure Application);
  - c) Gas Cost Recovery Charge per gigajoule of \$7.882 (to be reset after Commission review of the TGW 2009 Fourth Quarter Gas Cost Report) and a Rate Rider "A" of \$1.817 per gigajoule, subject to quarterly review and resetting, as appropriate both effective January 1, 2010; and
  - d) A Minimum Monthly Charge of \$7.50 effective January 1, 2010.

Any interim tariff adjustment to components (b)-(c) due to conditions indicated above, should be calculated and filed with the Commission as soon as possible but no later than December 12, 2009.

3. Any differences between the 2010 interim and permanent delivery rates that are determined by the Commission following final disposition of the Application and the ROE/Capital Structure Application are subject to refund/recovery, with interest at the average prime rate of TGW's principal bank, in the manner as set out by a Commission Order that establishes permanent rates.
4. The Commission will accept, subject to timely filing by TGW, amended Gas Cost Recovery Charge in accordance with the terms of this Order. TGW is to provide notice of the interim rates to customers via a bill message, to be reviewed in advance by Commission Staff to confirm compliance with this Order.
5. The Application and supporting material will be made available for inspection at the Head Office of TGW at 16705 Fraser Highway, Surrey, BC V4N 0E8 and at the Resort Municipality of Whistler, Municipal Hall at 4325 Blackcomb Way, Whistler, BC V0N 1B4.
6. Intervenors and Interested Parties should register with the Commission, via the Commission's website or in writing by December 4, 2009, indicating their intention to intervene. The Commission is to receive submissions from Intervenors by December 11, 2009 on the appropriate regulatory review process that should be followed in the review of the Application.



7. TGW will publish, as soon as reasonably possible following the issuance of this Order but by no later than November 27, 2009, in display-ad format, the Notice of the Application, attached as Appendix B, in local news publications to provide adequate notice to the public in the TGW service area.
8. TGW is to provide a copy of this Order, by email where possible, to all Intervenors and Interested Parties registered in the TGW 2009 Revenue Requirements Application proceedings, the TGW and Terasen Gas (Vancouver Island) Inc. CPCN Whistler NG Pipeline Project, as well as all large commercial customers, as soon as possible.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 15<sup>th</sup> day of December 2009.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner

Attachments

Terasen Gas (Whistler) Inc.

2010-2011 Revenue Requirements and Rate Application

**PRELIMINARY REGULATORY TIMETABLE**

<b>ACTION</b>	<b>DATES</b>
Applicant Workshop	Wednesday, November 18, 2009
TGW to Publish Notice of the Application	Friday, November 27, 2009
Commission Information Request No. 1	Wednesday, December 2, 2009
Intervenor Registration	Friday, December 4, 2009
Intervenor Comments regarding Regulatory Process	Friday, December 11, 2009
Commission Order setting out Regulatory Process	To be determined
Intervenor Information Request No. 1	Friday, December 18, 2009
TGW Response to Commission IR No. 1	Wednesday, December 23, 2009
TGW Response to Intervenor IR No. 1	Friday, January 8, 2010



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Terasen Gas (Whistler) Inc.

2010-2011 Revenue Requirements and Rates Application (the "Application")

### NOTICE OF APPLICATION

#### THE APPLICATION

On November 9, 2009, Terasen Gas (Whistler) Inc. ("TGW") filed its 2010-2011 Revenue Requirements and Rates Application (the "Application") seeking approval for the unbundling of the General Service Rate pursuant to sections 58 and 60, 61 and 89 of the *Utilities Commission Act* (the "Act"), effective January 1, 2010.

The Application proposes to change how customers are billed by TGW by unbundling (or separating) the 2010-2011 tariff (or billing) rate for General Service Rate ("SGS") into the following components:

- a) Basic Charge per Month of \$7.50 effective January 1, 2010;
- b) Delivery Charge per gigajoule of \$11.981 commencing January 1, 2010 and \$11.0416 commencing January 1, 2011 (subject to any changes flowing from a Commission decision in the jointly filed Terasen Utilities Return on Equity and Capital Structure Application and any other approved changes in TGW's return on equity and capital structure from time to time);
- c) Gas Cost Recovery Charge per gigajoule of \$7.882 (to be reset after Commission review of the TGW 2009 Fourth Quarter Gas Cost Report) and a Rate Rider "A" of \$1.817 per gigajoule, subject to quarterly review and resetting, as appropriate both effective January 1, 2010; and
- d) A Minimum Monthly Charge of \$7.50.

These proposed, unbundled tariff (or billing) rates represent an approximate 13.5 percent decrease in total tariff (or billing) in 2010 as compared to 2009. A further 2.9 percent decrease is proposed in 2011.

#### INTERIM RATES SET BY COMMISSION

Based on Commission approved common equity thickness of 40 percent and the existing 75 basis points above the Commission's low risk benchmark utility return on common equity, the Commission approved interim rates effective January 1, 2010 in Order G-136-09 as follows:

- a) Basic Charge per Month of \$7.50 effective January 1, 2010;
- b) Delivery Charge per gigajoule of \$11.981 commencing January 1, 2010 (subject to any changes flowing from a Commission decision in the jointly filed Terasen Utilities Return on Equity and Capital Structure Application);

- c) Gas Cost Recovery Charge per gigajoule of \$7.882 (to be reset after Commission review of the TGW 2009 Fourth Quarter Gas Cost Report) and a Rate Rider "A" of \$1.817 per gigajoule, subject to quarterly review and resetting, as appropriate both effective January 1, 2010; and
- d) A Minimum Monthly Charge of \$7.50.

#### **PUBLIC INSPECTION OF THE APPLICATION**

The Application and supporting material will be made available for inspection at the Head Office of TGW at 16705 Fraser Highway, Surrey, BC V4N 0E8.

The Application will also be available for viewing on the TGW website at [www.terasengas.com](http://www.terasengas.com), and on the Commission's website at [www.bcuc.com](http://www.bcuc.com), which also contains detailed materials related to the Application including Commission Orders and Intervenor materials.

#### **REGISTERING TO PARTICIPATE**

Persons who would like to actively participate in this proceeding are required to register as Intervenors with the Commission, in writing or electronic submission, by December 4, 2009, identifying their interest in the Application and the issues they intend to pursue and the nature and extent of their anticipated involvement in the review process.

Persons not desiring 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 December 4, 2009, identifying their interest in the Application.

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

#### **FURTHER INFORMATION**

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

Telephone:	(604) 660-4700 or (B.C. Toll Free) 1-800-663-1385
Facsimile:	(604) 660-1102
Email:	<a href="mailto:commission.secretary@bcuc.com">commission.secretary@bcuc.com</a>