



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

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-145-10**

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

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

and

An Application by Terasen Gas Inc.  
for Approval of a Gas Supply Mitigation Incentive Program  
for the November 1, 2010 to October 31, 2013 Three-Year Period

**BEFORE:** L.F. Kelsey, Commissioner September 17, 2010  
D.A. Cote, Commissioner

#### **ORDER**

#### **WHEREAS:**

- A. By Order G-98-95 the British Columbia Utilities Commission (the Commission) approved an Off-System Incentive Program (OSIP) for Terasen Gas Inc. (Terasen Gas) (formerly known as BC Gas Utility Ltd.) for a two-year period commencing January 1, 1996;
- B. As part of its May 5, 1997 Revenue Requirements Application for 1998 to 2002, Terasen Gas filed a revised incentive plan. During the Alternative Dispute Resolution process, all parties agreed to deal with the form of gas cost incentive plan(s) that would succeed OSIP in a series of separate meetings. The yearly meetings resulted in agreed-to plans sent to the Commission for approval. The following Commission Orders approved a Gas Supply Mitigation Incentive Program (GSMIP) for each subsequent gas contract year: Order G-125-97 for 1997/98, Order G-92-98 for 1998/99, Order G-82-99 for 1999/2000, Order G-106-00 for 2000/01, and Order G-124-01 for 2001/02;
- C. Commission Order G-79-02 approved the 2002/03 GSMIP in the form of the GSMIP Settlement Document that was attached as Appendix A;
- D. The following Commission Orders approved the continuance of the 2002/03 GSMIP for each subsequent gas contract year without any revisions to the formula or the Service Quality Indicators: Order G-67-03 for 2003/04, Order G-98-04 for 2004/05, Order G-83-05 for 2005/06, Order G-137-06 for 2006/07, Order G-85-07 for 2007/08 and Order G-156-08 for 2008/09;
- E. Commission Order G-101-09 approved the continuance of the 2002/03 GSMIP for the 2009/10 gas contract year with the understanding that GSMIP will be reviewed in 2010;
- F. On July 13, 2010, Terasen Gas applied confidentially to the Commission for approval of a GSMIP for the November 1, 2010 to October 31, 2013 three-year period (Application), and proposed a Negotiated Settlement Process (NSP) to deal with the Application;
- G. The Commission has a NSP Policy, Procedures and Guidelines document dated January 2001 (NSP Guidelines);

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- H. The British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO) and the Commercial Energy Consumers Association of British Columbia (CEC) have intervened in the proceeding to review the Application;
- I. Commission Order G-120-10 established the Regulatory Timetable for the review of the Application that includes a Workshop on Tuesday, September 21, 2010 commencing at 10:00 a.m., and anticipates a future Commission determination on whether a NSP should occur;
- J. Terasen Gas responded to Information Requests on August 30, 2010 and September 13 and 15, 2010;
- K. Terasen Gas, CEC and BCOAPO provided written comments on the regulatory process by September 15, 2010 that generally supported a NSP;
- L. The Commission has considered the submissions, and concludes that the review of the Application should proceed through a written hearing process. While the Commission generally supports NSPs, the NSP Guidelines indicate that a NSP may not be appropriate if there are customer classes, who are likely to be affected, that will not be participants in the negotiations, or if the Application poses policy issues about which there are no established Commission precedents. The Commission has concerns in both of these areas with respect to the Application and also notes that there are significant outstanding questions about the role of Commission staff in a NSP and how the NSP Guidelines describe the role of Commission staff.

**NOW THEREFORE** the Commission orders that a written hearing process for the regulatory review of the Application will proceed 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 17<sup>th</sup> day of September 2010.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner

Attachment

**Terasen Gas Inc.  
Gas Supply Mitigation Incentive Program  
for the November 1, 2010 to October 31, 2013 Three-Year Period**

**REGULATORY TIMETABLE**

<b>ACTION</b>	<b>DATES (2010)</b>
Workshop commencing at 10:00 a.m. 12 <sup>th</sup> Floor Hearing Room, 1125 Howe Street, Vancouver	Tuesday, September 21
Terasen Gas Written Final Submission	Monday, September 27
Intervenors Written Final Submissions	Monday, October 4
Terasen Gas Written Reply Submission	Tuesday, October 12