

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



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-46-10**

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 Non-Rate Base Deferral Account for Currency Exchange Rate Differences
for the Customer Care Enhancement Project**

BEFORE: A.A. Rhodes, Panel Chair/Commissioner
D.A. Cote, Commissioner March 12, 2010
R.J. Milbourne, Commissioner

O R D E R

WHEREAS:

- A. On June 2, 2009, Terasen Gas Inc. (Terasen Gas) filed an application for a Certificate of Public Convenience and Necessity pursuant to section 45 of the *Utilities Commission Act* (the Act), for its Customer Care Enhancement Project (the Project); and
- B. On February 16, 2010, the Commission issued Order G-23-10 with reasons to follow. The Commission Panel determined that the implementation of the Project was not in the public interest unless Terasen Gas agreed, as required by paragraph 2 of Order G-23-10, to file a statement within 10 days, confirming its acceptance of the following as a term of the Certificate of Public Convenience and Necessity for the Project:

if the final cost of the Project is more than 10% greater or more than 10% less than \$115.5 million including AFUDC, the additional costs or savings outside that +/- 10% band will be shared equally as between Terasen Gas and its ratepayers,

paragraph 2 of Order G-23-10 further stated:

a Certificate of Public Convenience and Necessity for the Project is granted as of the date that statement of acceptance is received by the Commission.

- C. Pursuant to paragraph 3 of Order G-12-10 the Commission directed Terasen Gas to file Quarterly Progress Reports and a Final Report on the Project and a copy of the resolution of the Board of Directors of Terasen Gas approving the Project in the event that a Certificate of Public Convenience and Necessity is granted; and
- D. On February 26, 2010, Terasen Gas filed a statement confirming its acceptance of the term required by paragraph 2 of Order G-23-10 as set out above, deeming a the Certificate of Convenience and Necessity for the Project to be granted pursuant to paragraph 2 of Order G-23-10; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-46-10**

2

- E. On March 3, 2010, the Commission issued Order C-1-10 dated February 26, 2010 which confirmed that Certificate of Public Convenience and Necessity had been granted for the Project; and
- F. On March 4, 2010, in compliance with paragraph 3(ii) of Order G-23-10 and paragraph 2(ii) of Order C-1-10, Terasen Gas filed a copy of the resolution of the Terasen Gas Board of Directors authorizing the Project to proceed; and
- G. On March 5, 2010, Terasen Gas applied for approval of a non-rate base, non-interest bearing, non-AFUDC bearing balance sheet deferral account to record currency exchange differences for the Project (the Application) for an amount of contracted US dollar purchases expected to be \$18.7 million USD, and
- H. The Application confirms that the deferral account, if approved, will have no impact on customer rates, will not increase or decrease the expected cost of the Project, and at the end of the Project the amount in the deferral account will be zero. The deferral account is required solely to mitigate the risk of volatility on the externally reported financial results; and
- I. Although the Commission is concerned with how generally accepted accounting principles apply in the regulatory environment, it is not concerned with how Commission approved regulatory accounting treatments apply to generally accepted accounting principles used to report financial results externally; and
- J. The Commission has reviewed the Application and finds it acceptable.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission approves the Application by Terasen Gas for a non-interest bearing, non-AFUDC bearing, non-rate base balance sheet deferral account to record mark-to-market adjustments due to fluctuations in rates on the foreign currency exchange forward contract for the Project; however, accounting prescribed in this order should not be considered in and of itself generally accepted for purposes of financial reporting.
- 2. Terasen Gas is directed to file the deferral account transactions as a confidential appendix to be included in the Quarterly Progress Reports.
- 3. The Commission will hold the application and related material filed by Terasen Gas confidential.

DATED at the City of Vancouver, in the Province of British Columbia, this 12th day of March 2010.

BY ORDER

Original signed by:

A.A. Rhodes
Panel Chair and Commissioner