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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-70-10**

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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 Inc.
for Approval of a Firm Transportation Service Agreement
between Terasen Gas Inc. and Westcoast Energy Inc.
and for Accounting Treatment of Stage 1 Costs for a Pipeline System Expansion Study

BEFORE: L.F. Kelsey, Commissioner

April 13, 2010

O R D E R

WHEREAS:

- A. On March 17, 2010, Terasen Gas Inc. (Terasen Gas) applied, pursuant to sections 60 and 61 of the *Utilities Commission Act* (the Act), for approval of a Firm Transportation Service Agreement between Terasen Gas and Westcoast Energy Inc. (Spectra Energy) effective May 1, 2010 (the Agreement), as Tariff Supplement No. 1-9, and for approval of the proposed accounting treatment for the revenue under the Agreement (the Application); and
- B. The Agreement provides Spectra Energy up to 87 million cubic feet per day of firm west to east capacity across the Terasen Gas transmission system, including the Southern Crossing Pipeline (SCP), effective May 1, 2010 to April 30, 2012; and
- C. Terasen Gas proposes the incremental revenue resulting from the Agreement be accounted for in a manner consistent with current practices, and allocated between the SCP Mitigation Revenues Variance deferral account and the Midstream Cost Reconciliation Account; and
- D. In the Application, Terasen Gas also requests that the Stage 1 preliminary feasibility assessment costs related to expansion of the existing capacity of the Terasen Gas transmission system in the BC Interior, to a maximum amount of \$2.0 million, be charged to the SCP Mitigation Revenues Variance deferral account and thereby offset against the mitigation revenues resulting from the Agreement; and
- E. Terasen Gas states that, if it decides at the end of the Stage 1 assessment of the transmission system expansion project to continue the development of the project, it anticipates requesting British Columbia Utilities Commission (Commission) approval of a new deferral account for the \$6 million cost of Stage 2 to continue the development of the expansion project; and
- F. A condition precedent of the Agreement requires approval from the Commission by April 15, 2010 for Terasen Gas to provide firm service to Spectra Energy under the Agreement; and
- G. Commission Order G-57-10 established a written hearing to obtain comments on the Application; and

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2

- H. By letter dated April 1, 2010, the British Columbia Old Age Pensioners' Organization, *et al* submitted comments on the Application that supported the Agreement and did not oppose the proposed treatment of Stage 1 study costs; and
- I. Terasen Gas filed its Reply Submission on April 6, 2010; and
- J. The Commission has reviewed the Application and related submissions, observes the lack of opposition to the Terasen Gas requests, and determines that the Application should be approved.

NOW THEREFORE pursuant to sections 60 and 61 of the Act the Commission orders as follows:

1. The Commission approves the Agreement as Tariff Supplement No. I-9, effective May 1, 2010, for the period May 1, 2010 through April 30, 2012.
2. The Commission approves the proposed accounting treatment for the revenue that Terasen Gas receives under the Agreement, as set out in the Application.
3. The Commission approves that future Stage 1 preliminary feasibility assessment costs related to the expansion of the capacity of the Terasen Gas transmission system, to a maximum of \$2.0 million, be charged to the SCP Mitigation Revenues Variance deferral account.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of April 2010.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner