

IN THE MATTER OF the Utilities Commission  
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF a Complaint Registered by  
the Vancouver Island Gas Joint Venture

BEFORE: M.K. Jaccard, )  
Chair, )  
L.R. Barr, ) December 4, 1992  
Deputy Chair; and )  
H.J. Page, )  
Commissioner )

**O R D E R**

**WHEREAS:**

- A. The Binding Agreement that allowed Pacific Coast Energy Corporation ("PCEC") to construct and operate the Vancouver Island Natural Gas Pipeline ("VINGPL") was modified by Order in Council No. 437 with agreement by all parties to recognize October 1, 1991 as the date that officially meets the definition of start-up of the VINGPL; and
- B. The gas transportation toll formula as developed in Section 5.02 of the Gas Transportation Service Agreement between PCEC and the Joint Venture requires that the BC Gas demand charge be included in the toll calculation.
- C. The Bridging Agreement was approved by Order No. G-88-91 and covers the interim period until the final BC Gas Wheeling Agreement is approved. The completed BC Gas Wheeling Agreement is to be submitted to the Commission for approval no later than January 20, 1993; and
- D. On October 26, 1992 the Vancouver Island Gas Joint Venture ("the Joint Venture") filed a complaint with the Commission requesting that just and reasonable transportation tolls be determined for the period July to December 31, 1991; and
- E. The Commission has reviewed the complaint and has concluded that further evidence and review is required.

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

- 1. Pursuant to Section 93(2) of the Utilities Commission Act, the Commission appoints Mr. Kenneth L. Hall as an Inquiry Officer.
- 2. The Inquiry Officer is to conduct a review of the complaint by the Joint Venture in accordance with Terms of Reference attached as Appendix A to this Order, and submit a report to the Commission by January 29, 1993.

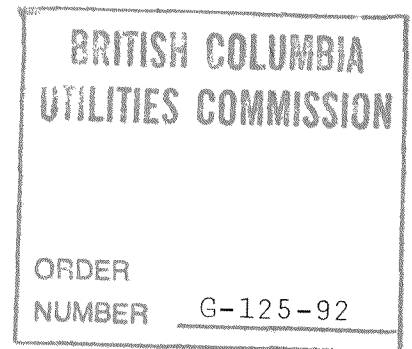
**DATED** at the City of Vancouver, in the Province of British Columbia, this 7<sup>th</sup> day of January, 1993.

BY ORDER

Dr. Mark K. Jaccard  
Chair

/dw  
Attch.

BCUC/Orders/VINGPL Joint Venture



Appendix A

**TERMS OF REFERENCE**

The Inquiry Officer, Mr. Kenneth L. Hall, under Section 93(2) of the Utilities Commission Act will review the Joint Venture complaint of October 26, 1992 to determine just and reasonable tolls for the period July to December 31, 1991. The examination will be conducted under the parameters outlined as follows:

1. Special Direction No. 5, Article 5, Page 2

*"In regulating the rates of PCEC to be charged under a Utility Transportation Agreement the BCUC shall apply (i) the provisions which British Columbia has agreed to implement as set out in the Binding Agreement; (ii) the service rate provisions of the Utility Transportation Agreement; and (iii) regulatory principles generally applicable to natural gas utilities in British Columbia."*

2. Binding Agreement, Page 55 Section 17.2(a)

*"the sales rates or transportation tolls to be charged by PCEC to Industrial Customers shall be fixed by the BCUC, independently of the Allowable Cost of Service of PCEC, so as to maximize the Operating Surplus and minimize the Operating Deficit while simultaneously recognizing the availability and market prices of alternative fuels in the Service Area."*

3. Sections 64 and 65 of the Utilities Commission Act.

RB/dw