



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

and

An Application by Terasen Gas Inc.  
(formerly known as BC Gas Utility Ltd.)  
for Approval of a Multi-Year Performance-Based Rate Plan  
to Set Rates for 2004-2008

**BEFORE:** P. Ostergaard, Chair )  
R.H. Hobbs, Commissioner ) April 29, 2003  
N.F. Nicholls, Commissioner )

**O R D E R**

**WHEREAS:**

- A. In accordance with the determinations from the 2003 Revenue Requirements Decision, BC Gas Utility Ltd. ("BC Gas") applied to the Commission on April 17, 2003 for approval of its Multi-Year Performance-Based Rate Plan ("the PBR Plan") to set rates for 2004 to 2008 pursuant to Sections 58 and 61 of the Utilities Commission Act ("the Act"), ("the Application"); and
- B. On April 25, 2003, BC Gas changed its name to Terasen Gas Inc. ("Terasen Gas"); and
- C. Similar to the 1998-2001 PBR plan, the PBR Plan proposes incentives for those elements of cost of service over which Terasen Gas has the greatest control. For those items over which Terasen Gas has limited or no control, the PBR Plan maintains the same regulatory treatment as was used in the 1998-2001 plan through the use of deferral accounts, flow-throughs and Annual Reviews; and
- D. The PBR Plan estimates a 0.48 percent general rate increase on utility margin effective for 2004; and
- E. The Commission, in its desire to deal efficiently with issues relating to the Application, requires that an initial timetable and a process for dealing with the issues be established.

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

1. Terasen Gas shall provide a copy of this Order, by facsimile if possible, to all Intervenor and Interested Parties registered in BC Gas proceedings in 2002. Terasen Gas shall also publish a copy of the Notice of Workshop and Pre-hearing Conference, attached as Appendix B, in local news publications in order to adequately notify its customers.
2. Intervenor and Interested Parties should inform the Commission, in writing, by Monday, May 12, 2003 of their intention to actively intervene in the proceeding, or become Interested Parties. Registered Intervenor will receive from Terasen Gas copies of the Application, all correspondence and filed documentation. Interested Parties will receive the Application's Executive Summary and copies of all Orders issued.
3. A Workshop and Pre-hearing Conference, to review the Application and to discuss procedural matters for the Negotiated Settlement Process will be held on Thursday, May 15, 2003 commencing at 9:00 a.m. at the Sheraton Vancouver Wall Centre Hotel, 1088 Burrard Street, Vancouver, B.C. A proposed timetable has been established for the issuance of information requests, responses and negotiations as shown in Appendix A.
4. Following the Pre-hearing Conference, the Commission will issue a regulatory timetable for the review of the Application.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 29<sup>th</sup> day of April 2003.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair

Attachment

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**to Set Rates for 2004-2008**

**REGULATORY AGENDA**

<u>ACTION</u>	<u>DATES (2003)</u>
Terasen Gas to provide and publish the Notice of Workshop and Pre-hearing Conference	Saturday, May 3
Intervenor Registration	Monday, May 12
Workshop and Pre-hearing Conference	Thursday, May 15
Information Requests Issued (proposed)	Friday, May 23
Information Responses (proposed)	Friday, May 30
Negotiations commence (proposed)	Monday, June 9



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**TERASEN GAS INC.**  
(formerly BC Gas Utility Ltd.)

Application for Approval of a Multi-Year Performance-Based Rate Plan  
to Set Rates for 2004-2008

**NOTICE OF WORKSHOP AND PRE-HEARING CONFERENCE**

**Date:** Thursday, May 15, 2003  
**Time:** 9:00 a.m.  
**Location:** Sheraton Vancouver  
Wall Centre Hotel  
Grand Ballroom A  
1088 Burrard Street  
Vancouver, B.C.

**THE APPLICATION**

In accordance with the determinations from the 2003 Revenue Requirements Decision, BC Gas Utility Ltd. applied to the B. C. Utilities Commission ("the Commission") on April 17, 2003 for approval of its Multi-Year Performance-Based Rate Plan ("the PBR Plan") to set rates for 2004 to 2008. The PBR Plan estimates a 0.48 percent general rate increase in the delivery charge for all customers effective for 2004. On April 25, 2003, BC Gas Utility Ltd. changed its name to Terasen Gas Inc. ("Terasen Gas").

Similar to the four-year performance-based rate plan that expired in 2001, the 2004-2008 PBR Plan proposes incentives for those elements of cost of service over which Terasen Gas has the greatest control. For those items over which Terasen Gas has limited or no control, the PBR Plan proposes the same regulatory treatment as was used in the 1998-2001 plan through the use of deferral accounts, flow-throughs and Annual Reviews.

The PBR Plan proposes allowances for operating and maintenance and capital expenditures based on the BC Consumer Price Index less 0.75 percent, 50/50 sharing by customers and shareholders of achieved efficiencies after cost recovery, annual reviews and off-ramps that trigger a complete regulatory review if there is a serious degradation in service quality indicators or if the two-year average achieved rate of return on equity after sharing exceeds or drops below the allowed rate of return on equity by 200 basis points.

**PUBLIC INSPECTION OF THE APPLICATION**

The Application and supporting material are available for inspection at the Head Office of Terasen Gas at 1111 West Georgia Street, Vancouver, B.C. and at the B.C. Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, B.C.

The Application is available for viewing or downloading from Terasen Gas' web site at <http://www.terasen.com>.

**PARTICIPATION IN THE WORKSHOP AND PRE-HEARING CONFERENCE**

The purpose of the Workshop and Pre-hearing Conference is to review the Application and to discuss procedural matters for a Negotiated Settlement Process. The Commission will subsequently determine the regulatory timetable for the review of the Application.

Persons who expect to actively participate in the review process should register as Intervenor with the Commission Secretary, in writing, by Monday, May 12, 2003. Intervenor will receive copies of the Application, all correspondence and filed documentation.

Persons not expecting to actively participate, but who have an interest in the Terasen Gas Application, should register as Interested Parties with the Commission Secretary, in writing, by Monday, May 12, 2003. Interested Parties will receive a copy of the Application's Executive Summary and all Orders issued.

### **COMMENTS**

If you wish to comment on the Application without becoming an Intervenor, you may write to the Commission Secretary stating your views. All letters of comment will be provided to Terasen Gas, intervenors and the Commission and will become part of the public record in the proceeding.

### **FURTHER INFORMATION**

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary, or Mr. Barry McKinlay, Manager, Rates and Finance as follows:

Telephone: (604) 660-4700  
B.C. Toll Free: 1-800-663-1385

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