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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-69-03

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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 (Vancouver Island) Inc.
for Approval of a Deferral Account for Preliminary Expenditures
on Gas Supply Strategy for Thermal Generation on Vancouver Island**

BEFORE: L.A. Boychuk, Commissioner)
L.F. Kelsey, Commissioner) October 30, 2003

O R D E R

WHEREAS:

- A. The Commission, by Order No. G-2-03, approved the 2003 to 2005 Revenue Requirements Negotiated Settlement for Terasen Gas (Vancouver Island) Inc. ("TGVI"). Section 7 of the Negotiated Settlement directs TGVI to provide only a preliminary assessment of large capital projects at no charge to proponents;
- B. On June 15, 2003, the Commission, by Letter No. L-27-03, approved deferral account treatment for TGVI for Vancouver Island thermal generation preliminary survey and investigative costs up to a limit of \$125,000;
- C. On October 17, 2003, TGVI requested Commission approval of \$2,500,000 of preliminary expenditures on a gas supply strategy for thermal generation in a non-rate base deferral account. The estimated expenditure for October 2003 through January 2004 is \$945,000 and the expenditure from February through June 2004 is \$1,555,000;
- D. TGVI advises that the preliminary work relates to analysis of incremental system expansion through compression, looping and liquefied natural gas storage on its high pressure natural gas transmission system; and
- E. The Commission has considered the Application and is satisfied that a deferral account for recording the expenditures through January 2004 should be established.

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NOW THEREFORE the Commission orders as follows:

1. The Commission approves a non-rate base deferral account for TGVI to record up to \$945,000 of preliminary investigation expenditures from October 2003 through January 2004 for the development of a gas supply strategy to serve thermal generation on Vancouver Island, with the prudence of the expenditures and the disposition of the amount in the deferral account to be determined at a future time.
2. TGVI is to file with the Commission a progress report on the project and an update on the work program and cost estimates by January 30, 2004.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of November 2003.

BY ORDER

Original signed by:

Lori Ann Boychuk
Commissioner