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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** C-3-05

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

and

**An Application by Cal-Gas Inc.
for a Certificate of Public Convenience and Necessity
to Construct and Operate a Propane Grid System at Canyon Ridge Estates, Golden B.C.**

BEFORE:

L.F. Kelsey, Commissioner
L.A. Boychuck, Commissioner

March 17, 2005

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On April 21, 2004, Cal-Gas Inc. ("Cal-Gas") applied for a Certificate of Public Convenience and Necessity ("CPCN") to construct and operate an underground propane grid system at Canyon Ridge Estates near Golden, British Columbia ("the Application") which is owned and being developed by Canyon Ridge 382938 B.C. Ltd. ("Canyon Ridge"); and
- B. Cal-Gas has entered into an agreement dated January 23, 2004 with respect to the provision of propane services with Canyon Ridge for the sale of propane gas to various consumers at Canyon Ridge Estates ("the Agreement"); and
- C. The term of the Agreement is for a period of 10 years from the commencement date of service and Canyon Ridge can end the contract and pay the depreciated price of the grid system on a declining scale; and
- D. Cal-Gas accepts responsibility as a public utility pursuant to the Utilities Commission Act, while it is the owner and operator of the propane grid system at Canyon Ridge Estates; and
- E. Cal-Gas has described its emergency response plan and provided a 24-hour contact number for emergency calls; and
- F. The variable propane rate to be charged to customers will be a variable-market rate determined on a monthly basis as the weighted monthly average of the contract price agreed to between Cal-Gas and Canyon Ridge; and
- G. The contract price is based on the Shell Jumping Pound posted market prices for propane supply; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

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- H. The Commission has reviewed the Application and the supporting documentation received to date and has determined that the construction and operation of the underground propane grid system by Cal-Gas is necessary and properly conserves the public interest.

NOW THEREFORE pursuant to Section 45 of the Utilities Commission Act, the Commission orders as follows:

1. The Commission issues a Certificate of Public Convenience and Necessity for the construction and operation of the underground propane grid system at Canyon Ridge Estates owned by Canyon Ridge, with Cal-Gas being responsible for obtaining all other necessary licences, permits and agency approvals.
2. Cal-Gas must furnish the Commission with a copy of the approval from the Provincial Gas Inspector for the propane grid system.
3. Cal-Gas must file a signed executed copy of the final agreement between Cal-Gas and Canyon Ridge 382938 B.C. Ltd.
4. Cal-Gas must maintain separate accounts and must file Annual Reports and financial statements which summarize the results of utility operations within 60 days of its fiscal year-end, in a form to be developed in consultation with Commission staff. An annual statement of monthly propane costs identifying the cost by month is to be provided within 60 days of fiscal year-end as well.
5. The propane charges for consumers will be based on the monthly average posted propane price from the Shell Jumping Pound refinery plus freight cost from the refinery plus gross margin of \$.065 per liter. The gross margin of \$.065 per liter is to remain in place until justification can be provided by Cal-Gas that an amendment is justified and the Commission agrees. Cal-Gas will file a statement showing the propane rate that was billed to customers each month during the previous year within 60 days of the end of each fiscal year.
6. Cal-Gas will set up a deferral account called the Gas Cost Reconciliation Account ("GCRA") which will track the variance in Shell Jumping Pound monthly average cost with the actual laid-in or landed cost of propane on an annual basis. The GCRA report is to be provided along with the financial statements that show the balance at the end of the year. The Annual report will include a recommendation to manage the GCRA balance, which may include a positive or negative rider on the propane charge.
7. Cal-Gas is to file a Propane Gas Tariff, which will include Terms and Conditions of Service and Rate Schedules that are consistent with this Order, in a timely fashion.
8. Cal-Gas must provide a copy of this Order and the 24-hour emergency contact number to each new customer, and must maintain a copy of its approved Terms and Conditions of Service and Rate Schedules available for inspection by customers.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** C-3-05

3

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of March 2005.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner